



Management Board report on the activity of ENEA S.A. and the ENEA Group in 2022

Poznań, 23 March 2023

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ENEA Group consistently on its way towards climate neutrality

Letter from President of the Management Board and CEO

Dear Stakeholders,

I have the pleasure to present to you the ENEA Group's latest annual report containing a recap of our activities and financial and operational performance in 2022. For the power sector, the year was marked by rapid changes in the market and regulatory environment, triggered by events of groundbreaking significance for energy security in Poland and across Europe. Russia's aggression against Ukraine and the outbreak of a full-scale war beyond Poland's eastern border sparked a global energy crisis that directly affected the social, political and economic situation. In this difficult and volatile environment, the ENEA Group generated good financial and operational results, having implemented a strategy of transformation towards a climate-neutral company and having invested additional resources in the development of renewable energy sources.

Global developments with the power sector in the foreground

The Russian Federation's armed assault against Ukraine and the subsequent sanctions imposed on the aggressor exposed certain imperfections of the energy systems of those European countries which were overly dependent on the supplies of cheap commodities from Russia. For more than a year now we have been dealing with an energy crisis, price increases on the energy market and problems with the availability of energy carriers, including natural gas, coal and biomass, previously imported from the east. The current international situation affects many aspects of energy policy and forces changes in the approach to ensuring energy security by pursuing greater diversification and independence. Accordingly, it became necessary to modify the provisions of "Poland's Energy Policy until 2040." Poland will be involved in negotiations aimed at reforming the mechanisms of the European Union's climate policy to ensure that the pursuit of a low-emission and ambitious transformation contributing to the achievement of EU goals is possible, but that it also takes into account the transitional spike in demand for conventional generation capacity, without incurring excessive costs resulting from climate policy. All changes occurring in the ENEA Group's environment exert a major impact on the pursuit of our Development Strategy and the strategic goals and development directions laid down therein.

Secure financing of the ENEA Group's transformation and investments in RES

In 2022, ENEA successfully completed a recapitalization process, having raised over PLN 750 million to finance the Group's capital expenditure program. The issue of shares will enable the ENEA Group to pursue one of the key directions of the Development Strategy. The newly obtained funds will be spent on investments in the area of distribution, including on the development of RES capacities and smart power grids. In 2022, the Group spent PLN 2.6 billion on investments. Most capital expenditures are dedicated to the distribution area and are aimed at ensuring the security of energy supplies, in particular in the context of the rapid growth of distributed energy production.

At the beginning of 2022, the Group launched a new cogeneration source in Piła, worth nearly PLN 50 million, based on three gas engines and solar collectors the operation of which resulted in a reduction of coal consumption in the heating system. The new source increased the share of heat produced in high-efficiency cogeneration from 32% to 51.4%. As a result, the city of Piła's heating system became truly energy efficient. In 2022, the Group's first photovoltaic power plants were also put into operation: in Jastrowie (Wielkopolskie voivodship), Lików (Zachodniopomorskie voivodship) and Lubno (Lubuskie voivodship). Additional PV projects reached the stage of readiness for the launch of investment work earlier this year.

As part of its preparation endeavors to completely abandon the generation of electricity from coal, the Group is executing a project to spin off its coal assets to the National Energy Security Agency. The project work is in progress in accordance with the adopted schedule. In June 2022, ENEA and the Ministry of State Assets signed a letter of intent on the sale of an equity stake in LW Bogdanka. The sale is an element of the pursuit of the Group's strategic objectives calling for the disposal of coal assets. In accordance with the provisions of the letter of intent, the parties cooperate in the preparation and execution of the acquisition of shares in Bogdanka by the State Treasury. This action will improve the chances for obtaining funds for the ENEA Group's energy transformation.

Work is also underway on the construction of CCGT power units at the Koziencice Power Plant, aimed at restoring the capacity of 200 MW-class units. ENEA Elkogaz, the special purpose vehicle in charge of the project, announced a competitive dialogue procedure for the construction of the CCGT units. The new low emission sources will stabilize RES as they develop in the initial phase of the ENEA Group's efforts to achieve climate neutrality and will provide for the security of the electric power system and our customers.

Group's transformation supported by research and development endeavors and innovations

The energy transformation process in Poland must assume the inclusion of nuclear sources in our energy mix. The operation of baseload nuclear power plants may be supplemented by the capacities of small and micro reactors built in SMR technology. The ENEA Group keeps reviewing available market solutions, looking for opportunities to cooperate with entities capable of deploying such technologies.

That is why ENEA is committed to research and development projects and keeps expanding its collaboration with the world of science and business. An example of this approach is the establishment of collaboration with Poznańskie Centrum Superkomputerowo-Sieciowe (Poznań Supercomputing and Networking Center), which is expected to contribute to the broader deployment of digital technologies in the power sector.

Good financial and operational performance in a challenging market environment

In 2022, the ENEA Group generated PLN 2.2 billion in EBITDA and over PLN 30.1 billion in sales revenue.

The ENEA Group's capital expenditures totaled PLN 2.6 billion in 2022, supporting the Group's growth in all key areas. Capital expenditures in the distribution area hit a record high of PLN 1.44 billion last year, having contributed to the modernization of network infrastructure and the readiness for a rapid growth of distributed and prosumer energy generation.

In 2022, the net debt/EBITDA ratio stood at a safe level of 1.73.

Last year, the ENEA Group generated a total of 26.2 TWh of energy. The total volume was 0.7% lower than the production in 2021 and resulted from a 0.5 TWh lower generation of energy from renewable sources, which stood at 1.9 TWh. The main reason for the reduced RES generation was the planned upgrade of the Green Unit at the Polaniec Power Plant after 10 years of efficient operation. In 2022, over 41,000 renewable sources along with micro-installations were connected to ENEA Operator's distribution grid, and the total number of RES connected to the company's distribution grid surpassed 150,000 at the end of 2022.

In 2022, total revenue from sales increased by nearly PLN 9 billion compared to 2021 to over PLN 30.1 billion. At the same time, the ENEA Group posted a much lower net profit, a reflection of the tough and volatile situation on the energy market, of nearly PLN 119 million compared to PLN 1.8 billion in 2021.

We deploy socially responsible solutions to protect Polish citizens

ENEA, as a socially responsible company, has deployed the Government Solidarity Shield the most significant purpose of which is to protect Polish citizens against the effects of a dramatic increase in electricity prices. All these efforts have been made in order for Tariff Group G customers to be spared the effects of the energy crisis. Special protection has been extended to families with many children and people with disabilities. Entities that are exempt from the duty to have their tariffs submitted for approval, namely local governments, public institutions and micro, small and medium-sized enterprises, also benefit from the Government Solidarity Shield and electricity purchase guarantees at a price not greater than PLN 785 per MWh. The implemented mechanisms that freeze electricity prices for households and establish a cap on the electricity price for local governments and small and medium-sized enterprises provide Polish buyers with effective protection.

Path towards zero emissions

In 2022, the ENEA Group published its second ESG report, in which we summed up our efforts and their outcomes in the three key areas of our responsibility: environmental, social and governance issues. The ESG Report confirms the Group's responsible and comprehensive approach to protecting the climate and sustainable transition as a credible partner striving to achieve climate neutrality. It also provides an overview of initiatives taken in 2021 and presents information on planned strategic projects and adopted short, medium and long-term goals. The report presents long-term schedules: for reducing CO₂ emissions and for changing the energy generation mix. The section devoted to managing the risks associated with climate change is expanded considerably and analyses of climate opportunities are presented. ENEA also started to report data on indirect greenhouse gas emissions (referred to as Scope 2). The Company supports education aimed at achieving the Sustainable Development Goals in Poland.

Support for local communities

ENEA and the ENEA Foundation are fully committed to supporting local communities wherever the Group conducts its business, by executing projects in the fields of education, safety, health promotion, physical activity, ecology and environmental protection.

In 2022, ENEA was actively involved in supporting general and competitive sports, providing its support as the title sponsor of volleyball and basketball teams and co-funding various sporting events, including the Enea Bydgoszcz Triathlon and the ENEA IRONMAN Gdynia. Sports education of the youngest children was promoted within the framework of the ENEA Academy of Sport project, with support provided to the football academies of Warta Poznań and Lech Poznań, among others. The Company is also a sponsor of the Polish Federation of Rowing Societies and the Polish Table Tennis Association. ENEA's brand ambassador in this community is Natalia Partyka, a prominent table tennis player and participant in multiple Olympic Games and medalist of Paralympic Games. By supporting various sports disciplines, we intend to care not only for the continuous improvement in the level of athletic achievement, but also to constantly contribute to encouraging Poles to take care of their own and their families' health by improving their physical fitness. Of major significance in this context are ENEA's endeavors in the promotion of youth sports, which we have been investing in continuously for many years, based on the premise that healthy habits and consistency in action are qualities that are worth pursuing since the earliest stages of life.

The ENEA Group has also been consistently supporting Polish culture. As a patron of the arts, we not only continued our cooperation with the Grand Theater in Poznań, the Musical Theater in Poznań and the Pomeranian Philharmonic in Bydgoszcz, but we also supported the acquisition of works of art for the Royal Castle in Warsaw, which in the past were part of King Stanisław II August's collection. The primary purpose of our involvement in activities related to cultural achievements of past eras is their preservation for future generations of Poles and the protection of Poland's national heritage as one of the foundations of our identity.

In 2022, the Enea Foundation executed socially beneficial projects and supported hundreds of actions initiated by public institutions, implementing key initiatives for our local stakeholders. Such involvement is extremely important to us in the context of corporate social responsibility, which has been one of the pillars of the ENEA Group's existence for years.

Provision of assistance to Ukrainians

In this difficult period of the ongoing war in Ukraine, the role and importance of utility companies in Poland must not be underestimated, as their key job is to ensure the stable and safe generation and supply of electricity to all people living in our country. The events of late February 2022 mobilized most of our society to act for the benefit of those who were forced to leave their homes. The ENEA Group was also deeply involved in these humanitarian activities. The value of financial and material support provided by the ENEA Foundation has surpassed PLN 5.5 million. Over PLN 4 million has been allocated to the upkeep of refugees

in the ENEA Group's centers. On a daily basis, these people are provided with accommodation, food, medical and psychological assistance, and basic necessities. Nearly PLN 1.5 million has been donated to non-governmental organizations that provide humanitarian aid during the ongoing hostilities. The ENEA Group's distribution company, like other Polish energy suppliers, has actively joined in the process of rebuilding the Ukrainian power system, which became the target of numerous attacks by the Russian Federation. ENEA Operator donated industrial materials, including cables, wires and accessories, necessary for repairing the damaged power infrastructure.

On behalf of the ENEA S.A. Management Board, I extend words of gratitude and appreciation to all ENEA Group employees, members of the Supervisory Board, management boards of the Group's subsidiaries and the Trade Unions for their commitment to and active involvement in the Group's growth in this demanding period.

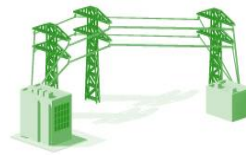
Respectfully,

Paweł Majewski

President of the ENEA S.A. Management Board

ENEA Group in numbers

ENEA has 17.6 thousand employees



MINING	GENERATION	DISTRIBUTION	TRADING
24.1%	6.3 GW	2.8 million	2.7 million
share in the steam coal market in Poland	total installed capacity	users of distribution services	customers
427 million tons	449 MW	123.1 thousand km	23.7 TWh
mining potential of 4 mining concession areas	installed RES capacity	distribution lines, including connections	sales of electricity and gaseous fuel to retail customers in 2022
8.4 million tons	26.2 TWh	20.3 TWh	33
net coal production in 2022	net energy production in 2022	electricity supplied in 2022	Customer Service Offices (including 32 stationary offices and 1 mobile office)

1. Operating summary for 2022

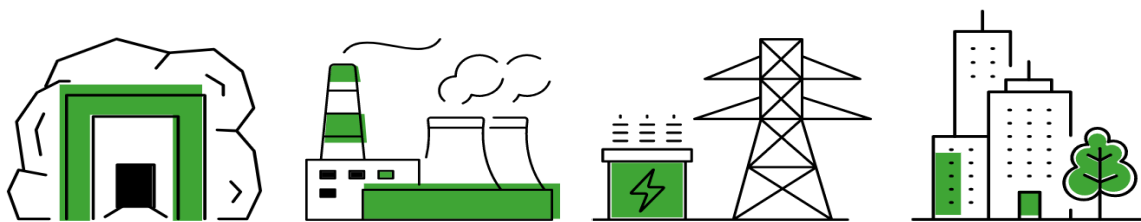
In 2022, the ENEA Group generated EBITDA of PLN 2,220.0 million (down by PLN 1,322.9 million y/y).

The Generation area posted EBITDA of PLN 310.2 million (down by PLN 1,292.3 million y/y). The lower EBITDA resulted predominantly from the poorer performance in the System Power Plants Segment, down by PLN 1,030.3 million y/y (lower generation margin, increase in fixed costs, a decline in margins on the Balancing Market) and in the RES Segment, a decrease of PLN 243.4 million y/y (which was caused mainly by the increase in the costs of biomass consumption).

The Mining area generated EBITDA of PLN 610.6 million (down by PLN 210.8 million y/y). The lower EBITDA was largely caused by a decrease in the volume of coal mined, which was offset by a higher sales price. The value of revenue from sales of coal was at a level similar to last year's. At the same time, operating expenses went up.

The Distribution area posted EBITDA of PLN 1,328.7 million (down by PLN 64.2 million y/y). The decline in EBITDA was caused by an increase in operating expenses along with a concurrent greater realized margin on licensed activities and a better result on other operating activities.

The Trading area posted EBITDA of PLN -76.0 million (up by PLN 165.5 million y/y). The increase in EBITDA was driven by a higher realized margin on the retail market. In parallel, provisions related to onerous contracts grew and the result on revaluation of CO₂ contracts deteriorated.



- The ENEA Group incurred CAPEX of **PLN 2,590 million**
- Production of commercial coal was **8.4 million tons**
- Sales of commercial coal were **8.4 million tons**
- The Group generated **26.2 TWh** of electricity
- Sales of heat in the Generation segment totaled **7.1 PJ**
- Sales of distribution services to end users were **20.3 TWh**
- The volume of sales of electricity and gaseous fuel to retail customers was **23.7 TWh**

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Higher revenue from sales of electricity
 Higher revenue from sales of coal
 Higher revenue from sales of distribution services
 Higher revenue from sales of goods and materials
 Higher revenue from sales of other products and services
 Higher revenue from sales of heat
 Compensation received for electricity and gaseous fuel
 Higher revenue from the Capacity Market

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Higher costs of consumption of materials and supplies
 Higher costs of purchase of electricity and gas
 Higher employee benefit costs
 Lower result on other operating activities
 Lower revenue from sales of gas
 Change in provisions related to onerous contracts
 Higher costs of third-party services
 Higher costs of taxes and charges
 Higher costs of transmission services

1.1. Key events in 2022

First quarter

- On 19 January 2022, the ENEA S.A. Management Board adopted a resolution to initiate the process of increasing the Company's share capital by an amount of no less than PLN 1.00 and no more than PLN 88,288,515, i.e. up to the amount no greater than PLN 529,731,093, through the issue of no less than 1 and no more than 88,288,515 series D ordinary bearer shares with a par value of PLN 1.00 each ("Series D Shares"), which was addressed to investors satisfying the criteria defined in the resolution to increase the share capital through the issue of the Series D Shares, excluding entirely the preemptive rights to all the Series D Shares for the Company's current shareholders. The purpose of the issue of the Series D Shares was to raise funds for the execution of investment projects in the Distribution Area of the ENEA Group (including the extension and modernization of high and medium voltage networks, the installation of remote reading meters and the connection of new customers to the network), to be executed by ENEA Operator, without the possibility of funding any coal-fired assets. The execution of such investment projects is consistent with the assumptions of the ENEA Group Strategy and aims to ensure energy security and the continuous and reliable electricity supply in the territory covered by the operation of ENEA Operator.
- On 21 January 2022, the ENEA S.A. Management Board submitted an application to the Prime Minister for the State Treasury to subscribe for the Series D Shares for a total amount not higher than PLN 899,659,967.85, in exchange for a cash contribution from the reprivatization fund referred to in Article 56 sec. 1 of the Act of 30 August 1996 on Commercialization and Certain Employee Rights. The Investment Agreement with the State Treasury was entered into on 8 April 2022. Under the Investment Agreement, the State Treasury expressed the intention to subscribe for no more than 88,288,515 New Issue Shares for a cash payment of no more than PLN 899,659,967.85. On the other hand, the Company has undertaken in respect of the State Treasury to allocate all the above funds entirely to the execution, by the Company and its subsidiary (ENEA Operator), of the following projects: (a) expansion and modernization of the grid in the area of high and medium voltage stations; (b) expansion and modernization of the grid in the area of high voltage lines; (c) expansion and modernization of the grid in the area of the medium voltage network; (d) remote-reading meters; and (e) connections to the grid.
- On 31 January 2022, the ENEA S.A. Management Board obtained information from Elektrownia Ostrołęka sp. z o.o. about the Company's termination of the contract implementing the capacity obligation contracted by the Company as a result of the outcome of the Capacity Market auction for 2023. The capacity contract was terminated upon indication to the operator – Polskie Sieci Elektroenergetyczne S.A. – of capacity contracts fulfilling the criteria provided for in the Capacity Market Act. The indication of the said capacity contracts has triggered the release of the financial security provided by the Elektrownia Ostrołęka sp. z o.o. in the amount of PLN 36.6 million and the annulment of contractual penalties if they become due. The termination of the aforementioned capacity contract is a consequence of changing the plant fuel from coal to gas in the project aimed at the construction and operation of a new power plant in Ostrołęka.
- On 3 February 2022, the need to increase the provision for onerous contracts in the trading segment up to PLN 250.1 million was identified. The increase in the provision is aimed at reflecting the impact of anticipated future losses to be incurred by the Issuer in connection with the performance of comprehensive contracts entered into with prosumers who, in compliance with the amendment to the Act on Renewable Energy Sources, have acquired the right to financial settlements, over a 15-year period, based on a discount support system (so-called 'net-metering'), on the condition that their micro-installations are connected to the grid by 31 March 2022. The amount of the provision is subject to quarterly updates.
- On 10 March 2022, the Extraordinary General Meeting of ENEA S.A. adopted a resolution under which Mr. Radosław Kwaśnicki was appointed to the ENEA S.A. Supervisory Board as of the same day.
- On 11 March 2022, ENEA S.A. signed a surety agreement with Powszechna Kasa Oszczędności Bank Polski S.A. to secure obligations of its subsidiary ENEA Trading up to the amount of PLN 2,400 million. The liabilities include amounts due to the Bank from the Subsidiary under the master agreement on cooperation in the financial market signed by the Bank and the Subsidiary, including under foreign exchange hedging transactions and commodity price hedging transactions, in particular forward transactions related to CO₂ emission allowances concluded by the Subsidiary. The surety is due to expire on 31 December 2024 or on the date when the Subsidiary ceases to be a member of the Issuer's Group as a result of a spin-off of the Group's selected assets.
- The financial settlement of the Coal-Fired Project implemented under the contract for the construction of the Ostrołęka C Power Plant, with the EPC Contractor – a consortium established between GE Power sp. z o.o. with its registered office in Warsaw and GE Steam Power Systems S.A.S. with its registered office in Boulogne-Billancourt, France – was completed on 31 March 2022. The final net value of receivables arising from the settlement was PLN 958 million and, accordingly, the total amount due the EPC Contractor, calculated as the difference between the above value and the amounts already covered, has already been paid in full by Elektrownia Ostrołęka sp. z o.o.

Second quarter

- On 8 April 2022, the Company received Mr. Paweł Szczeszek's resignation from the position of President of the ENEA S.A. Management Board, effective after 10 April 2022. The reason for the resignation was not specified.
- On 8 April 2022 – the Extraordinary General Meeting of ENEA S.A. adopted a resolution in the matter of increasing the Company's share capital by issuing Series D ordinary bearer shares, waiving all preemptive rights of all existing shareholders to all Series D Shares, amending the Company's Statute, applying for admission and introduction to trading of Series D Shares and/or rights to Series D Shares on the regulated market operated by the Warsaw Stock Exchange ("WSE") and dematerialization of Series D Shares and/or rights to Series D Shares.
- On 8 April 2022, a share placement agreement was executed with Bank Polska Kasa Opieki S.A. and the private subscription bookbuilding process has been launched for up to 88,288,515 Series D ordinary bearer shares.
- On 8 April 2022, the ENEA S.A. Supervisory Board adopted the resolution to appoint Mr. Rafał Mucha, the Company's Management Board Member, as acting President of the Management Board as of 11 April 2022.
- On 12 April 2022, the ENEA S.A. Management Board adopted a resolution on the proposed distribution of the Issuer's net profit for the financial year 2021. According to the resolution, the Company's Management Board proposed to allocate the Issuer's net profit for the financial year covering the period from 1 January 2021 to 31 December 2021, in the amount of PLN 460,408,613.85 as follows: PLN 442,110,040.96 to increase the reserve capital to perform planned investment projects; PLN 18,298,572.89 to decrease the negative amount of the remaining capitals. The Supervisory Board issued a positive opinion on the Management Board's proposal.
- On 14 April 2022, the Company's Management Board set the issue price of Series D Shares at PLN 8.50 per Series D Share. The Company's Management Board also decided to offer selected investors, on the terms set forth in the Issue Resolution and in accordance with the rules of the subscription arranged thereunder, to subscribe for a total of 88,288,515 Series D Shares.
- On 20 April 2022, the Issuer's Supervisory Board adopted a resolution to appoint Mr. Paweł Majewski, effective as of 25 April 2022, to the position of President of the ENEA S.A. Management Board for the joint term of office commenced on the date of holding the Ordinary General Meeting of ENEA S.A. which approved the financial statements for 2018.
- On 28 April 2022, the Company's Management Board adopted a resolution to allocate 88,288,515 Series D Shares. The cash contributions to cover the Series D Shares were injected in their entirety. The issue price of the Series D Shares was PLN 8.50 per share. The Series D Shares and the rights to the Series D Shares were the subject of the Company's application for admitting and introducing them to be traded on the regulated market operated by Warsaw Stock Exchange SA.
- On 6 May 2022, ENEA S.A. received Statement no. 400/2022 from the Central Securities Depository of Poland ("KDPW") in the matter of entering into an agreement to register 88,288,515 rights to the Company's series D ordinary bearer shares with a par value of PLN 1.00 each. Rights to Shares have been designated with ISIN code PLENEA000104. On the same day, the Management Board of the WSE adopted resolution no. 427/2022 on admission and introduction into stock exchange trading on WSE's main market of 88,288,515 rights to the Company's series D ordinary bearer shares with a par value of PLN 1.00 each, as of the date of registration of these rights to shares by the KDPW.
- On 9 May 2022, the KDPW issued communication on registration of 88,288,515 rights to the Company's series D ordinary bearer shares with a par value of PLN 1.00 each.
- On 12 May 2022, in Current Report No. 31/2022, the Company published a summary of the completed subscription for series D ordinary bearer shares (supplementary information was published in Current Report No. 55/2022). The value of the subscription was PLN 750,452,377.50.
- On 31 May 2022, the District Court Poznań – Nowe Miasto and Wilda in Poznań, 8th Commercial Division of the National Court Register, registered the amendment to the Company's Statute made pursuant to Resolution No. 5 of the Company's Extraordinary General Meeting of 8 April 2022 in the matter of increasing the Company's share capital by issuing series D ordinary bearer shares, waiving all preemptive rights of all existing shareholders to all the Series D Shares, amending the Company's Statute, applying for admission and introduction to trading of the Series D Shares and/or rights to the Series D Shares on the regulated market operated by the WSE and dematerialization of the series D shares and/or rights to the series D shares. After the registration, the Company's share capital is PLN 529,731,093. The total number of votes resulting from all outstanding shares is 529,731,093.
- On 8 June 2022, ENEA S.A. received Statement No. 505/2022 of the KDPW in the matter of entering into an agreement with the Company to register 88,288,515 series D ordinary bearer shares with a par value of PLN 1.00 each in the central securities depository and assigning them code ISIN PLENEA000013 on the condition that these shares are listed on the same regulated market as that on which the Company's other shares marked with code ISIN PLENEA000013 are also listed.
- On 8 June 2022, the management board of the WSE adopted Resolution No. 534/2022 on the designation of the last day of listing on the WSE Main Market of the rights to series D ordinary bearer shares ("Rights to Series D Shares"), whereby the WSE Management Board designated for 9 June 2022 the last day of listing of 88,288,515 Rights to Series D Shares, marked by the KDPW with the code PLENEA000104; and Resolution No. 535/2022 on the admission and listing on the WSE Main Market of the Company's 88,288,515 series D ordinary bearer shares with a par value of PLN 1.00 each

("Series D Shares"), whereby the WSE Management Board stated that the Series D Shares are admitted to stock exchange trading on the main market and decided to list them on the main market as of 10 June 2022 by applying the ordinary procedure, on the condition that these shares are registered by the Central Securities Depository (KDPW) by 10 June 2022 and marked with the code PLENEA000013.

- On 10 June 2022, the KDPW registered 88,288,515 series D ordinary bearer shares with a par value of PLN 1.00 each.
- On 14 June 2022, the Company's Supervisory Board adopted resolutions to appoint the following persons for a new joint term of office, effective as of the date immediately following the date of holding the Company's Ordinary General Meeting approving the financial statements for 2021: i) Mr. Paweł Majewski to the position of President of the ENEA S.A. Management Board, ii) Mr. Tomasz Siwak to the position of ENEA S.A. Management Board Member for Commercial Matters, iii) Mr. Rafał Mucha to the position of ENEA S.A. Management Board Member for Financial Matters, iv) Mr. Dariusz Szymczak to the position of ENEA S.A. Management Board Member for Corporate Matters, v) Mr. Marcin Pawlicki to the position of ENEA S.A. Management Board Member for Operational Matters, vi) Mr. Lech Żak to the position of ENEA S.A. Management Board Member for Strategy and Development.
- On 18 June 2022, ENEA S.A. signed a letter of intent with the State Treasury regarding a potential purchase by the State Treasury of 21,962,189 shares in Lubelski Węgiel Bogdanka S.A. ("LWB"; "LW Bogdanka"), representing 64.57% of LWB's share capital ("Transaction"). The Company and the State Treasury ("Parties") have committed themselves to taking, in good faith, all steps necessary to prepare and execute the Transaction involving the purchase by the State Treasury of all 21,962,189 LWB shares from the Company. The letter of intent will remain in effect until 31 December 2023. The concluded Letter of Intent serves only as an expression of the Parties' intention to establish cooperation and lay down the principles for the conduct of negotiations between them regarding the subject matter thereof.
- On 24 June 2022, the Company's Ordinary General Meeting adopted resolutions by the power of which the following persons were appointed to the ENEA S.A. Supervisory Board of the 11th term of office: Mr. Rafał Włodarski who was entrusted with the function of Supervisory Board Chairman, Mr. Mariusz Damasiewicz, Mr. Mariusz Pliszka, Mr. Mariusz Romańczuk, Mr. Paweł Korobłowski, Mr. Tomasz Lis, Mr. Radosław Kwaśnicki, Ms. Dorota Szymanek and Mr. Roman Stryjski.

Third quarter

- On 7 July 2022, ENEA S.A. published Current Report No. 48/2022 with information on the signing of a surety agreement with Izba Rozliczeniowa Giełd Towarowych S.A. ("IRGiT") to secure liabilities of its subsidiary, ENEA Elektrownia Połaniec S.A. ("Subsidiary") up to the amount of PLN 4,000,000,000 ("Agreement"). The surety covers all liabilities incurred by the Subsidiary in connection with the clearing of transactions by IRGiT. The surety was granted until 30 April 2023. With an annex executed on 26 July 2022, the amount of the surety was increased by PLN 6,800,000,000 up to PLN 10,800,000,000, which was disclosed by the Company in Current Report No. 50/2022. The increase in the surety amount is aimed at optimizing the portfolio of collateral contributed to IRGiT.
- On 11 July 2022, ENEA S.A. received a letter of resignation tendered by Ms. Dorota Szymanek from serving in the capacity of an ENEA S.A. Supervisory Board member, effective as of 11 July 2022. The reason for the resignation was not specified.
- On 3 August 2022, in Current Report No. 51/2022, ENEA S.A. announced the execution of a conditional agreement providing for the sale of shares in Polska Grupa Górnicza S.A. on the same day ("Conditional Purchase Agreement"). The sellers in the Conditional Share Purchase Agreement are ENEA S.A., ECARB Sp. z o.o., PGNiG Termika S.A., PGE Górnictwo i Energetyka Konwencjonalna S.A., Polski Fundusz Rozwoju S.A., Towarzystwo Finansowe Silesia Sp. z o.o. and Węgllokoks S.A., and the buyer is the State Treasury of the Republic of Poland ("State Treasury"). Under the Conditional Share Purchase Agreement, the Company will sell to the State Treasury all shares held by it in Polska Grupa Górnicza S.A. ("PGG"), namely 3,000,000 ordinary registered shares (representing 7.66% of PGG's share capital), for the total price of PLN 1.00 for all shares. The title to the shares in PGG will be transferred to the State Treasury if the National Support Center for Agriculture refrains from exercising the pre-emptive purchase right vested in it.
- On 5 August 2022, ENEA S.A. received a letter of resignation tendered by Mr. Radosław Kwaśnicki from serving in the capacity of a Member of the ENEA S.A. Supervisory Board, effective as of 31 August 2022. The reason for the resignation specified by Mr. Radosław Kwaśnicki was due to other professional challenges unrelated to the Company.
- On 14 September 2022, the Management Board of Lubelski Węgiel Bogdanka S.A. became aware of updated production assumptions for 2022 and decided to make them public. A sudden and unexpected increase in operating pressure occurred in longwall 3/VII/385, commissioned on 31 August 2022, which clamped the longwall. The longwall had achieved the progress of 55 running meters without any issues with floor heave and the progress was in line with the assumptions at this stage of operation. The longwall was monitored continuously by a pressure control system in the supports of powered support units. LWB took action to release the clamped roof support sections and resume operations. Because of the scale of the phenomenon, these actions are technically and organizationally complex. The work on the launch of longwall 2/II/382 is proceeding according to schedule. Because of these sudden and unpredictable difficulties in mining operations, which objectively could not have been prevented or counteracted, LWB decided to update the production plan, which it announced in Current Report No. 18/2022 of 2 September 2022, setting it at approximately 8.3 million tons of commercial coal. The effects of this incident were taken into account in the condensed interim consolidated financial statements for the period from 1 January to 30 September 2022. Therefore, LWB estimated that, in the worst-case

scenario, the non-performance of the contracts entered into with ENEA Wytwarzanie, ENEA Elektrownia Połaniec and ENEA Ciepło would translate into the inability to deliver approx. 1.441 million tons of coal by the end of 2022. According to ENEA Trading's estimates, the volume of bituminous coal that would have to be purchased by the ENEA Group's generation companies from suppliers other than LWB in order to maintain the systemically required level of fuel inventories and properly perform their existing contracts for the sale of electricity in 2022 is approx. 0.965 million tons. Accordingly, the process of reviewing proposals obtained from alternative suppliers and contracting coal deliveries with them is currently in progress. The Issuer indicated that, due to the current geopolitical situation, any purchases of coal fuel would result in the inevitability of incurring additional significant expenses.

- On 27 September 2022, LWB announced the information about the updated longwall run schedule covering this year and 2023 and decided to make the resulting production plan public. LWB announced that the production plan for 2023 would be 8.3 million tons of commercial coal. Therefore, LWB informed ENEA Trading about the continuation of the circumstances affecting the performance of the bituminous coal delivery contracts concluded with ENEA Group generation companies in 2023. According to the provided information, LWB estimated that, in the worst-case scenario, the non-performance of the contracts entered into with ENEA Wytwarzanie, ENEA Elektrownia Połaniec and ENEA Ciepło would translate into the inability to deliver approx. 0.331 million tons of coal in 2023. In Current Report No. 60/2022, the Company stated that the need was identified to increase the provision for onerous contracts in the generation segment by approx. PLN 864.6 million compared to the amount of this provision as at 30 June 2022, that is from PLN 446.9 million to approx. PLN 1,311.5 million, primarily due to the necessity to purchase bituminous coal from suppliers other than Lubelski Węgiel Bogdanka S.A. As at 30 September 2022, the provision held by ENEA Elektrownia Połaniec S.A. was approx. PLN 217.8 million, while in ENEA Wytwarzanie the provision was approx. PLN 1,093.7 million.

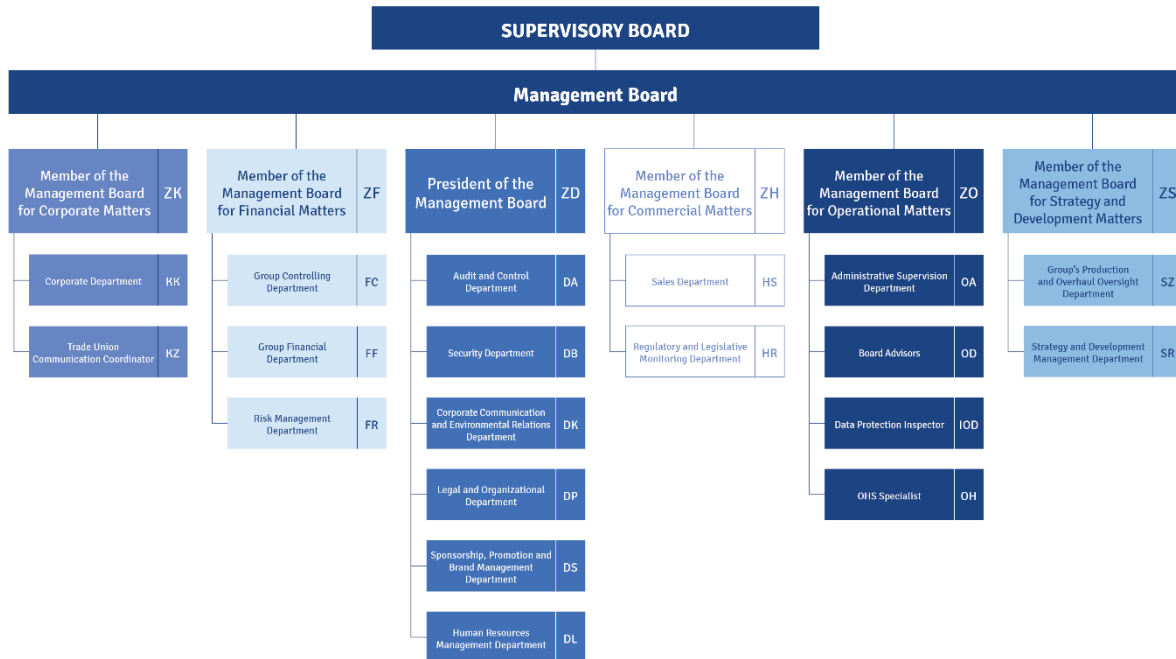
Fourth quarter

- On 18 November 2022, the Extraordinary General Meeting of ENEA S.A. adopted resolutions by the power of which Mr. Paweł Andrzej Korobłowski was dismissed from and Ms. Aneta Kordowska, Mr. Paweł Łącki, Mr. Piotr Zborowski were appointed to the Supervisory Board of the 11th term of office.
- On 21 November 2022, ENEA S.A. received information that the Court of Appeals in Poznań, 1st Civil and Intellectual Property Division, had handed down a judgment dismissing the appeal filed by the Synergia Trade Union against the judgment of 25 January 2022 in the part dismissing the legal action to repeal Resolution No. 7 of the Ordinary General Meeting of ENEA S.A. and of 30 July 2022, awarding the Company the costs of proceedings. The judgment dismissing the legal action is final and non-appealable.
- On 24 November 2022, ENEA S.A. extended a corporate guarantee to J.P. Morgan SE for the liabilities of its subsidiary, ENEA Trading, up to the amount of USD 300,000,000. The liabilities include amounts due to J.P. Morgan SE from the subsidiary on account forward transactions related to CO₂ emission allowances concluded by the subsidiary.
- On 28 November 2022, Fitch Ratings issued a communication where it changed the ENEA S.A.'s rating outlook from negative to stable and affirmed the Company's long-term foreign- and local-currency issuer default ratings at BBB.
- On 15 December 2022, as a result of the Capacity Market auction for 2027 (primary auction), a total of not less than 1,036 MW of the capacity obligation was contracted for members of the ENEA Group. On 20 December 2022, ENEA S.A. obtained the information about the preliminary outcome of the primary Capacity Market auction for 2027, as announced by Polskie Sieci Elektroenergetyczne S.A., including the capacity auction closing price of PLN 406.35 per kW per year.
- On 17 December 2022, the President of the Energy Regulatory Office ("ERO President") approved the Tariff Group G electricity tariff for the period from 1 January 2023 to 31 December 2023 ("Tariff"). The ERO President approved the ENEA S.A. electricity sales price for Tariff Group G consumers at the average level of PLN 1,050.58 per MWh, after a prior downward correction of the Tariff specified in the first application submitted by the Company, introduced in response to the ERO President's request.
- On 19 December 2022, the ENEA S.A. Supervisory Board adopted a resolution to dismiss Mr. Tomasz Siwak, ENEA S.A. Management Board Member for Commercial Matters, from the Company's Management Board.
- On 20 December 2022, ENEA S.A. signed arrangements with parties to property rights purchase agreements, which were PGE Group companies, on an amicable settlement of the disputes arisen in connection therewith ("Arrangement"). Under the terms of the Arrangements, ENEA S.A. undertook to enter into settlements based on which all pending litigation will be terminated in exchange for the payment of the total amount of approx. PLN 262.8 million to PGE Energia Odnawialna S.A. ("PGE EO") and PGE Energia Ciepła S.A. (jointly: "PGE Companies"). The payment will be made in installments, as agreed by the parties, by the end of April 2023.

1.2. Events after the reporting period

- On 4 January 2023, the Company received Mr. Rafał Włodarski's resignation from the position of an ENEA S.A. Supervisory Board Member, including the function of the Company's Supervisory Board Chairperson, effective as of 4 January 2023.
- On 27 January 2023, Enea S.A signed a financing agreement with a consortium of banks consisting of Polska Kasa Oszczędności Bank Polski S.A., Bank Gospodarstwa Krajowego, Bank Polska Kasa Opieki S.A., Alior Bank S.A. and Bank of China (Europe) S.A. Poland Branch. The Company obtained financing in the total amount of PLN 2,500,000,000, including a term facility up to the amount of PLN 1,500,000,000 ("Facility A") and a revolving facility up to the amount of PLN 1,000,000,000 ("Facility B"). The tenor is 5 years with an option of extension by another 2 years. It is a financing agreement involving sustainable development. In accordance with the provisions of the agreement, the Company may allocate the funds made available under Facility A for the financing and refinancing of capital expenditures of the Issuer's Group incurred in connection with the construction, expansion, upgrade or maintenance of the distribution network and the acquisition, development, expansion, financing, construction, upgrade, maintenance or commissioning of any renewable energy sources. In turn, the funds made available under Facility B may be used by the Company to finance its day-to-day operations and working capital of the Issuer's Group, except for the financing of the construction, acquisition or expansion of hard coal-fired power plants, other business related to hard coal, including hard coal mining and trading, and to refinance any financial debt or expenditures incurred for such purpose. After the Company's satisfied all conditions precedent, Facility A and Facility B were disbursed on 3 February 2023. The financing is based on a variable interest rate plus a margin (dependent on the level of the net debt/EBITDA ratio). Additionally, the interest rate for Facility A depends on sustainable development indicators, such as a CO₂ emissions reduction indicator and an indicator reflecting an increase in the share of renewable energy sources in the ENEA Group's generation structure.
- On 13 March 2023, the Extraordinary General Meeting of ENEA S.A. was held, which, effective on the same date, appointed Ms. Aleksandra Agatowska to the Company's Supervisory Board of the 11th term of office and elected Mr. Łukasz Ciołko as Chairman of the ENEA S.A. Supervisory Board.

2. ENEA S.A. as the parent company in the Group



In 2022, as a result of organizational changes within its structure, the following events occurred at ENEA S.A.:

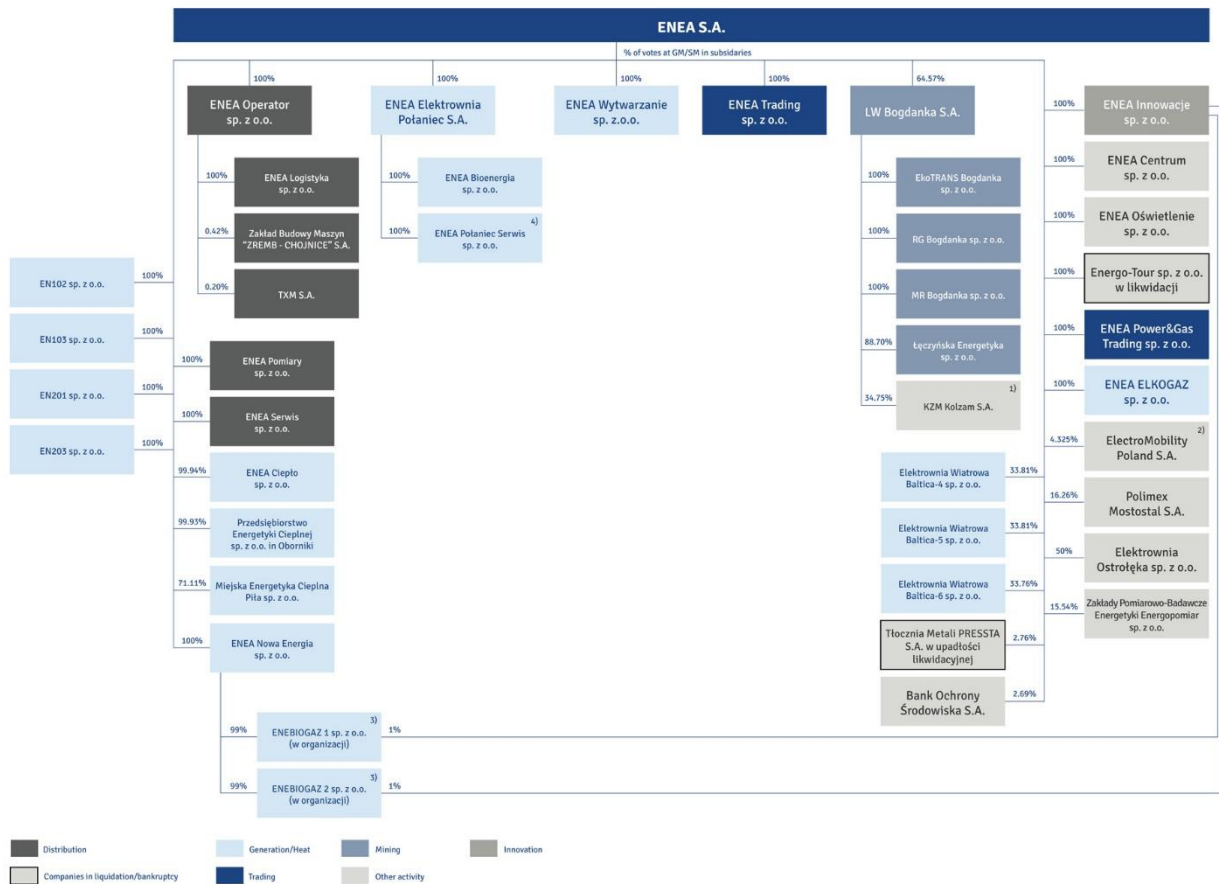
1. powers were reallocated between distinct Management Board Members, and the Group's Human Resources Management Department was transferred from the oversight of the Management Board Member for Corporate Matters to that of the President of the Management Board, based on the recognition that the Group's Human Resources Management Department belongs to the Company's strategic business areas.
2. powers vested in the Group's Public Relations and Communication Department were allocated between two separate organizational units, namely:
 - a) the Group's Corporate Communication and Public Relations Department, and
 - b) the Group's Sponsorship, Promotion and Brand Management Department, in connection with a significant increase in liabilities related to the ENEA Group's operations in the area of communication and sponsorship.

This type of allocation enabled a better specialization and an improved efficiency of the new entities in the performance of their organizational objectives.

The organizational structure of the Company as at 31 December 2022 is presented above.

3. Organization and activity of the ENEA Group

3.1. Structure of the ENEA Group as at 31 December 2022



¹⁾ Ruling on discontinuation of the bankruptcy proceedings/the company does not conduct business activity.

²⁾ on 16 January 2023, the court of registration registered a share capital increase. Currently ENEA S.A. holds a 2.30% stake in the share capital.

³⁾ on 28 February 2023, ENEA Innowacje sold 1 share in ENEBIOGAZ 1 sp. z o.o. with the par value of PLN 50.00, for the price of PLN 50.00, and 1 share in ENEBIOGAZ 2 sp. z o.o. with the par value of PLN 50.00 for the price of PLN 50.00, to ENEA Nowa Energia.

⁴⁾ on 16 January 2023, ENEA Polaniec Serwis merged with ENEA Elektrownia Połaniec S.A.

There are 7 leading entities in the ENEA Group, namely ENEA S.A. (trading in electricity), ENEA Operator Sp. z o.o. (distribution of electricity), ENEA Wytwarzanie Sp. z o.o., ENEA Elektrownia Połaniec S.A. and ENEA Nowa Energia Sp. z o.o. (generation and sales of electricity), ENEA Trading Sp. z o.o. (wholesale of electricity) and LW Bogdanka S.A. (coal mining). Other companies carry out ancillary activity in relation to the operations of those listed above. The Group's structure includes also minority interests held by ENEA S.A. and the subsidiaries of ENEA S.A. and LW Bogdanka S.A.⁵⁾

⁵⁾ Hereinafter, the names of the companies may be presented without the abbreviation of their legal form. Whenever the terms "Company" or "Issuer" are mentioned, this means ENEA S.A.

3.2. Changes in the ENEA Group's structure

Asset restructuring

Following key organizational changes in 2022, in addition to the initiatives associated with the planned changes, the ENEA Group did not carry out any major asset restructuring activities.

Capital divestments

In 2022, no significant capital divestment activities were carried out, except as indicated below:

- On 7 June 2022, ENEA Wytwarzanie completed the process of selling all 486,645 shares in LW Bogdanka S.A. ("LWB") held by the company.

- On 18 June 2022, in Current Report No. 40/2022, the Company announced that it had signed a letter of intent with the State Treasury regarding a potential purchase by the State Treasury of 21,962,189 shares in LWB, representing 64.57% of LWB's share capital. The letter of intent will remain in effect until 31 December 2023.

Changes in the organization

In 2022, the ENEA Group continued its endeavors aimed at pursuing the Group Development Strategy.

Capital investments

A detailed description of the processes related to capital investments is included in the “Consolidated financial statements of the ENEA Group for the financial year ended 31 December 2022.”

Events during the reporting period up to the date of the report

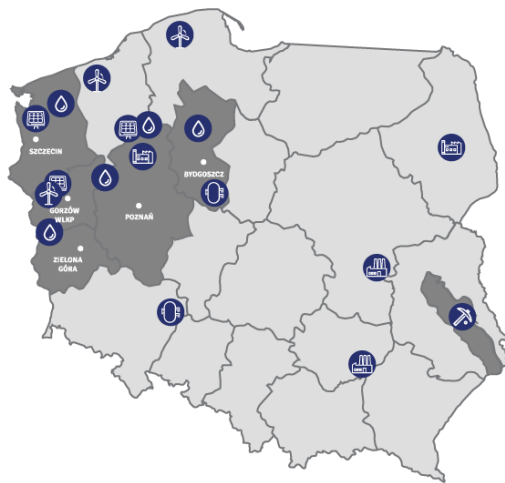
- On 23 February 2022, ENEA S.A. and Towarzystwo Finansowe Silesia Sp. z o.o., in connection with the share purchase option agreement of 18 September 2017, entered into share purchase agreements under call option 2 and call options 3, as a result of which ENEA S.A. acquired 187,500 shares under call option 2 and 125,000 shares under call option 3 for the total amount of PLN 625,000. As a result of this transaction, the share of ENEA S.A. in the share capital of Polimex Mostostal S.A. rose to 16.45%. On 11 April 2022, ENEA S.A. and Towarzystwo Finansowe Silesia Sp. z o.o., in connection with the share purchase option agreement of 18 September 2017, entered into share purchase agreements under call option 4, as a result of which ENEA S.A. acquired 187,500 shares under call 4 option for the total amount of PLN 375,000. As a result of the transaction, the stake held by ENEA S.A. in the share capital of Polimex Mostostal S.A. rose to 16.48%. In June 2022, ENEA S.A. sold 195,118 shares in Polimex Mostostal S.A. As at the end of June 2022, ENEA S.A. held 39,117,406 shares of the company’s stock, representing 16.39% of its share capital. A total of 312,500 shares in Polimex Mostostal S.A. were sold in June and July. As a result of the sale transactions, the total number of shares in Polimex Mostostal S.A. held by ENEA S.A. decreased to 39,000,024, and the stake held by ENEA S.A. in the company’s share capital declined to 16.31% as at the end of July of this year. On 21 October 2022, as a result of the increase in the share capital of Polimex Mostostal S.A., the share of ENEA S.A. in the share capital of that Company diminished from 16.31% to 16.26%.
- On 28 February 2022, the Extraordinary General Meeting of ENEA Innowacje, with its registered office in Warsaw, adopted Resolution No. 1 to increase the share capital by PLN 5,000,000, i.e. from PLN 30,860,000 to PLN 35,860,000, by creating 50,000 new shares with a par value of PLN 100.00 each. On 8 August 2022, the share capital increase was entered in the National Court Register.
- On 16 March 2022, ENEA S.A. established a special-purpose vehicle ENEA ELKOGAZ with its registered office in Warsaw. The company’s share capital is PLN 19,000,000. ENEA S.A. subscribed for 100% shares in the company. The company was registered in the National Court Register (KRS) on 12 May 2022.
- On 30 March 2022, ENEA S.A. established ENEA Power&Gas Trading with its registered office in Warsaw. The Company’s share capital is PLN 3,200,000. ENEA S.A. subscribed for 100% shares in the company. The company was registered in the National Court Register (KRS) on 23 May 2022. The Extraordinary General Meeting of ENEA Trading and ENEA Power&Gas Trading, held on 27 September 2022, adopted resolutions on the demerger of ENEA Trading through the transfer of the Company’s Organized Part of the Enterprise to ENEA Power&Gas Trading. As a result of the demerger, ENEA Trading’s share capital will be reduced by PLN 38,795,000, to PLN 61,205,000, and ENEA Power&Gas Trading’s share capital will be increased by PLN 58,192,500, to PLN 61,392,500. On 13 January 2023, the court of registration competent for ENEA Trading sp. z o.o. issued a demerger decision and made an appropriate entry in the Register of Commercial Undertakings. As a consequence of the entry, ENEA Trading’s share capital decreased from PLN 100,000,000 to PLN 61,205,000. Currently, the demerger process is at a transitional stage between the decision of the court of registration competent for ENEA Trading sp. z o.o. (reduction in the share capital and related amendments to the company’s statute) and the decision of the court of registration competent for ENEA Power&Gas Trading (increase in the share capital and related amendments to the company’s statute).
- On 15 April 2022, the Extraordinary General Meetings of SUN Energy 7 and GKP Energia were held in the matter of a merger through acquisition with ENEA Nowa Energia (the surviving company). On 20 May 2022, the merger of the companies was entered in the National Court Register.
- On 12 May 2022, ENEA Elektrownia Połaniec entered into an agreement with the City of Tarnobrzeg, under which the city of Tarnobrzeg purchased from ENEA Elektrownia Połaniec S.A. 80 shares of Tarnobrzaska Agencja Rozwoju Regionalnego S.A. with its registered office in Tarnobrzeg for the price of PLN 40,000.
- On 18 June 2022, ENEA S.A. signed a letter of intent with the State Treasury regarding a potential purchase by the State Treasury of 21,962,189 shares in LW Bogdanka S.A., representing 64.57% of LWB’s share capital. The letter of intent will remain in effect until 31 December 2023.
- On 29 July 2022, ENEA S.A. and ENEA Operator entered into a loan agreement to provide up to PLN 550,000,000 to fund the borrower’s scheduled expenses. The loan has been drawn down in full.
- On 3 August 2022, ENEA S.A. and PGNiG Termika S.A., Węglokoks S.A., PGE Górnictwo i Energetyka Konwencjonalna S.A., ECARB Sp. z o.o., Towarzystwo Finansowe Silesia Sp. z o.o. and Polski Fundusz Rozwoju S.A. entered into an agreement providing for the sale of all shares in Polska Grupa Górnicza S.A. (“PGG”) to the State Treasury (“Conditional Purchase Agreement”), with the condition precedent that the National Support Center for Agriculture (“KOWR”) refrains

from exercising the pre-emptive right to purchase PGG shares vested in it pursuant to Article 3a(1) of the Act of 11 April 2003 on the Formation of the Agricultural System within the time limit specified in Article 3a(4) of the said Act. Under the Conditional Share Purchase Agreement, ENEA S.A. will sell to the State Treasury all shares held by it in PGG, namely 3,000,000 ordinary registered shares (representing 7.66% of PGG's share capital), for the total price of PLN 1.00 for all shares. Until 5 October 2022 (the deadline for exercising the pre-emptive purchase right), KOWR had not reported the exercise of the pre-emptive purchase right referred to above. On 25 October 2022, ENEA S.A. disposed of all shares it held in PGG, i.e. 3,000,000 ordinary registered shares (constituting 7.66% of PGG's share capital), to the State Treasury.

- On 3 August 2022, ENEA S.A. purchased from Polska Grupa Energetyczna S.A.: i) 95 shares with a par value of PLN 95,000 in Elektrownia Wiatrowa Baltica-4 sp. z o.o. representing 33.81% of the company's share capital, ii) 95 shares with a par value of PLN 95,000 in Elektrownia Wiatrowa Baltica-5 sp. z o.o. representing 33.81% of the company's share capital, iii) 422 shares with a par value of PLN 422,000 in Elektrownia Wiatrowa Baltica-6 Sp. z o.o. representing 33.76% of the company's share capital. The objective of all three special purpose vehicles is to develop offshore wind farm construction projects in the Polish part of the Baltic Sea.
- On 25 August 2022, the Extraordinary General Meetings of ENEA Ciepło and ENEA Ciepło Serwis were held to discuss the merger of these companies, where the surviving company was ENEA Ciepło. The merger came into effect on 3 October 2022.
- On 13 September 2022, ENEA S.A. entered into a loan agreement with ENEA Operator Sp. z o.o. to grant a loan up to PLN 750,452,000 to fund investment tasks.
- On 17 November 2022, ENEA Nowa Energia with its registered office in Radom and ENEA Innowacje with its registered office in Warsaw established two limited liability companies: 1) ENEBIOGAZ 1 sp. z o.o. in organization with its registered office in Radom, with the share capital of PLN 5,000 divided into 100 shares with a par value of PLN 50.00 each, which was fully covered by cash and shares were subscribed by: i) ENEA Nowa Energia: 99 shares with a total value of PLN 4,950, ii) ENEA Innowacje – 1 share with a total value of PLN 50.00. The company was entered in the National Court Register on 1 February 2023. 2) ENEBIOGAZ 2 sp. z o.o. in organization with its registered office in Radom, with the share capital of PLN 5,000 divided into 100 shares with a par value of PLN 50.00 each, which was fully covered by cash and shares were subscribed by: i) ENEA Nowa Energia: 99 shares with a total value of PLN 4,950, ii) ENEA Innowacje – 1 share with a total value of PLN 50.00. The company was entered in the National Court Register on 19 January 2023.
- On 30 November 2022, the Extraordinary General Meeting of ENEA Power&Gas Trading (EP>) adopted a resolution to recapitalize the company, under which ENEA S.A. as the only shareholder was required to make a contribution of PLN 213.75 (two hundred thirteen Polish zloty and 75/100) per share, or PLN 6,840,000 (six million eight hundred forty thousand Polish zloty) in total, to EP>'s bank account. The contributions were earmarked for EP>'s intended commencement and conduct of licensed electricity trading activities.
- On 30 November 2022, the Extraordinary General Meeting of ENEA Innowacje, with its registered office in Warsaw, adopted Resolution No. 1 to increase the share capital by PLN 2,850,000, i.e. from PLN 35,860,000 to PLN 38,710,000, by creating 28,500 new shares with a par value of PLN 100.00 each. On 10 January 2023, the share capital increase was entered in the National Court Register.
- On 28 December 2022, the Extraordinary General Meeting of ElectroMobility Poland S.A. adopted a resolution to reduce the company's share capital by PLN 17,557,328.00 thousand through a decrease in the par value of all its shares from the current amount of PLN 5,230.05 each to a new par value of PLN 4,926.29 per share. The reduction in the share capital is aimed at reducing the par value of the company's shares in order to facilitate the acquisition of capital through new share issues. The General Meeting also adopted a resolution to increase the share capital by PLN 249,999,364.92 thousand to PLN 534,738,926.92 thousand, for the total issue price of PLN 250,000,000.00, to be contributed exclusively in cash. The issue of the new shares was effected by way of a private placement. All the new shares are ordinary registered shares. The share premium (excess of the total issue price over the total par value) was transferred to supplementary capital. The new shares were taken up and paid for by the State Treasury. On 16 January 2023, the registration court registered the share capital increase. ENEA S.A. currently holds a 2.30% stake in the company's share capital.
- On 13 December 2022, ENEA S.A. founded a limited liability company by the name of EN102 sp. z o.o. with its registered office in Poznań, with the share capital of PLN 70,000, divided into 100 shares with a par value of PLN 700.00 each, which was fully covered by cash, while all shares were subscribed for by ENEA S.A. The company was entered in the National Court Register on 22 December 2022. The company was established to carry out a photovoltaic project.
- On 27 December 2022, ENEA S.A. founded a limited liability company by the name of EN103 sp. z o.o. with its registered office in Poznań, with the share capital of PLN 70,000, divided into 100 shares with a par value of PLN 700.00 each, which was fully covered by cash, while all shares were subscribed for by ENEA S.A. The company was entered in the National Court Register on 28 December 2022. The company was established to carry out a photovoltaic project.
- On 27 December 2022, ENEA S.A. founded a limited liability company by the name of EN201 sp. z o.o. with its registered office in Poznań, with the share capital of PLN 70,000, divided into 100 shares with a par value of PLN 700.00 each, which was fully covered by cash, while all shares were subscribed for by ENEA S.A. The company was entered in the National Court Register on 30 December 2022. The company was established to carry out a photovoltaic project.

- On 27 December 2022, ENEA S.A. founded a limited liability company by the name of EN203 sp. z o.o. with its registered office in Poznań, with the share capital of PLN 70,000, divided into 100 shares with a par value of PLN 700.00 each, which was fully covered by cash, while all shares were subscribed for by ENEA S.A. The company was entered in the National Court Register on 30 December 2022. The company was established to carry out a photovoltaic project.
- On 3 January 2023, the Extraordinary General Meeting of ENEA Połaniec Serwis sp. z o.o. (target company) was held and adopted a resolution on the target company's merger with ENEA Elektrownia Połaniec S.A. (acquiring company). The merger was effected under a simplified procedure, that is in accordance with Article 516 of the Commercial Company Code. On 16 January 2023, the companies merged.
- On 4 January 2023, ENEA S.A. founded a limited liability company by the name of EN202 sp. z o.o. with its registered office in Poznań, with the share capital of PLN 70,000, divided into 100 shares with a par value of PLN 700.00 each, which was fully covered by cash, while all shares were subscribed for by ENEA S.A. The company was entered in the National Court Register on 5 January 2023. The company was established to carry out a photovoltaic project.
- On 4 January 2023, ENEA S.A. founded a limited liability company by the name of EN101 sp. z o.o. with its registered office in Poznań, with the share capital of PLN 70,000, divided into 100 shares with a par value of PLN 700.00 each, which was fully covered by cash, while all shares were subscribed for by ENEA S.A. The company was entered in the National Court Register on 9 January 2023. The company was established to carry out a photovoltaic project.
- on 28 February 2023, ENEA Innowacje sold 1 share in ENEBIOGAZ 1 sp. z o.o. with the par value of PLN 50.00, for the price of PLN 50.00, and 1 share in ENEBIOGAZ 2 sp. z o.o. with the par value of PLN 50.00 for the price of PLN 50.00, to ENEA Nowa Energia

3.3. ENEA Group's Business Areas



- | | |
|---|--|
| Power Plants:
Kozienice, Połaniec | Biogas power plants:
Gorzestaw, Liszkowo |
| ENEA Ciepło, MEC Piła, PEC Oborniki | LW Bogdanka |
| Wind farms: Bardy, Darżyno, Baczyna | Distribution area of ENEA Operator |
| 21 hydroelectric power plants | Lublin coal basin |
| PV farms:
PV Jastrowie I, PV Likowo, PV Lubno I i PV Lubno II and PV FW Lubno I | |

Distribution

- Supply of electricity
- Planning and ensuring expansion of the distribution network, including by connecting new customers
- Operation, maintenance and repairs of the distribution grid
- Management of metering data

Generation

- Electricity generation based on bituminous coal, biomass, gas, wind, water, biogas and a photovoltaic farm
- Heat generation
- Heat transmission and distribution
- Electricity trading

Mining

- Production of bituminous coal
- Sales of bituminous coal
- Securing the Group's raw material base

Wholesale trading

- Optimization of wholesale contracts portfolio for electricity and gaseous fuel
- Operations on product markets
- Ensuring access to wholesale markets

Retail trading

- Trading in electricity and gaseous fuel on the retail market
- Product and service offering adjusted to customers' needs
- Comprehensive customer service

3.3.1. Mining

In the ENEA Group, the subsidiary involved in the mining business is LW Bogdanka, which is a leader on the bituminous coal market in Poland, standing out in comparison with its peers in terms of financial results, mining efficiency and investment plans including access to new deposits. The bituminous coal sold by LWB is used primarily for the generation of electricity and heat and the production of cement. LWB's customers are chiefly industrial companies, especially ones operating in the power sector, located in eastern and north-eastern Poland.

Item	2021	2022	% change	Q4 2021	Q4 2022	% change
Net production [000s of tons]	9,935	8,401	-15.4%	2,432	1,238	-49.1%
Sales of coal [000s of tons]	10,036	8,400	-16.3%	2,792	1,243	-55.5%
Inventories (at the end of the period) [000s of tons]	21	22	4.8%	21	22	4.8%
Excavation works [km]	23.2	32.8	41.4%	7.8	7.6	-2.6%

3.3.2. Generation

3.3.2.1. Generation assets of the ENEA Group

Item	Installed electricity generation capacity [MW _e]	Achieved electricity generation capacity [MW _e]	Installed heat generation capacity [MW _t]	Installed RES capacity [MW _e]
Kozienice Power Plant	4,071.8	4,007.0	125.4	-
Połaniec Power Plant	1,879.0	1,899.0	130.0	230.0
Bardy, Darżyno and Baczyna (Lubno I and Lubno II) wind farms	71.6	70.1	-	71.6
Photovoltaic power plants PV Jastrowie I, PV Likowo, PV Lubno I and PV Lubno II	6.0	6.0	-	6.0
Liszkowo and Gorzesław biogas plants	3.8	3.8	3.1	3.8
Hydro power plants	58.8	55.8	-	58.8
MEC Piła	20.4	18.4	130.9 ¹⁾	0.0 ²⁾
PEC Oborniki	-	-	27.4	-
ENEA Ciepło (Białystok CHP Plant, "Zachód" Heat Plant)	203.5	156.6	684.1	78.5
Total	6,314.9	6,216.7	1,100.9	448.7

1) The installed thermal capacity declined as a result of the removal of one boiler from the concession

2) Presentation change, 0.1 MW refers to the solar plant, the item in the table presents MWe capacities

3.3.2.2. Generation – installed capacity

Kozienice Power Plant

Unit	B1	B2	B3	B4	B5	B6	B7	B8	B9	B10	B11
Installed capacity [MW]	230	230	230	230	230	230	230	230	560	560	1,112
Planned shutdown year	2025	2025	2025	2025	2027	2027	2027	2027	2041	2042	2048

The above data for U1-U8 have been prepared on the basis of the generation capacity replacement schedule, which is based on one of the two generation capacity replacement options considered in parallel and which assumes the installation of combined cycle power units (hereinafter: "CCPU"), while the data for other units have been prepared on the basis of the current working schedule of the units and the generation unit shutdowns anticipated in the schedule. In 2022, ENEA Wytwarzanie took steps to replace the entire generation capacity of the existing 200 MWe units with high-efficiency and low-emission combined-cycle units, in one of the two options under consideration, i.e. two CCPU's of 1100 MW each, or three CCPU's of 700 MW each. On 16 March 2022 ENEA S.A. established a special-purpose vehicle ENEA ELKOGAZ with its registered office in Warsaw, in which it is the sole shareholder. The newly-established company will replace the generation capacity of 200 MW power units with gaseous fuel combustion technology. Detailed information about the process is provided in item 10.3.12.

Połaniec Power Plant

Unit	B1	B2	B3	B4	B5	B6	B7	GU (B9)
Installed capacity [MW]	200	242	242	242	242	242	239	230
Planned shutdown year	2023	2034	2034	2034	2034	2034	2034	2042

The above data were prepared on the basis of the current working schedule of the units and the scheduled shutdowns of the generation units. Currently, work is under way on the project entitled "Adaptation of ENEA Elektrownia Połaniec to Capacity Market requirements after 1 July 2025" and on the development of the modernization concept for Unit 1.

ENEA Nowa Energia

Areas	Item	Installed capacity [MW _e]
Water	21 barrages with accompanying facilities on which hydropower plants with an installed capacity of 132 kW to 24.8 MW are located on the following rivers: Brda, Wda, Gwda, Rega, Drawa, Myśla, Obra and Wełna.	58.8
Wind farms	Bardy, Darżyno and Baczyna (Lubno I and Lubno II)	71.6
Photovoltaic farms	PV Jastrowie I, PV Likowo, PV Lubno I and PV Lubno II oraz PV FW Lubno I ¹⁾	6.0
Biogas	Liszkowo and Gorzesław biogas plants	3.8

¹⁾ PV Lubno I farm with a capacity of 3 MW – since 15 December 2022, the commissioning stage of the project is underway; once the concession has been obtained, the total installed capacity in the Photovoltaic Farm Area will be 9.0 MWe

ENEA Ciepło

Unit	B1	B2	B3	B4 ¹⁾	Water boilers	K1	K2	K3	K4	K5
Installed capacity [MW]	55	55	70	23.5	Installed capacity [MW]	0	0	0	0	0
Thermal capacity [MWt]	98.4	108	108	0	Thermal capacity [MWt]	33	35	35	40	40
Planned last year of production	2028	2045	2055	2061	Planned last year of production	-	-	-	-	-

¹⁾ Condensing turbine unit powered by discharges from the U1 unit

3.3.2.3. Data for the Generation Area

Item	2021	2022	% change	Q4 2021	Q4 2022	% change
Total (net) electricity generation [GWh]	26,393	26,214	-0.7%	6,858	6,034	-12.0%
Net generation from conventional sources [GWh]	23,978	24,265	1.2%	6,236	5,572	-10.6%
RES production [GWh]	2,415	1,949	-19.3%	622	462	-25.7%
Gross heat production [TJ]	8,011	7,861	-1.9%	2,598	2,466	-5.1%
ENEA Wytwarzanie						
Total (net) electricity generation [GWh]	17,861	17,118	-4.2%	4,446	3,845	-13.5%
Unit 11 in the Kozenice Power Plant						
Net electricity production [GWh]	5,179	4,347	- 16.1%	1,043	331	- 68.3%
Average monthly net load [MW]	726	757	4.3%	756	654	-13.5%
Gross heat production [TJ]	403	586	45.4%	222	207	-6.8%
ENEA Nowa Energia						
Total (net) RES electricity generation [GWh]	280	286	2.1%	81	68	-16.0%
hydro power plants	114	108	-5.3%	26	24	-7.7%
wind farms	157	167	6.4%	52	41	-21.2%
biogas plants	9	9	-	3	3	-
PV farm ¹⁾	-	3	100%	-	0.3	100%
ENEA Elektrownia Połaniec						
Total (net) electricity generation [GWh]	7,780	8,376	7.7%	2,206	1,991	-9.7%
Net generation from conventional sources [GWh]	5,873	6,938	18.1%	1,731	1,656	-4.3%
RES production (biomass firing – Green Unit) [GWh]	1,582	1,128	-28.7%	389	254	-34.7%
RES production (biomass co-firing) [GWh]	326	309	-5.2%	87	81	-6.9%
Gross heat production [TJ]	2,346	2,417	3.0%	634	631	-0.5%
ENEA Ciepło						
Total (net) electricity generation [GWh]	426	383	-10.1%	123	113	-8.1%
Net generation from conventional sources [GWh] excluding biomass firing	199	159	-20.1%	57	54	-5.3%
RES production – biomass firing [GWh]	227	224	-1.3%	65	59	-9.2%
Gross heat production [TJ] (in combination with the "Zachód" Heat Plant)	4,319	3,992	-7.6%	1,421	1,331	-6.3%
PEC Oborniki						
Gross heat production [TJ]	129	116	- 10.1%	42	39	- 7.1%
MEC Piła						
Total (net) electricity generation [GWh]	46	50	8.7%	3	17	467.7%
Gross heat production [TJ]	815	751	-7.9%	281	259	-7.8%

¹⁾ On 22 March 2022, electricity generation was launched at the Jastrów photovoltaic farm with a capacity of 3 MW

3.3.2.4. CO₂ emissions, allocation of free CO₂ emission allowances, costs of allowances

	CO ₂ emissions [t]	Allocation of free CO ₂ emission allowances [t]	Costs of allowances [PLN 000s]
Kozienice Power Plant			
2021	15,855,535	2,195 ¹⁾	2,229,638
2022	15,540,711	3,079 ²⁾	3,851,529
MEC Piła			
2021	83,881 ⁴⁾	9,083 ¹⁾	16,740
2022	41,667	6,923 ²⁾	12,128
Białystok - CHP plant			
2021	312,696	45,587 ¹⁾	31,741
2022	255,232	44,415 ²⁾	42,394
Białystok – “Zachód” Heat Plant			
2021	18,138	2,487 ¹⁾	1,809
2022	12,851	2,923 ²⁾³⁾	2,420
Połaniec Power Plant			
2021	6,029,838 ⁴⁾	89,956 ¹⁾	598,697
2022	7,088,659	87,646 ²⁾	1,667,315
Łęczyńska Energetyka ⁵⁾			
2021	53,083	10,632 ¹⁾	9,413
2022	44,070	11,809 ²⁾	11,187
Total 2021	22,353,171	159,940	2,888,038
Total 2022	22,983,190	156,795	5,586,973

¹⁾ Gratuitous allowances granted for 2021.

²⁾ Gratuitous allowances granted for 2022.

³⁾ Including additional allowances received on 5 August 2022

⁴⁾ Quantity adjustment as a result of the audit in relation to the report for 2021

⁵⁾ Entity in the LW Bogdanka Group holding CO₂ emission allowances

3.3.2.5. Fuel supply

The main fuel used in the Kozienice Power Plant and the Połaniec Power Plant to generate electricity is pulverized bituminous coal. The main fuels used in ENEA Ciepło Sp. z o.o. (Białystok CHP Plant) in 2022 included: coal and biomass – mainly in the form of steam wood chips, steam willow and poplar wood chips, residues from agricultural production and the agricultural processing industry.

Coal deliveries

	Kozienice Power Plant	Połaniec Power Plant	ENEA Ciepło
Main coal suppliers in 2022	LW Bogdanka (68.1%), PGG (11.8%), Węglokoks (7.7%), PGE Paliwa (6.2%)	LW Bogdanka (48.8%) PGG (25.3%), PGE Paliwa (13.5%)	LW Bogdanka (81.54%), PGG (10.3%) PGE Paliwa (8.2%)
Main carrier performing deliveries in 2022	PKP CARGO (93.5%), Konsorcjum DB Cargo Polska S.A./ CTL Logistics sp. z o.o. (6.5%)	PKP CARGO (62.8%), Own transport (22.2%)	LW Bogdanka (81.5%) PKP CARGO (18.5%)

Purchase of fuel

Fuel type	Generation Area			
	2021		2022	
	Quantity [000s of tons]	Cost [PLN million]	Quantity [000s of tons]	Cost [PLN million]
Bituminous coal	10,484	2,539	10,985	5,513
Biomass	2,033	465	1,894	1,011
(Heavy) fuel oil ¹⁾	15	30	15	48
(Light) fuel oil ²⁾	7	23	71	19
Natural gas [thous. m ³] ³⁾⁴⁾	15,342	20	13,843	33
Total		3,077		6,624

¹⁾ Light up fuel in U1-10 of the Koziencice Power Plant and U1-7 of the Polaniec Power Plant

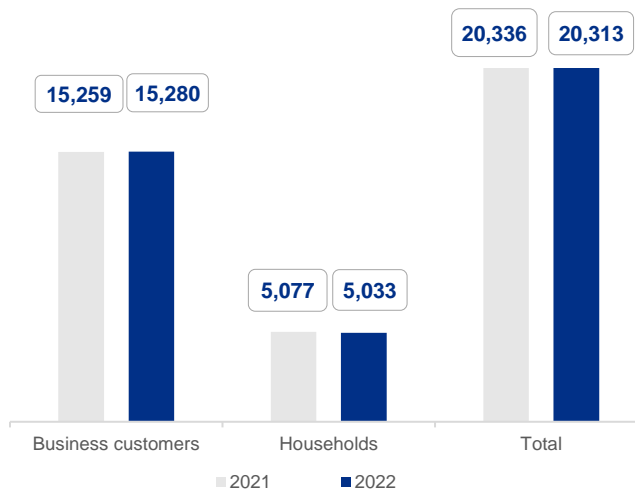
²⁾ Light up fuel in U11 of the Koziencice Power Plant, U9 of the Polaniec Power Plant, MEC Piła (boiler house of KO Staszycze, which may be gaseous fuel or oil-fired)

³⁾ Used for generation of electricity and heat in MEC Piła

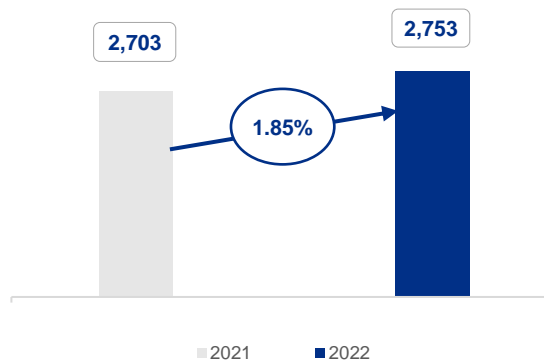
⁴⁾ Used for generation of heat in the "Zachód" Heat Plant; gas volume unit: thousand Nm³

3.3.3. Distribution

Sales of distribution services [GWh]



Number of customers [in thousands]



Connected RES sources in the operating area of ENEA Operator in 2016-2022

	Number of connected RES sources classified in connection groups II and III, cumulative	Number of connected microinstallations, based on the submitted reports and requests, cumulative	Total capacity of connected RES sources classified in connection groups II and III, cumulative	Total capacity of connected microinstallations, based on the submitted reports and requests, cumulative [MW]
2016	350	2,479	1,220	17
2017	360	4,302	1,240	31
2018	400	6,910	1,280	50
2019	493	18,900	1,369	136
2020	593	61,990	1,614	435
2021	785	108,873	2,066	830
2022	1,207	150,283	2,751	1,257

The list does not include cogeneration sources or RES connected under the C1x and C2x tariffs

Number and length of connections

Item	As at 31 December 2021		As at 31 December 2022	
	Number	Length [km]	Number	Length [km]
Overhead	319,658	6,990	312,491	6,989
Cable	666,670	6,242	688,700	6,516
Total	986,328	13,232	1,001,191	13,505

Number of electrical substations

Item	As at 31 December 2021	As at 30 December 2022
	Number	Number
110 kV	249	255
MV	38,689	39,061
Total	38,938	39,316

109.6 thousand km – length of distribution lines

13.5 thousand km – length of connections

39.3 thousand – number of substations

1,001.2 thousand – number of connections

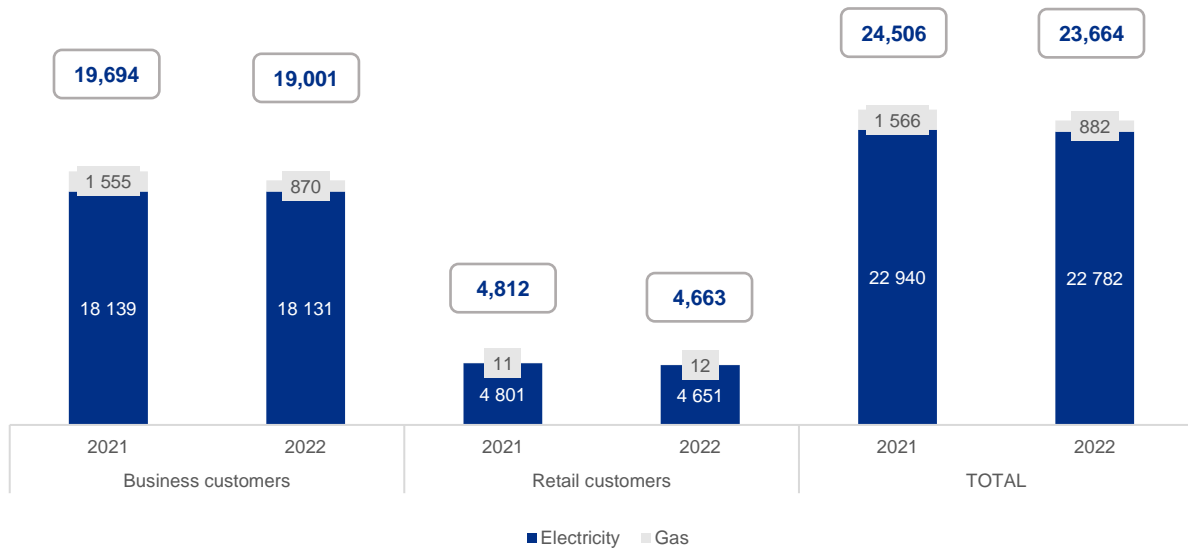
3.3.4. Trading

Sales of electricity and gaseous fuel to retail customers carried out by ENEA S.A.

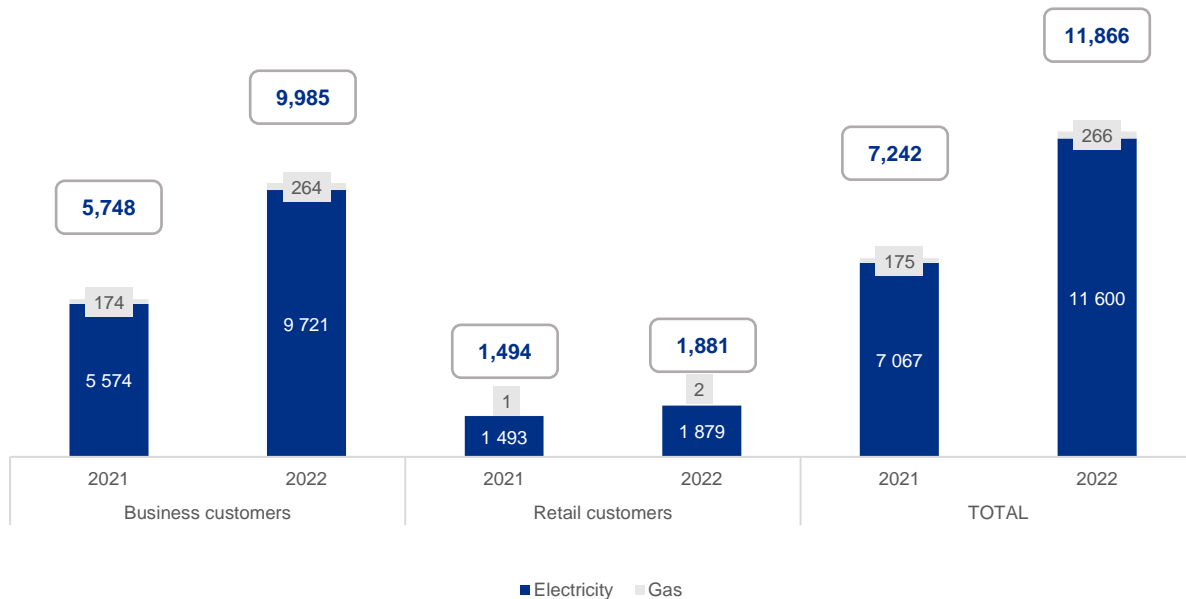
In 2022, as compared to 2021, the total sales volume of electricity and gaseous fuel decreased by 842 GWh, or 3.4%. In the business customer segment, there was a decrease in the sales volume of gaseous fuel by 685 GWh, or 44.1%, at the unchanged sales volume of electricity. In the retail customer segment, there was a decrease in the sales volume of electricity by 150 GWh, or 3.1%, at the unchanged sales volume of gaseous fuel.

In turn, total revenue from sales of electricity and gaseous fuel increased in 2022 by PLN 4,624 million, or 63.9%, as compared to 2021, reflecting the rapid electricity and gaseous fuel price increases on the wholesale market. Revenue from sales of electricity and gaseous fuel increased significantly, both in the business customer segment and in the retail customer segment.

Sales of electricity and gaseous fuel to retail customers of ENEA S.A. [GWh]



Sales of electricity and gaseous fuel to ENEA S.A.'s retail customers [PLN million]



3.4. Development strategy

Due to abundant changes of a fundamental nature in the industry environment, in 2021 the ENEA Group's Strategy was updated in order to address challenges and circumstances affecting businesses operating in the power sector. On 15 December 2021, the Company accepted for implementation the "ENEA Group Development Strategy until 2030 with an outlook to 2040", which will enable ambitious, responsible and effective transition of the ENEA Group.

The war in Ukraine, which broke out on 24 February 2022 with a full-scale invasion by the Russian Federation, itself an escalation of the war between these two countries lasting since 2014 in southern and eastern Ukraine, exerted a major impact on both the ENEA Group and the whole of Poland, the EU and the world. As a consequence, problems and crises emerged related to the insufficient supply of fossil fuels, specifically natural gas, coal and agricultural biomass, previously imported from Belarus, Ukraine and Russia.

Accordingly, on 18 May 2022, the European Commission published the REPowerEU plan with a view to diminishing even faster the EU's dependence on fossil fuels imported from Russia and accelerating the transformation. The measures included in REPowerEU may provide a response to these ambitions through saving energy, diversifying energy supplies and accelerating the rollout of renewable energy to replace fossil fuels in homes, industry and power generation. Because the current international situation affects many aspects of energy policy and forces changes in the approach to ensuring energy security by pursuing greater diversification and independence, it is necessary to modify the provisions of "Poland's Energy Policy until 2040". In accordance with the assumptions made for the update of "Poland's Energy Policy until 2040", the Policy should also take into account the fourth pillar, namely energy sovereignty a special component of which consists of ensuring a rapid departure from a situation of dependence of the country's economy on imported fossil fuels (coal, crude oil and natural gas) and derivative products (LPG, diesel oil, gasoline, kerosene) from the Russian Federation and other countries subject to economic sanctions through the diversification of supplies, investments in production capacities, linear infrastructure and storage, and in alternative fuels. With this in mind, the following amendments to "Poland's Energy Policy until 2040" have been proposed.

- Greater technological diversification and expansion of capacities based on national sources.
- Continued development of RES capacities, with efforts focused on ensuring that approximately half the country's electricity is generated from renewable sources by 2040. In addition to the continued development of wind and solar power generation, activities aimed at facilitating the use of renewable energy sources independent of weather conditions, such as water, biomass, biogas or earth heat, will be intensified. The use of renewable energy sources in energy cluster, energy cooperatives and hybrid plants will be particularly desirable.
- Efforts will be made to improve energy efficiency in order to reduce the demand for energy and thus diminish the need for raw materials and the consequences of potential shortages of energy supplies.
- Continued diversification of supplies and providing alternatives to hydrocarbons.
- Aligning investment decisions in gas generation capacities with the availability of gaseous fuel. Gas-fired plants will retain their significance for adjusting the operation of the energy system, but because of the altered geopolitical situation and the unpredictability of the natural gas market in the medium term, the degree of utilization of existing coal units may increase.
- Utilization of coal units. The utilization of domestic hard coal deposits may peak periodically if threats occur to the country's energy security. In order to ensure the continuity of supplies, measures will be taken to keep coal-fired units on stand-by in accordance with their technological lifespan, which is longer than that resulting from economic considerations based on their financial sensitivity to the prices of CO₂ emission allowances.
- Deployment of a nuclear energy program based primarily on large reactors (above 1000 MW). In parallel to the ongoing work on the construction of Poland's first nuclear power plant, efforts will be continued to deploy small modular reactors (SMRs) in the future.
- Development of the grid and energy storage facilities.

Moreover, Poland will be involved in negotiations aimed at reforming the mechanisms of the European Union's climate policy to ensure that the pursuit of a low-emission and ambitious transformation contributing to the achievement of EU goals is possible, but that it also takes into account the transitional spike in demand for conventional generation capacity, without incurring excessive costs resulting from climate policy. Such changes in the ENEA Group's environment exert a major impact on the pursuit of the "ENEA Group Development Strategy until 2030 with an outlook to 2040" and the strategic goals and development directions laid down therein. Accordingly, when the Strategy is updated, its content will properly reflect these matters.

The ENEA Group's mission and vision presented in the "ENEA Group Development Strategy until 2030 with an outlook to 2040" currently in place are as follows:

MISSION

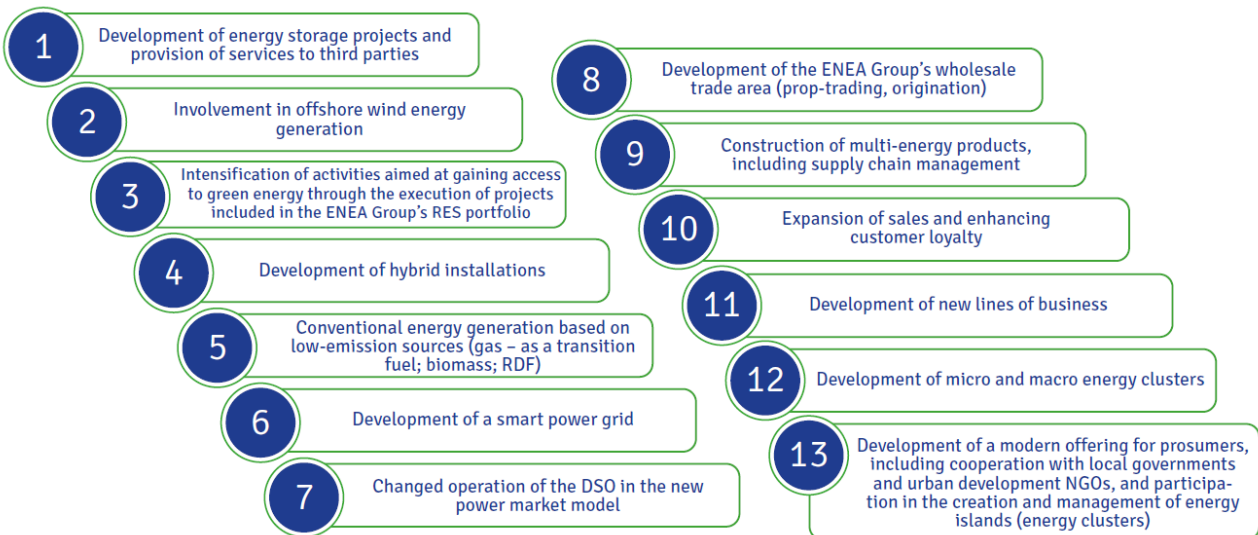
ENEA, while carrying out the transformation of the Polish energy sector in a reasonable and efficient manner, provides reliable products and services to customers by building lasting relationships based on respect for the environment and shared values.

VISION

ENEA is a leading supplier of integrated products and services, setting new trends during energy transition.

The ENEA Group as a responsible entity operating in the power sector striving to meet other global challenges, intends to conduct its business in a manner that minimizing its impact on the natural environment. Acting in accordance with the assumptions adopted for the transformation of the power sector in Poland, the Group takes steps to spin off from its structures any assets related to the generation of electricity in conventional coal-fired units.

The ENEA Group intends to conduct its business in a sustainable manner while minimizing its impact on the natural environment. These development directions form a foundation which is used to define strategic objectives:



The ENEA Group, as one of the key entities on the energy market in Poland, co-responsible for the state's energy security, observes global trends and understands the challenge posed by climate change. This is why it is actively involved in the development of the RES sector and as part of Enea's Transformation #TransformacjaEnei it wants to invest in zero-carbon technologies.

Sustainable transformation increasing the shareholder value of the ENEA Group is its overriding objective. The map of objectives includes, apart from the overriding objective, the following partial ones:

From the Owner's Perspective:

- Development of Renewable Energy Sources based on state-of-the-art technologies;
- Lasting relationships with Customers, systematically decreasing costs of reaching and retaining Customers;
- Ensuring financial security of the ENEA Group;
- Reliability and continuity of electricity supply;
- Implementation of innovative solutions and new technologies in all areas of the ENEA Group's business.

From the Customer's Perspective:

- Responsible partner in sustainable management of relations with local communities, the environment and customers;
- Ability to satisfy the Customer's comprehensive needs;
- Attractive price to quality ratio of the offered product and service bundles;
- Development of new lines of business to be able to offer customers new products, not only power-related ones

From the Process Perspective:

- Producing an optimum and sustainable mix of products and services for well-identified customers in cooperation with business and social partners
- Reaching Customers efficiently and delivering the promised value, on time, at the right price and quality point, while ensuring responsible and ethical marketing and reliable information;
- Consistent, integrated and sustainable management of flexible, open competence groups in clearly defined lines of business, in the preferred role of business operators on entrusted assets.

From the Development Perspective:

- Modern, transparent and ethical Organizational Governance system at all levels across the entire ENEA Group;
- Efficient operating model of the ENEA Group aligned with the Group's evolution;
- Progressive education taking into account the challenges of transformation.

ENEA assumes that it will achieve the following by implementing the Strategy:

1. increase in (gross) installed capacity from renewable energy sources by 1,510 MW by 2030 and 3,580 MW in 2040, calculated in relation to 2020 (without taking into account the capacity of the already existing "Green Block" owned by ENEA Elektrownia Połaniec);
2. reduction of the unit CO₂ emission measure to 254 kg CO₂/MWh in 2030, with the intent to achieve 201 kg CO₂/MWh by 2040; by 2050, the ENEA Group intends to achieve climate neutrality;
3. share in the sales of electricity to ENEA Group Customers in Poland's total electricity sales market of 16% by 2030 and at least 17% by 2040;
4. SAIDI at 74.59 minutes in 2030 and 70 minutes in 2040;
5. SAIFI at 2.02 in 2030 and 1.93 in 2040;
6. network losses in distribution at 5.14% in 2030 and 5.0% in 2040;
7. ROE of the ENEA Group at 6.4% in 2030 and 7.1% in 2040;
8. ROA of the ENEA Group at 2.9% in 2030 and 4.6% in 2040;
9. contribution of the New Lines of Business to the ENEA Group's EBITDA at 7-12% by 2030 and 10-15% by 2040, in relation to the total EBITDA of the ENEA Group.

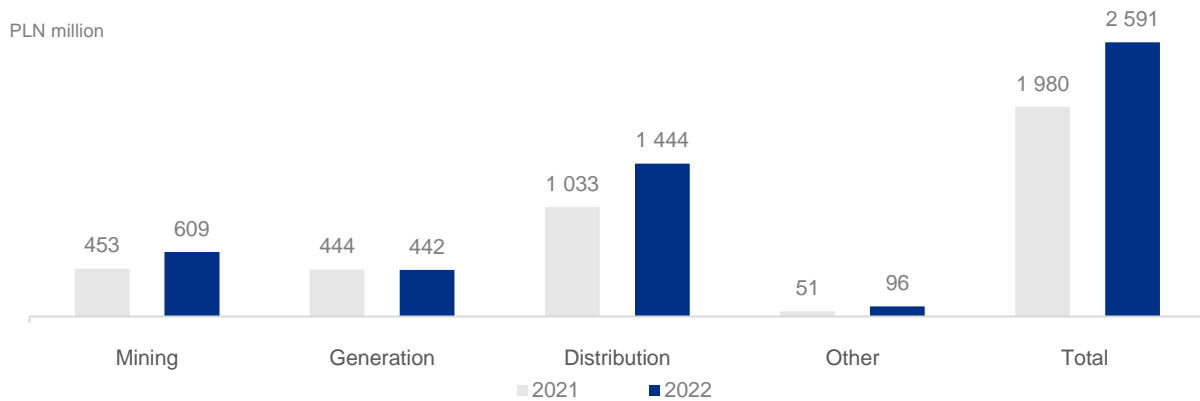
The estimated measures of strategic objectives to be achieved by 2040 mentioned in items 1.-2. and 7.-9. have been calculated based on the assumption of the spin-off of coal-fired assets outside the ENEA Group.

Indicator	Value achieved in 2022	Expected value of the ratio in the year:	
		2030	2040
Return on Equity (ROE)	0.74	6.4%	7.1%
Return on assets (ROA)	0.32	2.9%	4.6%
Unit CO ₂ emission indicator in the ENEA Group	793 CO ₂ /MWh ¹⁾	254 kg CO ₂ /MWh	201 kg CO ₂ /MWh
SAIDI	89.07 minutes	74.59 min.	70 min.
SAIFI	1.98	2.02	1.93
Index of grid distribution losses	4.41%	5.14%	5.0%

¹⁾ CO₂ emissions directly related to electricity generation

3.5. Actions and investments pursued

3.5.1. Capital expenditures (CAPEX)



CAPEX – capital expenditures [PLN m]	Q4 2021	Q4 2022	Actuals Q4 2022 / Plan Q4 2022	2021	2022	Actuals 2022 / Plan 2022	Plan 2023
Mining	242.5	190.7	90.6%	452.8	609.1	89.7%	861.5
Generation	155.6	175.4	59.0%	444.2	441.5	72.1%	791.6
Distribution	446.0	454.2	140.0%	1,032.7	1,443.6	114.2%	1,877.5
Support and other	26.0	45.0	109.7%	50.7	96.3	14.9%	595.6
Total plan performance	870.1	865.3	99.1%	1,980.4	2,590.5	80.9%	4,126.2

Environmental investment projects

Item [PLN m]	Actuals Q4 2022	Actuals 2022
Adaptation to BAT conclusions (Połaniec Power Plant)	0.0	51.8
Other	19.7	28.2
Total investments related to environmental protection	19.7	80.0

3.5.2. Execution of other projects and investments

Mining Area

Name of investment	Value [PLN m]
Investment projects completed in 2022:	
Operating investments – new mining pits and modernization of existing ones – 32.8 km of roadways made in 2022	449.8
Development investments - purchase of finished goods, machinery and equipment	120.1
Other investments	39.2
Investments planned for 2023:	
Operating investments - new mining pits and modernization of existing ones	457.0
Development investments - purchase of finished goods, machinery and equipment, purchase and installation of a longwall system	302.8
Other investments	101.7

Generation Area – Kozenice Power Plant

Name of investment	Value [PLN m]
Investment projects completed in 2022:	
- Modernization of Unit 11	60.6
- Completion of other capital expenditure projects in 2022	43.2
- Modernization of Unit 10	41.2
- Modernization of Unit 6	34.7
- Regular overhauls	17.7
- Restoration of generation capacity	3.6
- Reconstruction of groins on the Vistula River – OS4/426, OS6/426, OS8/426 and OS4/427	2.7
- Installation of a selective catalytic reduction flue gas denitrification installation for Units 9 and 10	2.3
- Modernization of Unit 4	1.4
- Modernization of Chimney 5	1.4
Investments planned for 2023:	
- Modernization of Unit 9	64.3
- Modernization of Unit 7	52.9
- Modernization of Unit 2	30.6
- Connection of the technological steam collector for units 1–10 with the steam collector for unit 11	19.8
- Regular overhauls	18.6
- Adaptation of the IT area to operation in NABE.	15.7
- Modernization of MKM-33 coal pulverizers	5.2
- Modernization of PC pumps for 500 MW units	5.0
- Modernization of the roofs of the engine rooms for 200 MW units	5.0
- Modernization of slag pipelines	4.1
- Connection of the general-purpose electrical system for units 1–10 and unit 11 with the replacement of the 6kV PR4 switching station	4.0
- Other investments related to Unit 11	3.6
- Purchase of ready-made fixed assets	2.9

Generation Area – ENEA Nowa Energia

Name of investment	Value [PLN m]
Investment projects completed in 2022:	
- PV Likowo – 1 MW capacity, independent project, construction outsourced;	3.1
- PV Jastrowie I – 3 MW capacity, independent project, construction by ENEA Serwis	2.8
- Power plant automation, modernization project, technological monitoring of a power plant;	0.1
Investments planned for 2023:	
- PV Dygowo I – 8 MW capacity, independent project, construction outsourced;	27.6
- PV Krzęcin – 6.605 MW capacity, independent project, construction outsourced	23.5
- PV-FW Lubno I – 3 MW capacity, independent project, construction outsourced	7.4
- PV Darżyno – 2 MW capacity, independent project, construction outsourced;	7.1
- PV Lubno I and II – 2x1MW capacity, independent project, construction outsourced	5.7
- PV Dobrzyca – 0.2-0.3 MW capacity, independent project, construction outsourced	1.0
- Power plant automation, modernization project, technological monitoring of a power plant;	0.2

Generation Area – Miejska Energetyka Ciepła Piła

Name of investment	Value [PLN m]
Investment projects completed in 2022:	
- Reconstruction of heating networks	6.2
- Purchase of fixed assets	0.3
- Optimization of generation sources	0.1
Investments planned for 2023:	
- Reconstruction of heating networks/hub infrastructure	8.7
- Optimization of generation sources	1.8
- Purchase of fixed assets	0.7

Generation Area – ENEA Ciepło

Name of investment	Value [PLN m]
Investment projects completed in 2022:	
- Investments with co-funding – rebuilding existing heat distribution networks and hubs	30.3
- Modernization of coal-fired boilers in the Zachód Heat Plant to adapt them to the environmental requirements	6.6
- Development investments – building new heat distribution networks, connections and hubs, telemetry	5.9
- Other capital expenditures in the Białystok CHP Plant area	5.6
- Other investments Head Office area	5.1
- Construction of a biomass-fired cogeneration unit	1.8
- Restoration of coal bunkers of boiler K7	1.5
- Replacement of chemical storage systems and regeneration systems SUW2	1.5
- Replacement of controllers in DCS systems and FSC security systems on units and off-unit systems	1.1
- Delivery and installation of the third batch of SCR installation catalysts K-7 and K-8	0.7
Investments planned for 2023:	
- Replacement of the TZ3 generator	28.0
- Investments with co-funding – rebuilding existing heat distribution networks and hubs	24.7
- Development investments – building new heat distribution networks, connections and hubs, telemetry	17.2
- Other investments Head Office area	10.2
- Other capital expenditures in the Białystok CHP Plant area	7.4
- Modernization of coal-fired boilers in the Zachód Heat Plant to adapt them to the environmental requirements	5.6
- Modernization of the front façade of the boiler room, engine room and electrical bay	5.0
- Replacement of the TZ4 turboset	3.9
- Construction of a biomass-fired cogeneration unit	2.4
- Restoration of coal bunkers of boiler K7	1.6
- Replacement of motors with energy-saving ones	1.5
- Replacement of chemical storage systems and regeneration systems SUW2	1.5
- Modernization of the emergency power supply (from a power generator)	0.9
- Modernization of physiochemical measurements in unit water and steam circuits	0.7

Generation Area – ENEA ELKOGAZ

Name of investment	Value [PLN m]
Investment project completed in 2022:	
- Restoration of generation capacity of 200 MW coal-fired units in the Kozienice Power Plant based on the gaseous fuel combustion technology	10.0
Investment project planned for 2023:	
- Restoration of generation capacity of 200 MW coal-fired units in the Kozienice Power Plant based on the gaseous fuel combustion technology	21.1

Generation Area – Połaniec Power Plant

Name of investment	Value [PLN m]
Investment projects completed in 2022:	
- Adaptation of ENEA Elektrownia Połaniec to the BAT conclusions	51.8
- Adaptation of ENEA Elektrownia Połaniec to Capacity Market requirements after 1 July 2025	2.9
Investments planned for 2023:	
- Adaptation of ENEA Elektrownia Połaniec to Capacity Market requirements after 1 July 2025	77.6
- Adaptation of ENEA Elektrownia Połaniec to the BAT conclusions	5.6

Distribution Area – ENEA Operator

Name of investment	Value [PLN m]
Investment projects completed in 2022:	
- Construction and modernization of a number of grid infrastructure elements, such as high, medium and low voltage lines and transformer stations, related to the pursuit of the following objectives: fulfilling the public-legal obligation, ensuring energy security for the region, improving the reliability and quality of electricity supply – grid automation, change of the MV network structure from overhead to cable, activities aimed at achieving the “smart grid” standard	1,353.3
- Development of the infrastructure area to support operations in terms of buildings and tools	40.2
- Development of the infrastructure area to support operations in terms of IT and telecommunications	30.6
- Development of the infrastructure area to support operations in terms of transport	7.4
Investment projects planned for 2023:	
- Construction and modernization of a number of grid infrastructure elements, such as high, medium and low voltage lines and transformer stations, related to the pursuit of the following objectives: fulfilling the public-legal obligation, ensuring energy security for the region, improving the reliability and quality of electricity supply – grid automation, change of the MV network structure from overhead to cable, activities aimed at achieving the “smart grid” standard	1,711.6
- Development of the infrastructure area to support operations in terms of IT and telecommunications	98.3
- Development of the infrastructure area to support operations in terms of transport	30.0
- Development of the infrastructure area to support operations in terms of buildings and tools	19.0

Trading Area – execution of key projects

Area
Retail and Customer Service Area
<ul style="list-style-type: none"> - Continuation of work on introducing automation processes in the customer service area through, e.g., robotic process automation (RSA and UiPath) that will translate into timely achievement of key indicators within the implemented processes, - Continuation of the eCustomer Program, the purpose of which is to implement new technical and organizational solutions, increasing the level of digitalization of customer contacts, develop modern and low-cost channels for reaching and servicing customers and to develop modern service and sales channels: online execution of agreements, e-Applications, chatbots and voicebots, marketplace. - Introduction of EKO OFERTA to the Company's product portfolio. - On 1 September 2022, a new product called EKO OFERTA was launched. Under the EKO OFERTA, ENEA offers customers attractive electricity prices, stable sales fees and acquisition by ENEA of guarantees of origin in the amount covering the customer's actual consumption. Moreover, the customers can choose EKO Price List as part of the Energia+ Fachowiec offer, under which the customer additionally receives the assistance of professional technicians for minor electrical, plumbing, or household appliance repairs. - Continued work related to the project for adjusting customer service systems of the ENEA Group to the changes to the Central Energy Market Information System (CSIRE). The purpose of the CSIRE is simplify the information exchange between energy market participants. Similarly to other participants, the ENEA Group is required to adapt its organization, processes and IT systems to the CSIRE by 1 July 2024 - Development of ENEA Optima by expanding the system functionalities by adding the possibility of reading meter data of electricity fed into the network of the Distribution System Operator from a RES generation source. Due to this, ENEA Optima's system makes it possible for Clients to monitor and analyze comprehensively both energy consumed from the network and energy generated by the Customer's sources. - Launch of mobile Customer Service Offices, aimed at improving the quality and efficiency of sales of ENEA products and effectively reaching customers who live in smaller towns. Appointments may now also be booked online by using the form provided on the enea.pl website or via the hotline for customers using the mobile channel. - Adaptation of billing systems to changes resulting from the introduction of new tariffs and excise tax and VAT changes arising from the launch of the Government Anti-Inflation Shield. - Adaptation of billing systems to settlements with prosumers in accordance with the amended RES Act. - Implementation of QR codes on hard copy invoices for actual consumption and invoice corrections, forecast invoices with payment slips and requests for payment. - In connection with the entry into force of new laws on electricity prices, specifically the Act of 7 October 2022 on special solutions for protecting electricity buyers in 2023 in connection with the situation on the electricity market, and the Act of 27 October 2022 on emergency measures to reduce electricity prices and support certain consumers in 2023, the Company has taken and continues to take measures to practically implement the price mechanisms resulting from the said laws and to obtain funds from the Settlements Authority. - In connection with the entry into force of the Act of 4 November 2022 amending the Consumer Rights Act, the Civil Code and the Private International Law as well as the Act of 1 December 2022 amending the Consumer Rights Act and certain other acts, the Company has taken steps to adapt the organization to the requirements of the new regulations.
Wholesale Area
<ul style="list-style-type: none"> - Continuation of the project entitled “Adaptation of ENEA Group Companies to changes in the operation of the Balancing Market in Poland.” - Continuation of the project entitled “Development of biomass trading activity by ENEA Trading Sp. z o.o.”

3.5.3. Contracts signed

3.5.3.1. Contracts of material importance to ENEA Group's operations

In 2022, ENEA Group companies executed no contracts of material importance, although the following contracts were signed in this period:

- Annex 20 of 15 June 2022 between ENEA Wytwarzanie and LW Bogdanka to Multi-Year Agreement No. UW/LW/01/2012 setting forth the general terms of coal deliveries in 2022-2036;
- Annex 21 of 30 December 2022 between ENEA Wytwarzanie and LW Bogdanka to Multi-Year Agreement No. UW/LW/01/2012 setting forth the terms of deliveries (volume and price) in 2023 and the provisions regarding the deferment of deliveries not fulfilled due to the occurrence of force majeure circumstances which resulted in supply constraints in 2022-2023. The unrealized volume will be delivered to ENEA Wytwarzanie no later than in 2026,
- Agreement between ENEA Wytwarzanie and PKP CARGO S.A. to deliver 500,000 tons of steam coal by rail from the mines of Polska Grupa Górnicza S.A., Jastrzębska Spółka Węglowa S.A., Spółka Restrukturyzacji Kopalń S.A., Węglokoks Kraj sp. z o.o., PG Silesia sp. z o.o. and Tauron Wydobycie S.A. from 21 March 2022 to 20 March 2023 or until the said weight limit of steam coal to be delivered is exhausted,
- Agreement between ENEA Wytwarzanie and the Consortium of DB Cargo Polska S.A./CTL Logistics sp. z o.o. to deliver 500,000 tons of steam coal by rail from the mines of Polska Grupa Górnicza S.A., Jastrzębska Spółka Węglowa S.A., Spółka Restrukturyzacji Kopalń S.A., Węglokoks Kraj sp. z o.o., PG Silesia sp. z o.o. and Tauron Wydobycie S.A. from 21 March 2022 to 20 March 2023 or until the said weight limit of steam coal to be delivered is exhausted,
- Agreement no. 1-25-160-22 dated 13 December 2022 between ENEA Wytwarzanie and PKP CARGO S.A. to deliver 3,000,000 tons of steam coal by rail from LW Bogdanka to ENEA Wytwarzanie within 18 months from the date of execution of the Agreement or until the said weight limit of steam coal to be delivered is exhausted,
- Agreement 1-25-161-22 dated 13 December 2022 between ENEA Wytwarzanie and PKP CARGO S.A. to deliver 3,000,000 tons of steam coal by rail from LW Bogdanka to ENEA Wytwarzanie within 18 months from the date of execution of the Agreement or until the said weight limit of steam coal to be delivered is exhausted,
- Agreement no. 1-FPL-2023 dated 28 December 2022 between ENEA Wytwarzanie and Freightliner PL sp. z o.o. to deliver 3,000,000 tons of steam coal by rail from LW Bogdanka to ENEA Wytwarzanie within 18 months from the date of execution of the Agreement or until the said weight limit of steam coal to be delivered is exhausted,
- Annex 29 of 26 May 2022 between ENEA Elektrownia Połaniec and LW Bogdanka to Steam Coal Purchase Agreement No. 3/W/2012 (LW 853/W/2012 of 12 July 2012) setting forth the terms of coal deliveries in 2022 and part of 2023.
- Annex 30 of 30 December 2022 between ENEA Elektrownia Połaniec and LW Bogdanka to Steam Coal Purchase Agreement No. 3/W/2012 (LW 853/W/2012 of 12 July 2012), as a result of which the term of the Multi-Year Agreement has been extended until 31 December 2028 (previously: 31 December 2027), meaning that it will cover the period of steam coal deliveries in 2013-2028, the volume of coal sales has been set for 2028, the steam coal delivery terms (price and volume) have been updated for 2022, the time limit for collecting the volume in 2022 has been extended until 15 May 2023, and the terms of coal deliveries (price and volume) in 2023 have been agreed upon,
- Agreement between ENEA Połaniec Power Plant and PKP CARGO S.A. for the transport of steam coal for ENEA Elektrownia Połaniec from 22 March 2022 to 21 March 2023.

3.5.3.2. Performance of operating and financing contracts

Contract date	Parties	Description
23 January 2012	ENEA Wytwarzanie LW Bogdanka	Multi-Year Agreement No. UW/LW/01/2012 – sets forth the general terms and conditions of coal supply in 2017-2036
12 July 2012	ENEA Elektrownia Połaniec LW Bogdanka	Multi-Year Agreement – specifies the general terms and conditions of coal supply in 2013–2028

3.5.3.3. Contracts signed by LW Bogdanka with entities outside ENEA Group

Contract date	Party to the contract	Description
8 January 2009	Zakłady Azotowe Puławy	Multi-Year Agreement – specifies the general terms and conditions of coal supply in 2009–2027
14 December 2010	Energa Elektrownie Ostrołęka	Multi-Year Agreement – specifies the general terms and conditions of coal supply in 2011 – 2026

3.5.3.4. Dependence on suppliers or users

Due to the sales structure, there is no dependence on any customer. In the area of coal supply, LW Bogdanka's subsidiary is the largest supplier of coal.

3.5.3.5. Insurance agreements

ENEA Group enters into insurance agreements in accordance with the ENEA Group Insurance Policy. The common Policy has unified the insurance standards and the insurance contracting process in the ENEA Group; moreover, the purchases of insurance cover are consolidated, offering measurable benefits, both in terms of the insurance cover (terms of insurance) and the costs incurred. Under the Policy, Companies transfer the risk of loss due to property damage or third party claims by signing insurance agreements with assistance from leading domestic and global insurance brokers, generally in Towarzystwo Ubezpieczeń Wzajemnych Polski Zakład Ubezpieczeń Wzajemnych mutual insurance company, in which it is a member. Because of the significant exposure of ENEA Group companies to damage and potential claims, it cannot be ruled out that the current insurance agreements may not ensure full coverage of potential losses.

3.5.3.6. Agreements signed between shareholders of the Parent Company

The Company is not aware of any agreements that may have been concluded between the shareholders of ENEA S.A.

3.5.3.7. Partnering or cooperation agreements

Through innovative activities and the execution of research and development projects, ENEA S.A. and ENEA Group member companies cooperate with numerous research institutions. On 7 September 2022, ENEA S.A. signed a Letter of Intent on cooperation with Poznańskie Centrum Superkomputerowo-Sieciowe. In January 2023, a Letter of Intent was also signed on cooperation with the Łukasiewicz Research Network – Institute of Microelectronics and Photonics.

ENEA Operator cooperates with the following research institutions:

- University of Zielona Góra,
- Institute of Power Engineering in Warsaw,
- Institute of Power Engineering, Gdańsk Division,
- AGH University of Science and Technology in Krakow,
- Poznań University of Technology,
- Łukasiewicz Research Network – Institute of Logistics and Warehousing,
- Poznań University of Economics and Business,
- Wrocław University of Science and Technology,
- West Pomeranian University of Technology in Szczecin,
- University of Szczecin,
- Mineral and Energy Economy Research Institute at the Polish Academy of Sciences.

ENEA Wytwarzanie cooperates with the following entities:

- ENEA Innowacje,
- Warsaw University of Technology,
- Polish Power Plants Association,
- Łukasiewicz Research Network – Institute of Ferrous Metallurgy,
- Institute of Power Engineering in Warsaw,
- Stanisław Sakowicz Inland Fisheries Institute.

3.5.3.8. Other agreements

In the previous years, ENEA S.A. also concluded intra-group bond issue program agreements with its subsidiaries, which are used to finance investments in the RES and Heat Segments. These programs have been fully utilized and are redeemed in installments. As at 31 December 2022, the total par value of bonds issued and outstanding under these programs was PLN 12 million.

3.5.4. Financing sources of the investment program – security issues

ENE A S.A. finances its investment program by using financial surpluses from its business activities and external debt. The ENE A Group pursues an investment financing model whereby ENE A S.A. acquires funds from external sources and distributes them to its subsidiaries. In its subsequent activities, ENE A S.A. will focus on ensuring appropriate diversification of external sources of financing for investments planned in the “ENE A Group Development Strategy until 2030 with an outlook to 2040,” published in December 2021, in order to optimize the volume of costs and debt repayment terms.

During the 12-month period ended 31 December 2022, ENE A S.A. did not enter into any new bond issue program agreements. In November of last year, the Company entered into “Agreement amending and restating the Program Agreement regarding the Bond Issue Program up to PLN 5,000,000,000 of 30 June 2014” with Powszechna Kasa Oszczędności Bank Polski S.A., Bank Polska Kasa Opieki S.A. and mBank S.A. The most significant amendments concerned the introduction of the possibility of issuing bonds based on sustainable development indicators and clauses regarding a detailed description of the method to be used to determine the interest rate in the event of the discontinuation of the WIBOR rate (so-called “fallback clauses”) and an update of the operating procedure and standard document used in the bond offering process.

3.5.4.1. Available external financing sources

Source of liability	Purpose	Value of issue	Maturity	Liability amount as at the balance sheet date [par value]	Financing available as at the balance sheet date	Additional information
Bond Issue Program Agreement up to PLN 5,000 million	Capital expenditures and ongoing activity of ENE A Group entities	PLN 1,000 million	February 2020	-	PLN 3,000 million	Market program, not guaranteed
		PLN 500 million	September 2021	-		
		PLN 1,000 million	June 2024	PLN 1,000 million		
		PLN 1,000 million	June 2024	PLN 1,000 million		

By the balance sheet date, as part of the Program Agreement for the Bond Issue Program up to PLN 5,000,000,000 (hereinafter: Program Agreement), ENE A S.A. issued bonds with the total value of PLN 3,500 million, of which PLN 1,500 million has already been redeemed on maturity dates specified in the terms and conditions of the bond issue. This means that up to PLN 3,000 million worth of bonds may be issued under the Program Agreement, provided that the financing objective is associated with sustainable development or transformation towards zero-emission business operations with a simultaneous ban on allocating funds obtained from the bond issue to finance or refinance investments in coal assets.

3.5.4.2. Utilization of external financing sources

Below is a summary of the loan agreements and bond issue programs utilized, under which ENE A S.A. had liabilities as at 31 December 2022.

Source of liability	Purpose	Value	Final maturity/repayment date	Amount due at the balance sheet date [par value]	Additional information
Bond Issue Program Agreement	Financing of current activities and investment needs	up to PLN 1,000 million	December 2026	PLN 560 million	underwriter of the issue: Bank Gospodarstwa Krajowego the financing is not secured on assets
		up to PLN 700 million	September 2027	PLN 381 million	
Loan Agreement with the European Investment Bank	Financing the multi-year investment plan for modernization and expansion of ENE A Operator’s power grids	up to PLN 950 million	September 2028	PLN 466 million	the financing is not secured on assets
		up to PLN 475 million	June 2030	PLN 297 million	
		up to PLN 946 million	September 2032	PLN 722 million	

3.5.4.3. Distribution of cash – Bond issue programs effected by subsidiaries

The ENEA Group has adopted a model of financing investments carried out by ENEA S.A.'s subsidiaries through intra-group financing. ENEA S.A. raises long-term cash on the financial market by taking out loans or issuing bonds, which it then distributes within the ENEA Group.

Currently, in the Distribution area, ENEA S.A. has intra-group bond issue programs in place with a total value of PLN 2,371 million. These programs have been fully utilized and are redeemed in installments. As at 31 December 2022, the total nominal exposure under the bonds issued under these programs and held by ENEA S.A. was PLN 1,485 million. In the previous years, ENEA S.A. also concluded intra-group bond issue program agreements with its subsidiaries, which are used to finance investments in the RES and Heat Segments. As at 31 December 2022, the total value of bonds issued and outstanding under these programs was PLN 12 million.

Company	Source of liability	Contract date	Value	Liability as at the balance sheet date (par value)	Final maturity/repayment date	Additional information
ENEA Operator	Bond Issue Program Agreement	June 2013	PLN 1,425 million	PLN 763 million	Depending on the issue dates of bond series, but no later than June 2030	The program has been fully utilized. The bonds bear interest at fixed or floating rates, depending on the series. Repayment in semi-annual installments from June 2017.
	Bond Issue Programme Performance Agreement	July 2015	PLN 946 million	PLN 722 million	Depending on the issue dates of bond series, but no later than September 2032	The program has been fully utilized. The bonds bear interest at a floating rate. Repayment in semi-annual installments from December 2018.

3.5.4.5. Loans and borrowings taken out by ENEA Group companies

As at 31 December 2022, the total nominal amount of external debt under the loans and borrowings incurred by ENEA Group companies (without ENEA S.A.) was PLN 38,117 thousand. ENEA Group companies did not terminate any loan and borrowing agreements in 2022.

Starting date	Ending date	Company	Type of financing	Value [PLN 000s]	Amount of the loan contracted in 2022 [PLN 000s]	Interest rate	Debt under the loan as at 31 December 2022 [PLN 000s]
August 2018	June 2023	MEC Piła	loan from WFOŚiGW	3,360	0	Base rate + margin	1,165
October 2013	September 2028	PEC Oborniki	loan from WFOŚiGW	3,500	0	Base rate + margin	1,060
November 2013	January 2023	ENEA Ciepło	investment loan	8,548	0	Base rate + margin	70
April 2016	December 2026	ENEA Ciepło	loan from NFOŚiGW	60,075	0	Base rate + margin	28,271
June 2014	July 2024	Łęczyńska Energetyka	loan from WFOŚiGW	26,580	0	Base rate + margin	4,822
April 2020	May 2027	ENEA Operator	loan from WFOŚiGW	1,429	0	Base rate + margin	891
December 2018	September 2024	ENEA Elektrownia Połaniec	loan from NFOŚiGW	3,150	1,875	none	1,838
June 2019	December 2022	ENEA Nowa Energia	loan	36	36	Fixed	0 ¹⁾

¹⁾ On 20 May 2022, the merger of SUN Energy 7 and GPK energia with ENEA Nowa Energia (surviving company) was entered in the National Court Register. Accordingly, ENEA Nowa Energia assumed the rights and obligations towards creditors under the loan agreements previously entered into by the acquired companies (a loan agreement for PLN 4 thousand and a loan agreement for PLN 32 thousand). These loans were repaid by 31 December 2022.

3.5.4.6. Loans granted by ENEA S.A.

In 2022, ENEA S.A. granted loans to ENEA Group companies and other companies, in which it held interests, in the total value of PLN 1,300,452 thousand. (ENEA S.A. signed agreements with ENEA Operator for the total amount of PLN 1,300,452 thousand, under which PLN 1,078,327 thousand has been drawn down). The nominal value of the companies' debt as at 31 December 2022 was PLN 5,168,124 thousand. Detailed information on the loan agreements signed by ENEA S.A. and active in 2022 and their utilization is presented in the table below:

Starting date	Ending date	Company	Value of the agreement [PLN 000s]	Amount of loan contracted in 2022 [PLN 000s]	Interest rate	Debt under the loan as at 31 December 2022 [PLN 000s]
March 2020	July 2028	ENEA Operator	3,340,452	1,078,327	Base rate + margin	2,678,327
September 2019	February 2023	Ostrołęka Power Plant	199,000	0	Fixed	199,000 ¹⁾
January 2020	September 2024	ENEA Wytwarzanie	2,200,000	0	Base rate + margin	1,782,034
February 2020	December 2024	ENEA Elektrownia Połaniec	500,000	0	base rate + margin	500,000
June 2021	December 2031	MEC Piła	15,000	0	Base rate + margin	8,763 ²⁾

¹⁾ As at 31 December 2022, the value of loans with interest totaled PLN 240,341 thousand and was covered by an impairment allowance in the total amount of PLN 198,336 thousand.

²⁾ In June 2022, MEC Piła made an early PLN 5,000 thousand partial repayment of the loan.

3.5.4.7. Sureties extended and received

In 2022, ENEA S.A. extended corporate sureties and guarantees as listed in the table below. As at 31 December 2022, the total value of the off-balance sheet items on account of suretyships and corporate guarantees extended by ENEA S.A. was PLN 17,967 million.

The table below presents information on the largest corporate guarantees or sureties extended in 2022 (materiality threshold > PLN 5 million):

Security granting date	Security validity date	Secured entity	Purpose of the agreement	Security form	Security amount
11 March 2022	31 December 2024	PKO BP S.A.	secures the liabilities of ENEA Trading	under the Memorandum of Understanding of 11 March 2022	PLN 3,400,000 thousand
27 June 2022	31 December 2023	Axpo Polska Sp. z o.o.	secures the liabilities of ENEA Trading	under the Memorandum of Understanding of 27 June 2022	EUR 17,000 thousand
12 July 2022	for an indefinite term	Morgan Stanley Europe SE	secures the liabilities of ENEA Trading	under the Memorandum of Understanding of 12 July 2022	EUR 200,000 thousand
7 July 2022	30 April 2023	Izba Rozliczeniowa Gield Towarowych S.A.	secures the liabilities of ENEA Elektrownia Połaniec	under the Memorandum of Understanding of 30 May 2017	PLN 10,800,000 thousand
24 November 2022	for an indefinite term	Macquarie Bank Europe DAC	secures the liabilities of ENEA Trading	under the Memorandum of Understanding of 24 November 2022	EUR 70,000 thousand
24 November 2022	for an indefinite term	J. P. Morgan SE	secures the liabilities of ENEA Trading	under the Memorandum of Understanding of 24 November 2022	USD 300,000 thousand

3.5.4.8. Guarantees granted

As at 31 December 2022, the total value of the bank guarantees extended upon orders from ENEA S.A. was PLN 322,936 thousand.

The table below presents the largest bank guarantees extended upon orders from ENEA S.A. in 2022 under the concluded bank guarantee agreements (size threshold > PLN 5 million):

Security granting date	Security validity date	Secured entity	Purpose of the agreement	Security form	Security amount
17 February 2022	16 June 2022	ARKAN IMPEX GENERAL TRADING LLC	Payment guarantee	under the guarantee facility up to PLN 350,000 thousand	USD 2,400 thousand
1 July 2022	1 July 2024	Izba Regionalna Gield Towarowych S.A.	Guarantee of the contribution of transaction margins and collateral margins	under the guarantee facility up to PLN 350,000 thousand	PLN 250,000 thousand

3.5.4.9. Interest rate swaps

Over the 12-month period ended 31 December 2022, ENEA S.A. did not enter into any interest rate swap (IRS) transactions. The total value of bond and loan exposures hedged with IRS transactions amounted to PLN 3,133,291 thousand as at 31 December 2022. ENEA S.A. has also taken out fixed-rate loans in the total amount of PLN 426,113 thousand. The transactions have had a significant impact on the predictability of streams of expenditures and finance costs. The Company presents the valuation of these instruments under Financial assets at fair value. Derivative instruments are treated as cash flow hedges and are therefore recognized and accounted for in the ledgers in accordance with hedge accounting principles. As at 31 December 2022, financial assets at fair value related to the valuation of IRSs amounted to PLN 252,902 thousand (as at 31 December 2021, financial liabilities at fair value related to the valuation of IRSs were PLN 135,150 thousand). Their level was repeatedly impacted by decisions of the Monetary Policy Council to increase interest rates.

3.5.4.10. Related party transactions

In 2022, ENEA S.A. and its subsidiaries did not enter into any related-party transactions on a non-arm's length basis. Information on related party transactions concluded by ENEA S.A. and its subsidiaries is presented in Note 39 to the consolidated financial statements of the ENEA Group for the period from 1 January to 31 December 2022.

3.5.4.11. Distribution of the 2021 profit

In June 2022, the Ordinary General Meeting of ENEA S.A. adopted a resolution on the distribution of ENEA S.A.'s net profit generated in the financial year ended 31 December 2021 in the amount of PLN 460,409 thousand, by allocating PLN 442,110 thousand to reserve capital in order to carry out the planned capital expenditures and PLN 18,299 thousand to decrease the negative amount of the remaining capitals.

3.5.4.12. Assessment of feasibility of investment plans

In accordance with the adopted financing model, in order to ensure financing of ENEA Group's capital expenditures and day-to-day operations, ENEA S.A. enters into bond issue program agreements and/or loan agreements with external financial institutions. Going forward, ENEA S.A. will focus on ensuring appropriate diversification of external financing sources for the investments planned based on the "ENEA Group Development Strategy until 2030 with an outlook to 2040", especially in the Distribution and RES segments. At the same time, considering the very limited financing opportunities available for generation companies, the ENEA Group has taken steps to spin off from its structures any assets related to the generation of electricity in conventional coal- and lignite-fired units.

In order to ensure efficient use of funds and achievement of a satisfactory rate of return from equity, the Company intends to use the financial leverage and in the financing of a range of investment projects, especially in the case of potential acquisitions, it will use debt financing.

4. Risk management

The ENEA Group is exposed to risks in each segment of its activity. The risk materialization may have a significant adverse effect on the continuity of business of individual Companies of the Group as well as their financial standing and ability to achieve strategic goals.

The awareness of these risks requires maintaining, using, and constantly improving a formalized and integrated enterprise risk management (ERM) system. Its framework is determined by the single Enterprise Risk Management Policy binding in ENEA Group. At the ENEA Group, the ERM system is based on a comprehensive approach to the risk management issue and determination of rules for risk identification and assessment. This is the basis for the selection of enterprise risks, the preparation of mitigating activities, the monitoring of exposures and the deployment of activities. In the case of some risks, such as credit, liquidity, FX, interest rate, and commodity risks, as well as in the case of project risk, the risk of breaching personal data protection and cybernetic risks, the formalized approach to risk management or risk assessment takes the form of dedicated Policies, Methodologies or Procedures.



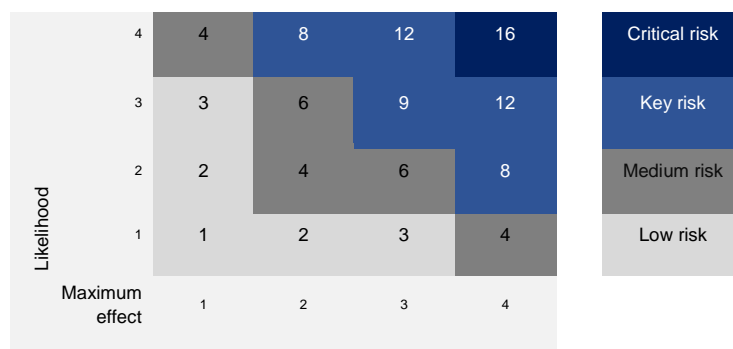
An important element of the model functioning at the ENEA Group is also the business continuity management system, whose purpose is to identify critical processes for the operations of the key Companies of the ENEA Group and to implement such actions and procedures that will reduce the risk of their interruption and ensure their continuity in an emergency situation. Risks whose materialization might pose a threat to the continuity of critical processes are identified and managed within the enterprise risk management process.

The adopted risk management rules are adopted in accordance with the highest management standards and compliant with the best market practice. The Group uses available IT systems to perform risk management processes.

4.1. Management model

The risk management organization at the ENEA Group is based on a model which assumes coordination of the risk management processes at the ENEA Group by ENEA S.A. Specific features of the model are also:

- the key ENEA Group companies manage risks on the basis of uniform standards set out in the Policies, Methodologies and Procedures;
- with respect to financial risks, the key Companies provide operational management of risk within the allocated limits;
- the key ENEA Group companies regularly report to ENEA S.A. and the ENEA Group Risk Committee on the measures implemented in the area of risk management.

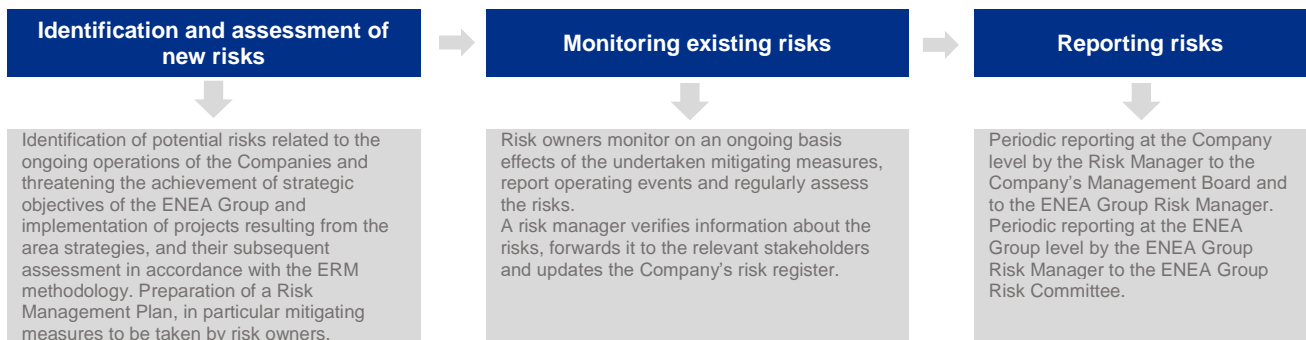


4.2. Risk assessment

Every risk included in the Company's Risk Register is assessed in terms of probability and potential financial, reputational and health and safety impacts as well as environmental impact. Based on this assessment, the risk is rated and allocated to one of four categories. Each category has a specific scope of the Risk Management Plan and the frequency of monitoring (once a month or once a quarter).

4.3. Risk management process

The risk management process at the ENEA Group is a multi-stage process, engaging all the significant organizational units of the Group Companies.



What is also taken into consideration within the process of identification are non-financial risks which may have a significant negative impact on social, labor, environmental, human rights and anti-corruption issues. Their detailed description can be found in "The Non-Financial Statement" hereinbelow.

The information presented below shows major risks to which the ENEA Group was exposed in 2022, with key mitigating measures.

No.	Key risks to which the ENEA Group was exposed, by category	Mitigating measures
1	Risk of losing pending lawsuits	Granting powers-of-attorney to professional representatives
2	Risk of a generation gap or loss of competence	- Organization of paid traineeships and apprenticeships, cooperation with endorsed schools - Ensuring a transparent, competitive and motivational remuneration system
3	Risk of unavailability of employees due to the epidemic	Ongoing implementation of recommendations of the Ministry of Health and the Chief Sanitary Inspectorate concerning minimization of the risk of infections
4	Risk of unfavorable social climate	Maintaining active and regular dialog with the social stakeholder
5	Risk of a personal data security breach	Conducting an information campaign among employees, including induction and periodic training on personal data protection
6	Risk of improper management of information in a crisis situation	Maintaining efficient communication channels with key business units
7	Risk of exceeding the parameters required by regulations and environmental permits	Ongoing monitoring of environmental indicators
8	Risk of breach of financing agreements	Monitoring of banking covenants in the ENEA Group
9	Risk of rating downgrade	Ongoing consultations with a credit rating agency
10	Liquidity risk	Cash flow planning in the current and strategic horizon
11	Risk of interest rate fluctuations	Ongoing monitoring of exposure to the risk of unfavorable changes in interest rates in consideration of the current limits adopted for this risk.
12	Volumetric risk related to the hedging of open positions on electricity or gaseous fuel	Forecasting and monitoring volumes on hedging portfolios and ongoing analysis of factors affecting the process of hedging these portfolios.
13	Risk of imbalance in revenues and costs of purchase and sales of electricity	- Working out the ENEA Group's position on the Balancing Market - Verification of the consistency of information and data - Analysis of the impact of settlements with prosumers
14	Risk of commodity price volatility on the forward market, SPOT market and the Balancing Market	- Continuous analysis of the fuel and energy market - Improving methods and tools to optimize commodity portfolios - Maintaining and developing competence to manage commodity risk
15	Risk of losses due to counterparty default (including credit risk)	Conducting structured activities in the area of credit risk management and debt collection
16	Risk of adverse environment of the insurance market	Holding a dialog with the insurance and reinsurance market
17	Risk of a breach of stock exchange disclosure obligations	Ongoing review of information and events with a view to disclosure obligations
18	Regulatory risk related to uncertainty of decisions of the ERO President regarding regulated revenue	Monitoring of regulatory changes concerning the process of approving the Tariff

No.	Key risks to which the ENEA Group was exposed, by category	Mitigating measures
19	Risk of unexpected increase in costs of purchasing electricity or gaseous fuel and reducing revenues because of the regulatory environment	<ul style="list-style-type: none"> - Monitoring of drafts of regulatory amendments affecting assumed and planned margin levels - Forecasting potential effects of regulatory changes in the Company's planned financial result
20	Risk of failing to meet obligations and losing the incurred expenditures related to the construction of public charging stations	Monitoring the progress of work on building public charging stations with the performance of duties resulting from the amendment to the Act on Electromobility and Alternative Fuels
21	Risk of claims from contractors executing the grid investment projects, resulting from increased project expenditures	<ul style="list-style-type: none"> - Negotiations with the contractors to work out amendments - Ongoing analyses regarding the increase in prices of materials, commodities, services and labor costs
22	Risk of interruptions and damages caused by extreme weather events	<ul style="list-style-type: none"> - Visual inspections, check-ups and maintenance procedures - Removal of the effects of failures and damage to power lines and installations - Capital expenditure endeavors related to the restoration of grid assets
23	Risk of loss of continuity of ICT environments and infrastructure	<ul style="list-style-type: none"> - Reviews of ICT infrastructure - Optimization of resources used
24	Risk of violation of ICT security	<ul style="list-style-type: none"> - Ongoing analysis of ICT security and responding to ICT security incidents - Conducting an information campaign among employees on the principles of ICT security
25	Risk of losing access to billing systems	<ul style="list-style-type: none"> - Maintenance contracts with the vendor - Ensuring the efficiency and quality of infrastructure and its monitoring - Creating backup copies
26	Risk of errors related to DSO reporting on the Balancing Market.	Regular monitoring of security on the Balancing Market
27	Risk of delays and error in invoicing	<ul style="list-style-type: none"> - Analysis of unsettled Employee Pension Schemes, correctness of agreements, price lists. - Communication with Clients, DSO, automation area - Cooperation on changes to service systems
28	Risk of deteriorating grid reliability ratio	Maintaining high quality of operational inspections and preventive treatments on the grid
29	Risk of losses in capacity caused by hydrologic conditions	Monitoring of weather and hydrological conditions
30	Risk of disasters and industrial failures	<ul style="list-style-type: none"> - Maintaining technical infrastructure in proper order to prevent failures - Observing procedures and instructions - Major overhauls and ongoing repairs
31	Risk of non-continuity of fuel supplies	Diversification of supply sources and service providers
32	Volumetric risk of fuel and transport	<ul style="list-style-type: none"> - Optimization of coal deliveries within the ENEA Group - Daily monitoring of inventories
33	Risk of the unavailability of channels for the purchase of CO ₂ emission allowances in forward contracts	<ul style="list-style-type: none"> - Increasing limits or obtaining new agreements with clearing banks - Diversification of business partners
34	Risk of losing margin on the production of unit no. 9 (green unit) at ENEA Elektrownia Polaniec	Diversification of biomass deliveries

4.4. ENEA Group Risk Committee

The key authority in the risk management process at the ENEA Group is the Risk Committee. The Committee is a permanent internal team within the ENEA Group established to support the ENEA S.A. Management Board in:

- managing enterprise risk in the ENEA Group;
- managing business continuity in the ENEA Group;
- managing the Compliance area in the ENEA Group;
- managing insurance policy in the ENEA Group.

Powers of the Risk Committee of ENEA Group

Powers of the Committee include in particular:

1. Giving recommendations to the ENEA S.A. Management Board on approving the policies governing the process of managing risks, business continuity, insurances, and Compliance as well as on any relevant updates.
2. Accepting and analyzing information in the area of risk management, business continuity and insurance received from substantive units.
3. Issuing opinions and accepting reports on the implementation of the Compliance Policy and issuing binding interpretation (construction) of the provisions of the Compliance Policy.
4. Approving the operating documentation governing the process of managing risks, insurances, and business continuity with approval of any relevant updates (strategies, procedures, methodologies, tools, instructions, guidelines, etc.).

Members of ENEA Group Risk Committee

The Risk Committee is comprised of permanent members who participate in each Committee meeting (they are dedicated Management Board Members and the heads of the ENEA S.A. departments) and supplementary members (Management Board Members of Subsidiaries) representing the key Companies in the ENEA Group in matters relating to these companies.

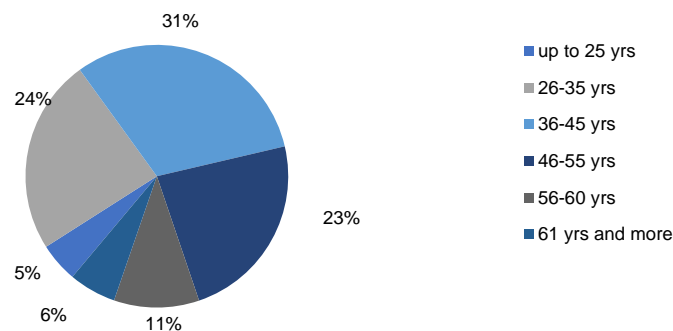
5. Headcount

As at the last day of 2022, the headcount in ENEA Group companies included 17,571 employees with employment contracts, including 3,253 women and 14,318 men. As at 31 December 2022, the headcount in ENEA S.A. was 421 employees with employment contracts.

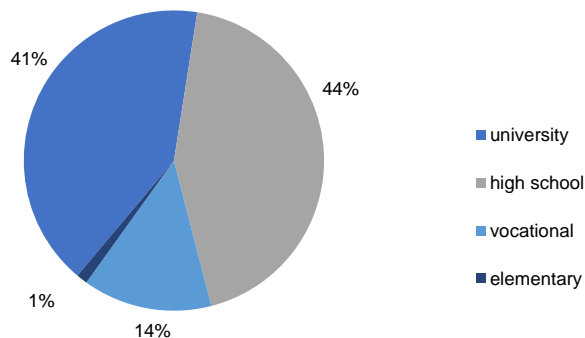
These figures, broken down by operating segments, were as follows:

Distribution: 5,428; Trading: 531; Mining: 5,803; Generation: 4,058; Other: 1,751.

Headcount structure in the ENEA Group, by age, as at 31 December 2022



Headcount structure in the ENEA Group, by education, as at 31 December 2022



5.1. HR Policy implementation at the ENEA Group in 2022

1. Optimization of the HR work organization model aimed to facilitate the Group's activity.
The essence of the model is:
 - creating HR policy at the level of ENEA S.A. and cascading the assumptions for implementation to individual member companies of the Group, which should consequently ensure the cohesion of HR operations and support for the pursuit of the ENEA Group Strategy
 - ensuring business support in member companies of the Group through HR Business Partners responsible for implementing HR solutions, supporting the Management Boards and the management staff in HR managing, and cooperation with the company's trade union organizations
 - monitoring the cohesion of HR processes and standards throughout the ENEA Group in such areas as: recruiting, onboarding, hiring, and changes to employment terms and conditions, development policy, training, management by objectives, incentive systems, etc.
 - leaving in the Shared Services Center at ENEA Centrum only the operating activities in the field of HR and payroll services, the Company Social Benefit Fund, handling of training, and settlement of trade union organizations.

2. HR process digitalization – continuation of the operations aimed to introduce electronic document circulation with regard to processes handled by the HR Business Partner (adaptation card, circular card whenever the employment relationship ends, etc.).
3. Employer branding activities, consistently aimed at attracting and retaining staff and building a personnel base in professions relevant to the needs of the industry, with particular emphasis on the special character of Group companies, including:
 - activities dedicated to students and graduates such as promoting the traineeship and apprenticeship program “Enea Onboarding,” running practice-oriented studies in cooperation with Poznań University of Technology,
 - activities addressed to students from vocational and technical schools performed within a model of cooperation with endorsed schools in the territory of the companies’ operation, including the organization of the fourth edition of the “POWER TO START” contest for ENEA SA scholarship, undertaking initiatives promoting new technologies and improving access to knowledge – “Powered with Knowledge” educational program, vocational counseling classes in cooperation with the Center for Craft Support, Dual and Vocational Training in Poznań and Leszno as well as organizing a conference for teachers and students under the title “Cooperation – Energy – Future,”
 - promoting job offers among job seekers, professionals and specialists, as well as maintaining employer profiles in social media.

In this area, activities are also undertaken aimed at current employees through running the Employee Zone in the intranet, organizing competitions, pro-family employee campaigns – Two Hours for Family or Power Engineer’s Day and promoting ethical values following from the ENEA Group Code of Ethics. Employees as well as customers or contractors have a responsibility to react to and report incidents in which they witness unethical or illegal behavior that raises concern and indicates that a violation may have occurred in ENEA S.A. The commitment to building a corporate culture based on acting in accordance with the law, internal regulations and ethical standards is demonstrated by the introduction of the Policy for reporting breaches and protecting whistleblowers in the ENEA Group. The purpose of the regulation is to ensure that a whistleblowing report will be accepted, analyzed in depth and properly handled, while the whistleblower who is convinced of its veracity will be protected from retaliation. This is a clear message that the Group has zero tolerance to illegal or unethical behavior.

4. Actions focused on the consistent implementation of HR policies foster building an experienced team of professionals and the development of leadership among managers. Supporting and allowing for professional development of employees make it possible to use human resources effectively, build the organization’s potential, ensure quality of provided work and Poland’s energy security. Investment in employees’ development helps the company to perform strategic plans and achieve ambitious goals. Employees used a wide and varied range of development activities. They participated in specialist training courses (open and closed) custom designed to meet the needs of a given function or employee, post-graduate courses, MBA courses, and they also expanded and exchanged market knowledge with others by participating in conferences and industry events. Additionally, the library of educational materials available in the internal Development Zone in the Intranet was expanded.
5. Continuous review of incentive systems and adjustment to Employer’s needs.

5.2. Information on the remuneration rules at ENEA S.A.

On 30 July 2020, by way of Resolution no. 24, the Ordinary General Meeting of ENEA S.A. adopted a document entitled “Remuneration Policy for members of the supervisory body and management body at ENEA Spółka Akcyjna”, which came into force with effect as of 30 July 2020 and from that date it is applicable to the payment of remuneration to Management Board and Supervisory Board members. Furthermore, various formal remuneration regulations regarding Employees are applied in the Company. At ENEA S.A., remunerations are determined on the basis of the Internal Collective Bargaining Agreement, bonus regulations, and work regulations. The rules for determining remunerations at ENEA S.A. are linked to its strategy, objectives, interests, and results. In addition, they are set out taking into consideration the principle of non-discrimination on any grounds. There were no significant changes to the remuneration rules applied at the Company in 2022.

The extra-financial remuneration components applied by ENEA S.A. in 2022 included, in particular: health care services, training courses, welfare benefits (under the Company’s Welfare Benefits Fund, i.e., co-financing the employees’ holidays and sports, leisure, cultural and education activities, and low-interest loans for housing purposes), preferential insurance offer, company cars with the option to use them for private purposes, and the employee pension scheme.

The remuneration rules applied in the Company are assessed positively in view of the performance of its objectives, including in particular a long-term increase in value for shareholders and stability of the enterprise operation.

As at 31 December 2022, neither the Issuer nor the member companies of the ENEA Group had any liabilities (including assumed liabilities) on account of retirement pensions or similar benefits assigned individually to former employees performing management or supervision functions or former members of corporate authorities.

6. Industry profile

The main normative act governing the operation of the national energy market in Poland is the Energy Law Act of 10 April 1997 and the regulations / implementing acts issued on its basis, mainly by ministers of economy or climate and environment. By the power of the Act mentioned above, the Energy Regulatory Office (ERO) was established. Tasks of the Office include: granting and revoking concessions, approving and monitoring the application of tariffs for gaseous fuel, electricity and heat in respect of compliance with the principles specified in the Act and implementing acts, including analyzing and verifying the costs used by utility companies to justify their prices and charge rates in the tariffs as well as performing other tasks specified in the Act or separate acts, among others in relation to property rights in certificates of origin for electricity and carbon dioxide emission allowances. After Poland joined the European Union, national law had to be harmonized with EU laws. From then on, European legislation became the basis for developing national legal regulations governing the energy market, such as the Renewable Energy Sources Act of 20 February 2015 or the Energy Efficiency Act of 20 May 2016.

The essential instruments of the European energy law were those that concerned the liberalization of the European Union's electricity market. These regulations continue to be amended and restated to this day. Among the key issues arising from EU regulations, also from the perspective of the Polish electricity market, was the entry into force, in 2007, of market liberalization regulations which provided retail customers with an option to purchase electricity from any seller.

Nowadays, electricity is a commodity traded on an open, competitive market. Electricity is similar to other goods, in that it is generated by producers, then taken over, for the most part, by market intermediaries, to finally reach individual customers, businesses and institutions. Just as all other produced goods, electricity must be transported to the final consumer, which is effected via the transmission and distribution grid or, as is the case with renewable energy sources, it may be delivered via a direct line. In 2021-2022, amendments to the Energy Law were enacted, as discussed in more detail in section 10.1.3 of this report.

Leading energy groups in Poland



The energy market in Poland is divided among several energy groups, with the major ones, apart from ENEA, being: PGE, TAURON, Energa (Orlen Group), ZE PAK and E.ON (former Innogy, operating in Warsaw only). Under the Energy Law, special permits (concessions) issued by the ERO President are required to carry out electricity transmission and distribution activity. Leading electricity distributors in Poland include: ENEA Operator, PGE Dystrybucja, TAURON Dystrybucja and Energa Operator.

The continuous efforts to build an open and competitive market are based on the assumption that both generation and sales of electricity are not subject to a natural monopoly. Moreover, market mechanisms, understood as competition between energy groups, will ensure high quality of services provided, reliability of the Polish power system, as well as low electricity prices. Access to inexpensive electricity is necessary for the economy, in particular to make sure that local industrial production can compete in international markets and thereby build Poland's competitive advantage.

In February 2021, the Council of Ministers approved "Poland's Energy Policy until 2040" (PEP2040), a new strategic document defining development directions for this sector. According to that document, in 2040 more than half of the installed capacity will be in zero-emission sources. Of particular importance in this process will be the addition of offshore wind power generation to the National Power System (NPS) and the commissioning of a nuclear power plant. These will be the two new strategic areas and branches of industry to be created in Poland. PEP2040 is one of nine integrated sectoral strategies built on the Responsible Development Strategy. PEP2040 is consistent with the National Plan for Energy and Climate for 2021–2030. PEP2040 contains a description of the condition and considerations of the energy sector. The document identifies three pillars of PEP2040, eight detailed objectives of PEP2040 and the actions necessary to accomplish them, as well as strategic projects. It lays out the geographic coverage and presents the sources of financing for PEP2040.

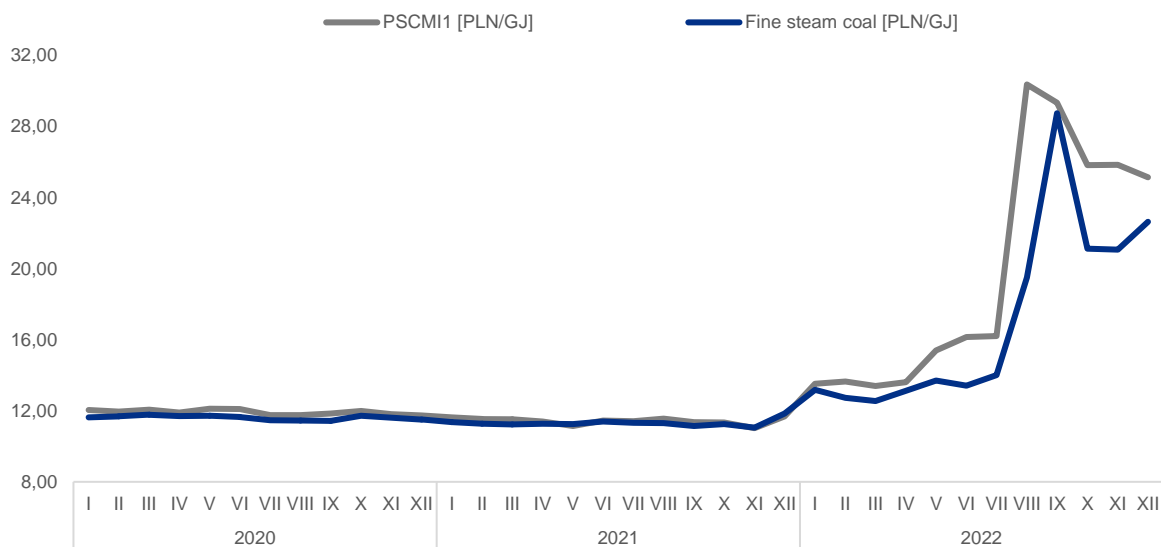
Key elements of PEP2040 (compared to the targets set for 2020):

- Energy transition, including energy self-sufficiency
- Increase in the share of renewable energy in all sectors and technologies. In 2030, renewable energy sources should cover at least 23% of final gross energy consumption, with the RES share being at least 32% in power generation (mainly wind and PV power), 28% in district heating (increasing by 1 p.p. y/y), 14% in transport (with a big contribution of electromobility).
- Offshore wind power generation – installed capacity will reach from approx. 5.9 GW in 2030 to approx. 11 GW in 2040.
- Installed photovoltaic capacity will increase considerably: approx. 5-7 GW in 2030 and approx. 10-16 GW in 2040.
- In 2030, the share of coal in electricity generation will not exceed 56%, and with increased prices of CO₂ emission allowances it may drop even lower to 37.5%.

Additionally, in April 2021 Poland adopted its energy transition program, which calls for, among other things, a spin-off of coal assets, as discussed in more detail in Section 10.3.17.

6.1. Market environment

Prices of bituminous coal in the Polish market

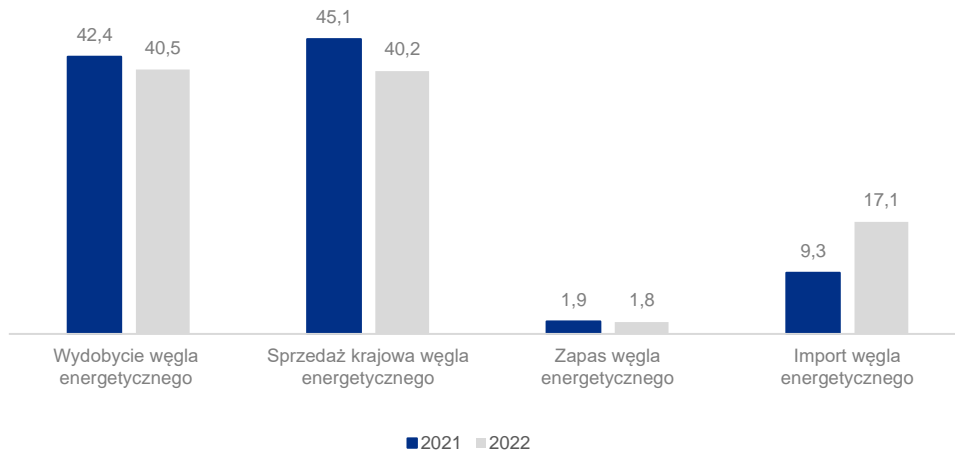


Data: Industrial Development Agency.

PSCMI1: Average price of PSCMI1 in Q4 2022 was PLN 25.60 per GJ, up 126% compared to the average price in Q4 2021. In 2022, the average price of steam coal valuated by PSCMI1, the national coal index, was PLN 19.87 per GJ, i.e. 74% above the annual average price in 2021.

Fine steam coal: The average price of fine steam coal sold to commercial power plants in Q4 2022 was PLN 21.60 per GJ, up 90% compared to the average price in Q4 2021. The annual average price of 1 ton of fine steam coal was PLN 17.14 per GJ, i.e. 52% above the annual average price in 2021.

Steam coal market



Data: Industrial Development Agency.

Lower extraction and sales of coal, record high import

In 2022, the domestic steam coal extraction was 40.5 million tons, compared to 42.4 million tons in 2021. Total sales of this commodity on the domestic market reached 40.2 million tons, compared to 45.1 million tons in the previous year. As at the end of December 2022, inventories of steam coal totaled at 1.8 million tons, down by 5.3% y/y.

In 2022, 17.1 million tons of steam coal were imported from the international coal market, up by 83.9% compared to the previous year. With the total of approx. 65% of the commodity volume, the Republic of South Africa, Kazakhstan, Colombia and Australia were the main directions of import.

Situation in the domestic bituminous coal mining sector

Changes in the Polish mining sector in 2022 were driven, among other things, by the publication of the following legal acts:

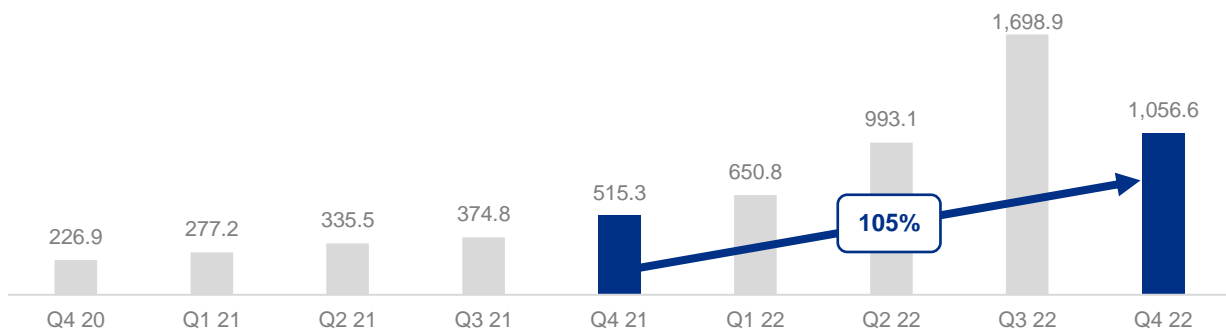
- amendment to the Act on the Functioning of Bituminous Coal Mining of 1 February 2022 regarding the implementation of the system of co-payments for reducing mines' production capacities by setting a reference price and
- Regulation of the Minister of Climate and Environment on fuel inventories in utility companies, which obliges the generation units that are critical for security to maintain higher fuel inventories from 28 November 2022.

The program providing for shutting down mines and reducing mining in individual mines by 2049 with the simultaneous introduction of embargo on Russian coal and shortages of Polish coal have caused a major change of directions of its supplies and decisions to make emergency coal purchases in international markets.

The prioritized energy security for the so-called vulnerable entities, such as municipal and housing customers and heating sector off-takers in Poland, with mining production trailing behind the high demand and considerable increased in electricity production, required emergency coal purchases at record high spot prices in global markets. The end of 2022 brought a relative stabilization of supply and demand in that area, calmer sentiments and decreases of coal prices on global energy commodities markets.

Energy prices on the Polish market

BASE_Y_21/22/23 (PLN/MWh)

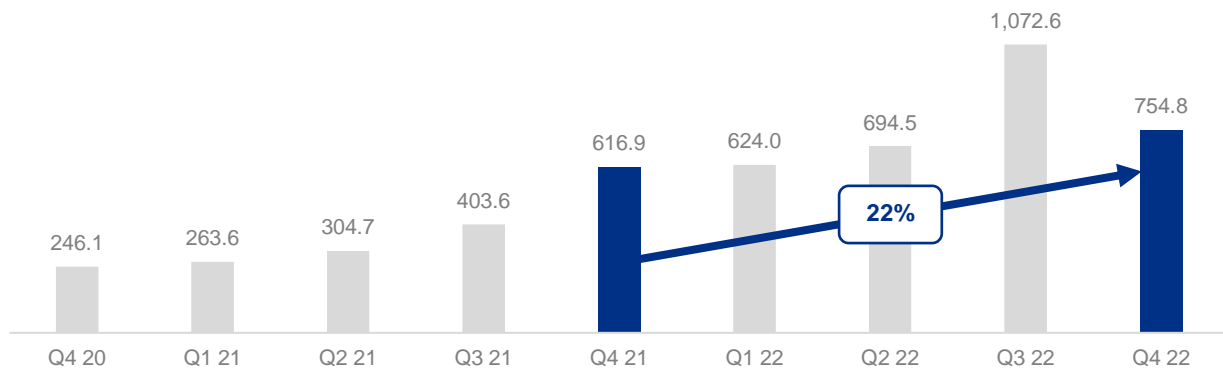


Source: Own study based on publicly available stock market data.

In Q4 2022, on the wholesale electricity forward market, the price of the BASE Y-23 product increased by 105%, to the average level of PLN 1,056.57 per MWh, compared to the corresponding product (i.e. BASE Y-22) in Q4 2021. The market price of BASE Y-23 in 2022 was highly volatile. At the beginning of the year, it hovered above PLN 592.90 per MWh, reaching the historic high of PLN 2,547.10 per MWh in August, to fall to the level of PLN 895.90 per MWh towards the end of the year. The BASE Y-23 price in 2022 was affected chiefly by the effects of the fuel crisis, which intensified with the start of the Russian-Ukrainian war and the pursuit of the sanctions policy against Russia, as well as legislative changes concerning the energy market and high prices of CO₂ emission allowances.

In 2022, the volume of trading in the annual frontal product BASE Y-23 totaled 7,005 MW, signifying a major drop compared to 2021, when transactions for a total of as much as 11,922 MW were executed under BASE Y-22 contracting (down by 41% y/y). Importantly, the disproportion in terms of liquidity for the products in question deepened, i.e. the average volume contracted at each session amounted to 47 MW in 2021 and fell to 28 MW in 2022.

RDN BASE (PLN/MWh)



Source: Own study based on publicly available stock market data.

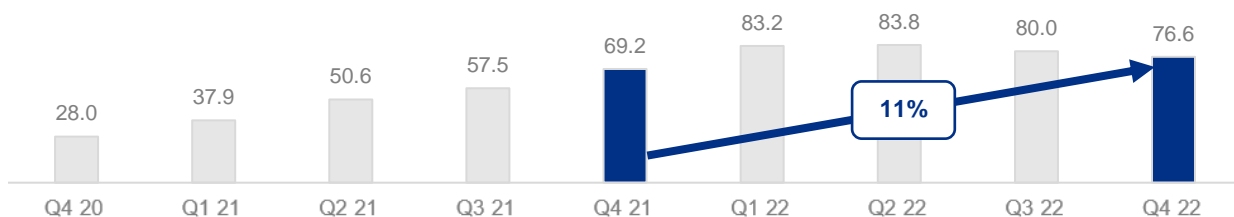
The average price of electricity on the spot market in Q4 2022 was 22% higher than in the corresponding period of 2021. This increase resulted mainly from the considerably higher valuation of all months in the quarter than in the corresponding period of 2021. The factor curbing the prices in the balancing market, and hence also in the spot stock exchange market, in Q4 was the introduction of changes in the principles of submitting bids in the balancing market. Pursuant to the *Regulation of the Minister of Climate and Environment of 27 September 2022 amending the Regulation on detailed conditions of operation of the power system*, bid prices in the balancing market have reflected unit variable costs of electricity generation and may not be higher than the so-called maximum bid price since the Regulation came into force.

The level of electricity prices on the spot market 2022 was affected by:

- high prices of CO₂ emission allowances (price-increasing effect),
- fuel crisis (price-increasing effect),
- high levels of power deficits in the Polish Power System (PPS), especially in May-September (price-increasing effect),
- high volume of wind generation (price-suppressing effect),

Prices of CO₂ emission allowances and “green” property rights

CO₂ emission allowances (DEC-22) (EUR/t)



Source: Own study based on publicly available stock market data.

In the first days of January 2022 the prices of CO₂ emission allowances were in an upward trend. On 5 January they reached EUR 87.58 per ton. The auctions were resumed on 10 January 2022 and the prices significantly fell to EUR 80.09 per ton. Subsequently, following a side trend, the prices started to rise in the second half of January to approximately EUR 89.00 per ton. In this period, growing commodity prices, in particular gas prices, were recorded, which was associated with the increasing concerns about the possibility of a conflict between Russia and Ukraine. At the beginning of February, the upward trend continued and reached a record level at EUR 96.93 per ton on 8 February 2022. Then a downward trend in prices ensued. At that time, there were reports about the proposal to tighten the price mechanism under Article 29a of the EU ETS Directive and about the start of the process of issuing free allowances for 2022 by certain Member States. On 24 February 2022, there was a reduction in the price of CO₂ emission allowances by approximately EUR 8.04/t compared to the previous day. The price was 87.03 EUR/t and the session was characterized by a large volume. The drop may have resulted from the sale of allowances due to the escalation of the Russian-Ukrainian conflict. At the beginning of March, the downward trend continued and, as a result, prices fell to as low as EUR 58.30 per ton. After the major reductions, the trend changed and from 8 March 2022 prices rose steadily and then turned to the side trend at an average of EUR 79.00 per ton. Some notable events which occurred in March included the adoption by the European Parliament's ENVI Committee (Committee on the Environment, Public Health and Food Safety) of a report on amendments to the reform of the market stability reserve (MSR) (including doubling the allowances transferred to the reserve until 2030), and the joint stance of the finance ministers of the Member States on the CBAM (Carbon Border Adjustment Mechanism) border tax.¹⁾

Until mid-April, prices remained within a quite narrow range between EUR 77.18 per ton and EUR 80.09 per ton. A major hike in EUA prices occurred on 20 April when the value of DEC-22 increased to 87.82 EUR per ton, which was almost a 10% shift within a single day. The reason for the price increase may have been the vote of the Committee on Industry, Research and Energy (ITRE) to limit the pool of market participants solely to the so-called compliance institutions (i.e. those that are required to redeem an appropriate amount of EUAs) and those cooperating with them. The rest of the month was highly volatile. The maximum price reached later in April for DEC-22 was EUR 88.99 per ton and the minimum price was EUR 81.01 per ton. The final date for the redemption of EUAs for emissions from 2021, falling at the end of April, may have contributed to this high volatility. The high volatility of prices of CO₂ emission allowances continued into May. Market participants reacted to the changes in the EU ETS discussed by the ENVI Committee, including a 67% reduction in emissions by 2030, the strengthening of Article 29a and the transition from free-to-air emissions to CBAM. Another important price factor in May was the so-called REPowerEU plan, which assumes energy independence from the Russian Federation, and the funds for its implementation would come, among other sources, from the sale of allowances from the MSR (said to reach 250 Mt). The maximum price reached in May for DEC-22 contracts was EUR 91.72 per ton, and the minimum price was EUR 78.15 per ton. June brought a reduced degree of volatility compared to May. The maximum price reached in June for DEC-22 contracts was EUR 90.16 per ton, and the minimum price was EUR 79.81 per ton. In June, two votes of the European Parliament were held on changes to the ETS proposed by the ENVI Committee, the first of which resulted in referring the draft document for further work. The EU Council also became concerned with the changes.

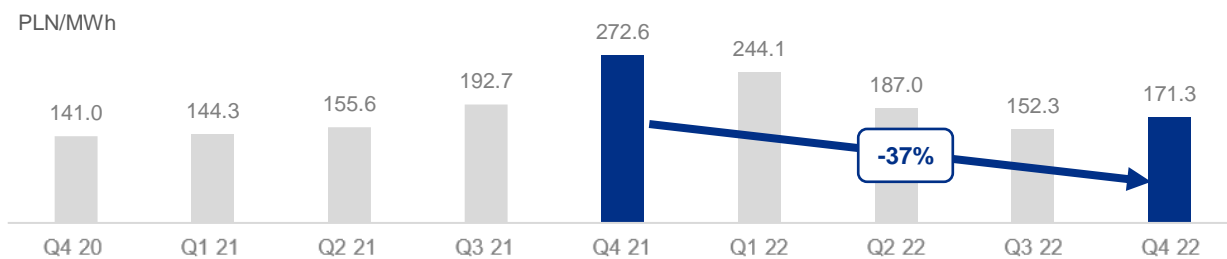
In Q3 2022, trading in CO₂ emission allowances was heavily dependent on information coming from Brussels. The regulation of electricity prices in Europe and the emerging proposals under the so-called REPowerEU Plan were particularly significant. During the first three weeks of July, the DEC-22 price moved within a narrow range from EUR 82.72 per ton to EUR 85.65 per ton. The next week, however, it fell by EUR 4.81 per ton to EUR 78.84 per ton after the President of the European Commission announced details of the gas-saving plan and the EUA exchange rate fell below selected technical analysis indicators, resulting in increased sales of allowances. The DEC-22 price remained at a similar level until the end of July. August was marked by greater volatility than July, and the prices ranged from EUR 80.03 per ton to EUR 98.01 per ton. The prices of emission allowances rose for more than half of the month, peaking at EUR 98.01 per ton. Since then, quotations turned to a downward trend, which continued until the second week of September, when DEC-22 closed with a price of EUR 66.08 per ton. The figures close to EUR 66 per ton became the new support level for CO₂ emission allowances, which shifted to a side trend for the rest of the month. September also saw high volatility, but the EUA rate decreased, with prices ranging from EUR 65.15 per ton to EUR 80.79 per ton.

For a major part of October, prices of CO₂ emission allowances continued in a side trend and remained within the range from EUR 65.94 and EUR 69.85 per ton. The session ended with a higher price, i.e. EUR 72.32 per ton, as late as on 24 October. The end of the month was characterized by growths with minor price adjustments. The last October session ended with DEC-22 valuation of EUR 79.97 per ton. November was characterized by a volatility similar to October; with the exception of the last two sessions, the closing prices fell within the range EUR 72.40–78.86 per ton. The last two sessions ended with DEC-22 valuation exceeding EUR 80 per ton, i.e. EUR 81.25 and 84.69 per ton, respectively. The main price factor in November was the reports from the COP 27 conference. The increased quotation of EUAs of the end of November prevailed throughout December. The session closing prices fluctuated between EUR 83.82 and EUR 90.17 per ton, with only one session ending with the DEC-22 contract price exceeding EUR 89 per ton. A dialog between the European Commission, Council and Parliament to discuss potential changes in the EU ETS and the proposed rules of the so-called REPowerEU plan was held in December. The last session of the DEC-22 contract took place on 19 December with the closing price of EUR 84.11 per ton.

The average DEC-22 price in Q4 2022 (from 3 October to 19 December) was 11% higher than the average price in the corresponding quarter of 2021. Over the entire 2022, the average DEC-22 price amounted to EUR 81.04 per ton.

¹⁾ The European Carbon Border Adjustment Mechanism, also called a "border tax" or "carbon duty," under which imported goods originating from outside the EU can be subject to an additional charge for greenhouse gas emissions emitted during production processes in countries with less rigorous climate policies.

Prices of “green” property rights (PMOZE_A) (PLN/MWh)



Source: Own study based on publicly available stock market data.

The session quotations of “green” property rights during two first months of the year showed a slight downward trend, starting from the first January session when the closing price of PMOZE_A reached PLN 266.75 per MWh, ending on the last February session when the price fell to PLN 253.84 per MWh. March showed much greater price volatility than the preceding months. In the third session the price reached the lowest level since November of the previous year, dropping to PLN 206.86 per MWh, which was followed by a successive increase to the maximum value of PLN 250.39 per MWh in the month. In the last two sessions, the price fell to around PLN 230.00 per MWh. This decrease can be linked to the publication of the “Draft Regulation of the Minister of Climate and the Environment on the change of the quantity share of the total electricity resulting from the redeemed certificates of origin confirming the production of electricity from renewable energy sources in 2023”, which implied a change of the level of the obligation for renewable energy from 18.5% to 10%. April brought some major cuts in the prices of green property rights. The average price at the first April session was PLN 225.61 per MWh and declined gradually to reach PLN 174.70 per MWh at the last April session. In May, the prices of PMOZE_A stabilized and fluctuated in the range of between PLN 170.77 and PLN -176.23 per MWh. The last two sessions in May ended with a higher average daily price: at PLN 186.03 per MWh and PLN 188.25 per MWh, respectively. Prices above PLN 180.00 per MWh remained during the three June sessions, then they returned to the level from the beginning of May and even dropped below PLN 175.00 per MWh. The last session of H1 ended with an average price of PLN 173.31 per MWh. At the end of June, an update was published of the draft regulation of the Ministry of Climate and Environment regarding the level of the RES obligation for 2023, in which the March proposal was increased from 10% to 12%.

The regulation in its final form was published on 27 July 2022. The significant reduction in the requirement for 2023 has become a strong price-decreasing factor. In July, PMOZE_A remained above PLN 170 per MWh on the first three sessions only. Over the next month, from 14 July to 16 August, the average daily price of green property rights remained in a limited range between PLN 164.36 per MWh and PLN 167.82 per MWh. Further reductions were observed in the second half of August, and PMOZE_A per one megawatt hour dropped from PLN 158.02 per MWh to PLN 148.00 per MWh. The downward trend continued in the first half of September. On 15 September, the average value of green certificates fell to PLN 88.19 per MWh, the lowest level since March 2019. This amount became the support level for the price of green property rights, the price rebounded and gradually increased in the 4 last September sessions to reach PLN 158.51 per MWh at the end of the analyzed period.

The beginning of Q4 brought a brief stabilization of prices of green property rights. The first October session ended with the average daily price of PLN 147.11 per MWh. Similar session prices could be observed until the end of the month, when the daily price fell within the range of PLN 139.81–149.45 per MWh. The PMOZE_A price prevailed until the middle of the following month. At the session of 15 November, the average price of green certificates rose to PLN 156.91 per MWh. Three successive average session prices were as follows: PLN 181.32, 193.30 and 191.37 per MWh. The last November session brought an adjustment to the PMOZE_A price, the average day price decreased to PLN 162.90 per MWh. However, prices of green property rights increased again already at the first December session; their price rose to reach the level of PLN 198.98 per MWh in mid-December, thus being the highest average session price from April 2022. We could observe prices around PLN 190 per MWh until the end of the year.

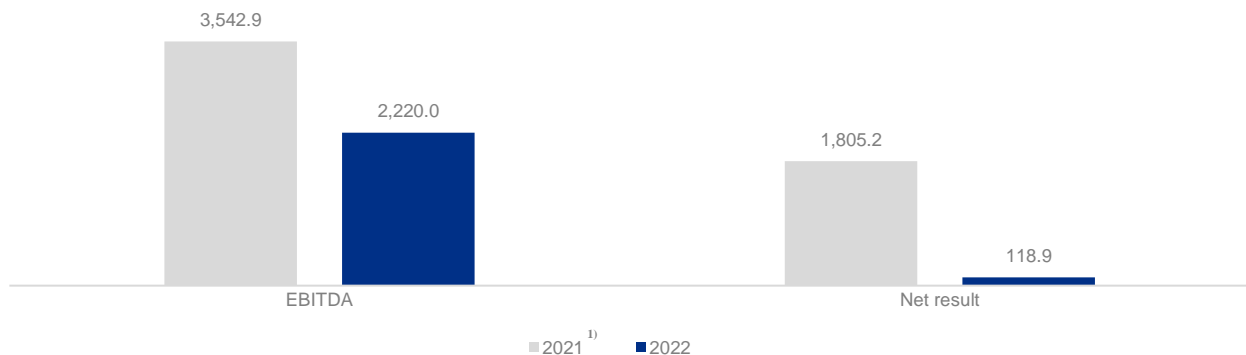
In Q4 2022, 2.4 TWh of property rights were issued and 6.9 TWh of property rights were redeemed, leaving 18.3 TWh of active certificates of origin in the register, which was the lowest number of active certificates since the first half of 2015. The average price in Q4 2022 was 37% lower than the average price in the corresponding quarter of 2021. The average price over the entire year 2022 was EUR 191.80 per MWh.

7. Financial standing

7.1. Selected consolidated financial data

[PLN 000s]	2021 ¹⁾	2022	Change	% change
Revenue from sales and other income	21,288,565	30,117,852	8,829,287	41.5%
Operating profit / (loss)	1,973,462	578,240	-1,395,222	-70.7%
Profit / (loss) before tax	2,177,716	275,386	-1,902,330	-87.4%
Net profit / (loss) for the reporting period	1,805,167	118,920	-1,686,247	-93.4%
EBITDA	3,542,872	2,219,994	-1,322,878	-37.3%
Net cash flows from:				
operating activities	5,510,003	1,226,169	-4,283,834	-77.7%
investing activities	(1,873,350)	(2,485,638)	-612,288	-32.7%
financing activities	(1,424,654)	(1,330,368)	94,286	6.6%
Cash at the end of the period	4,153,553	1,563,716	-2,589,837	-62.4%
Net profit/(loss) attributable to shareholders of the parent company	1,690,874	45,304	-1,645,570	-97.3%
Weighted average number of shares	441,442,578	501,430,391	59,987,813	13.6%
Net earnings/(loss) per share [PLN]	3.83	0.09	-3.74	-97.7%
Diluted earnings/(loss) per share [PLN]	3.83	0.09	-3.74	-97.7%

PLN m

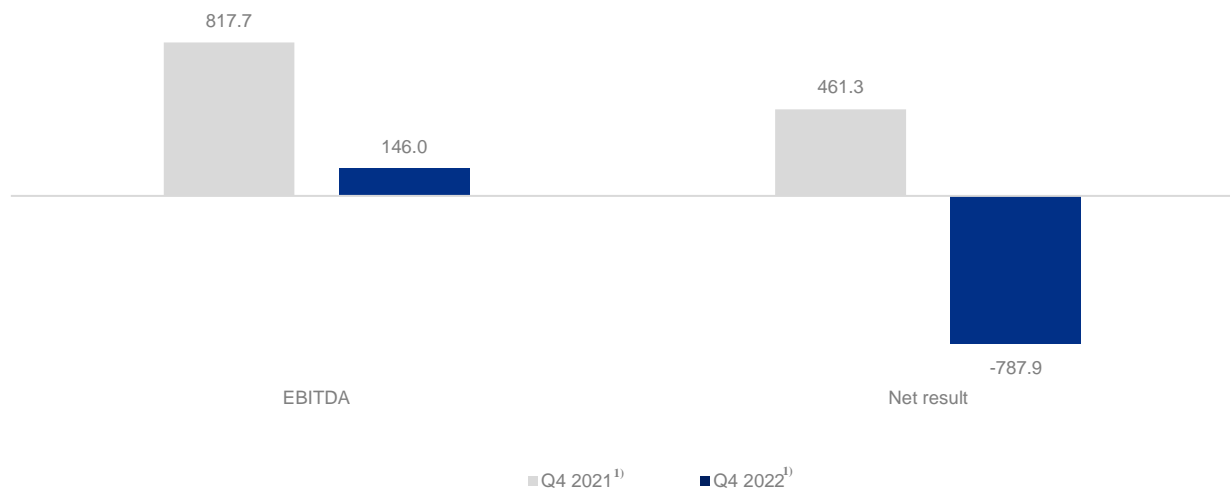


[PLN 000s]	31 December 2021 ¹⁾	31 December 2022	Change	% change
Total assets	34,657,143	37,434,972	2,777,829	8.0%
Total liabilities	19,455,243	21,288,861	1,833,618	9.4%
Non-current liabilities	7,876,738	7,699,793	-176,945	-2.2%
Current liabilities	11,578,505	13,589,068	2,010,563	17.4%
Equity	15,201,900	16,146,111	944,211	6.2%
Share capital	588,018	676,306	88,288	15.0%
Book value per share [PLN]	34.44	30.48	-3.96	-11.5%
Diluted book value per share [PLN]	34.44	30.48	-3.96	-11.5%

¹⁾ Presentation change in accordance with the consolidated financial statements for 2022

[PLN 000s]	Q4 2021 ¹⁾	Q4 2022 ¹⁾	Change	% change
Revenue from sales and other income	5,946,042	7,385,965	1,439,923	24.2%
Operating profit / (loss)	395,508	(311,283)	-706,791	-178.7%
Profit / (loss) before tax	543,091	(824,840)	-1,367,931	-251.9%
Net profit / (loss) for the reporting period	461,290	(787,877)	-1,249,167	-270.8%
EBITDA	817,724	146,032	-671,692	-82.1%
Net profit/(loss) attributable to shareholders of the parent company	413,772	(743,483)	-1,157,255	-279.7%
Weighted average number of shares	441,442,578	529,731,093	88,288,515	20.0%
Net earnings/(loss) per share [PLN]	0.94	(1.40)	-2.34	-248.9%
Diluted earnings/(loss) per share [PLN]	0.94	(1.40)	-2.34	-248.9%

PLN m

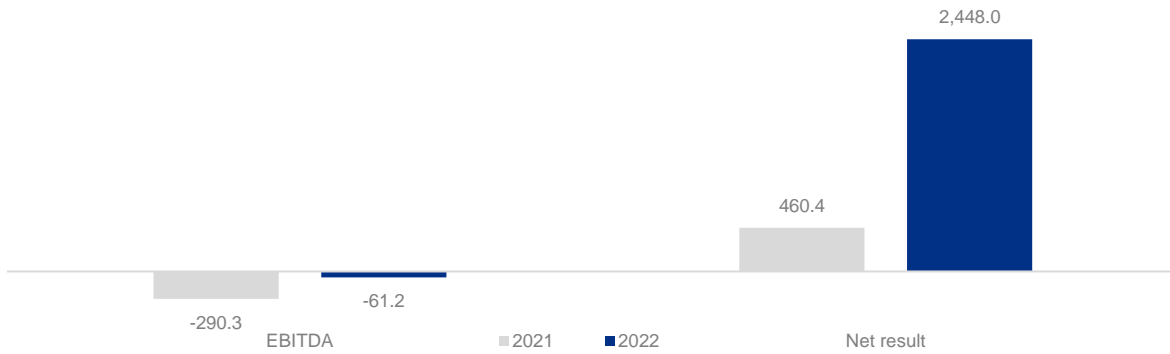


¹⁾ Presentation change in accordance with the consolidated financial statements for 2022

7.2. Selected non-consolidated financial data

[PLN 000s]	2021	2022	Change	% change
Revenue from sales and other income	7,406,960	12,424,530	5,017,570	67.7%
Operating profit / (loss)	(297,056)	(67,458)	229,598	77.3%
Profit / (loss) before tax	403,032	2,276,302	1,873,270	464.8%
Net profit / (loss) for the reporting period	460,409	2,448,024	1,987,615	431.7%
EBITDA	-290,270	-61,241	229,029	78.9%
Net cash flows from:				
operating activities	(241,218)	(102,088)	139,130	57.7%
investing activities	1,133,748	1,848,692	714,944	63.1%
financing activities	(1,370,394)	(1,258,104)	112,290	8.2%
Cash at the end of the period	-99,770	388,730	488,500	489.6%
Weighted average number of shares	441,442,578	501,430,391	59,987,813	13.6%
Net earnings/(loss) per share [PLN]	1.04	4.88	3.84	369.2%
Diluted earnings/(loss) per share [PLN]	1.04	4.88	3.84	369.2%

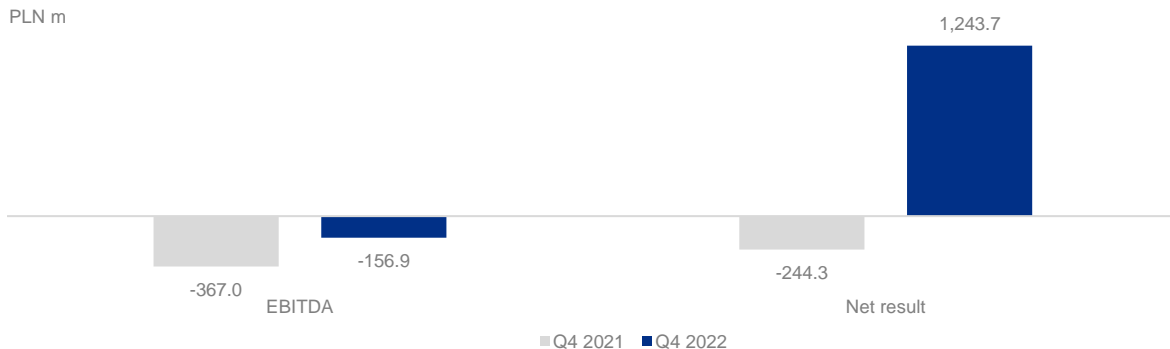
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[PLN 000s]	31 December 2021	31 December 2022	Change	% change
Total assets	20,438,185	21,548,951	1,110,766	5.4%
Total liabilities	9,634,440	7,478,192	-2,156,248	-22.4%
Non-current liabilities	4,741,110	4,446,771	-294,339	-6.2%
Current liabilities	4,893,330	3,031,421	-1,861,909	-38.0%
Equity	10,803,745	14,070,759	3,267,014	30.2%
Share capital	588,018	676,306	88,288	15.0%
Book value per share [PLN]	24.47	28.06	3.59	14.7%
Diluted book value per share [PLN]	24.47	28.06	3.59	14.7%

[PLN 000s]	Q4 2021	Q4 2022	Change	% change
Revenue from sales and other income	2,047,345	3,325,797	1,278,452	62.4%
Operating profit / (loss)	(368,836)	(158,435)	210,401	57.0%
Profit / (loss) before tax	(312,278)	1,029,275	1,341,553	429.6%
Net profit / (loss) for the reporting period	(244,345)	1,243,676	1,488,021	609.0%
EBITDA	-367,040	-156,871	210,169	57.3%
Weighted average number of shares	441,442,578	529,731,093	88,288,515	20.0%
Net earnings/(loss) per share [PLN]	(0.55)	2.35	2.90	527.3%
Diluted earnings/(loss) per share [PLN]	(0.55)	2.35	2.90	527.3%

PLN m



7.3. Key operating data and indicators for ENEA Group

	Unit	2021 ¹⁾	2022	Change	% change	Q4 2021 ¹⁾	Q4 2022 ¹⁾	Change	% change
Revenue from sales and other income	PLN 000s	21,288,565	30,117,852	8,829,287	41.5%	5,946,042	7,385,965	1,439,923	24.2%
EBITDA	PLN 000s	3,542,872	2,219,994	-1,322,878	-37.3%	817,724	146,032	-671,692	-82.1%
EBIT	PLN 000s	1,973,462	578,240	-1,395,222	-70.7%	395,508	(311,283)	-706,791	-178.7%
Net profit / (loss) for the reporting period	PLN 000s	1,805,167	118,920	-1,686,247	-93.4%	461,290	(787,877)	-1,249,167	-270.8%
Net profit/(loss) attributable to shareholders of the parent company	PLN 000s	1,690,874	45,304	-1,645,570	-97.3%	413,772	(743,483)	-1,157,255	-279.7%
Net cash flows from operating activities	PLN 000s	5,510,003	1,226,169	-4,283,834	-77.7%	(1,174,126)	(2,975,211)	-1,801,085	-153.4%
CAPEX	PLN 000s	1,980,367	2,590,480	610,113	30.8%	870,113	865,347	-4,766	-0.5%
Net debt	PLN 000s	2,729,088	3,839,226	1,110,138	40.7%	2,729,088	3,839,226	1,110,138	40.7%
Net debt / EBITDA ²⁾	-	0.77	1.73	0.96	124.7%	0.77	1.73	0.96	124.7%
Return on assets (ROA) ²⁾³⁾	%	5.2%	0.3%	-4.9 p.p.	-	5.3%	-8.4%	-13.7 p.p.	-
Return on equity (ROE) ²⁾³⁾	%	11.9%	0.7%	-11.2 p.p.	-	12.1%	-19.5%	-31.7 p.p.	-
Trading									
Sales of electricity and gaseous fuel to retail customers	GWh	24,506	23,664	-842	-3.4%	6,338	5,914	-424	-6.7%
Number of customers (Power Delivery Points)	000s	2,615	2,681	66	2.5%	2,615	2,681	66	2.5%
Distribution									
Sales of distribution services to end users	GWh	20,336	20,313	-23	-0.1%	5,187	5,064	-123	-2.4%
Number of customers (closing balance)	000s	2,703	2,753	50	1.8%	2,703	2,753	50	1.8%
Generation									
Total net generation of electricity, of which:	GWh	26,393	26,214	-179	-0.7%	6,858	6,034	-824	-12.0%
from conventional sources	GWh	23,978	24,265	287	1.2%	6,236	5,572	-664	-10.6%
from renewable sources	GWh	2,415	1,949	-466	-19.3%	622	462	-160	-25.7%
Gross heat generation	TJ	8,011	7,861	-150	-1.9%	2,598	2,466	-132	-5.1%
Sales of electricity, including:	GWh	30,745	29,463	-1,282	-4.2%	7,910	6,907	-1,003	-12.7%
from conventional sources	GWh	23,978	24,265	287	1.2%	6,236	5,572	-664	-10.6%
from renewable sources	GWh	2,415	1,949	-466	-19.3%	622	462	-160	-25.7%
from purchase	GWh	4,352	3,249	-1,103	-25.3%	1,052	873	-179	-17.0%
Sales of heat	TJ	7,209	7,116	-93	-1.3%	2,338	2,231	-107	-4.6%
Mining									
Net production	000s tons	9,935	8,401	-1,534	-15.4%	2,432	1,238	-1,194	-49.1%
Sales of coal	000s tons	10,036	8,400	-1,636	-16.3%	2,792	1,243	-1,549	-55.5%
Inventories at the end of the period	000s tons	21	22	1	4.8%	21	22	1	4.8%
Excavation works	km	23.2	32.8	9.6	41.4%	7.8	7.6	-0.2	-2.6%

¹⁾ Presentation change in accordance with the consolidated financial statements for 2022

²⁾ Definitions of the ratios are presented in section 14 entitled: "Glossary of terms and abbreviations"

³⁾ Ratio numerator i.e. net profit (loss) for the reporting period is annualized

7.4. Financial results of the ENEA Group in 2022

Consolidated statement of profit and loss for 2022

[PLN 000s]	2021 ¹⁾	2022	Change	% change
Revenue from sales of electricity	15,592,083	23,843,479	8,251,396	52.9%
Revenue from sales of heat	434,765	482,560	47,795	11.0%
Revenue from sales of gas	408,877	341,074	-67,803	-16.6%
Revenue from sales of distribution services	3,135,374	3,407,586	272,212	8.7%
Revenue from certificates of origin	3,031	2,760	-271	-8.9%
Revenue from sales of goods and materials	147,632	196,223	48,591	32.9%
Revenue from sales of other products and services	166,012	226,359	60,347	36.4%
Revenue from sales of coal	512,810	682,731	169,921	33.1%
Revenue from the Capacity Market	874,005	893,486	19,481	2.2%
Net revenue from sales	21,274,589	30,076,258	8,801,669	41.4%
Compensation	0	28,588	28,588	100.0%
Revenue from leases and operating subleases	13,976	13,006	-970	-6.9%
Revenue from sales and other income	21,288,565	30,117,852	8,829,287	41.5%
Amortization and depreciation	1,539,286	1,584,991	45,705	3.0%
Employee benefit costs	2,136,936	2,495,720	358,784	16.8%
Consumption of materials and supplies and cost of goods sold	4,912,513	10,462,627	5,550,114	113.0%
Purchase of energy and gas for subsequent sale	8,655,752	12,393,958	3,738,206	43.2%
Transmission services	440,669	472,792	32,123	7.3%
Other third-party services	978,955	1,057,113	78,158	8.0%
Taxes and charges	471,578	541,573	69,995	14.8%
Tax-deductible expense	19,135,689	29,008,774	9,873,085	51.6%
Other operating revenue	212,562	215,329	2,767	1.3%
Other operating costs	127,317	223,433	96,116	75.5%
Change in provision related to onerous contracts	-199,282	-414,715	-215,433	-108.1%
Profit/(loss) on change, sale and liquidation of property, plant and equipment and right-to-use assets	(35,253)	(51,256)	-16,003	-45.4%
Impairment loss/(reversal of impairment loss) on non-financial non-current assets	30,124	56,763	26,639	88.4%
Operating profit / (loss)	1,973,462	578,240	-1,395,222	-70.7%
Finance costs	214,803	276,630	61,827	28.8%
Finance income	125,106	220,929	95,823	76.6%
Profit/(loss) on FX derivatives not used for hedge accounting purposes	116,988	(347,053)	-464,041	-396.7%
Dividend income	227	1,163	936	412.3%
Impairment losses/ (reversal thereof) on financial assets measured at amortized cost	15,825	(27,274)	-43,099	-272.3%
Share in the results of associates and jointly controlled entities	192,561	71,463	-121,098	-62.9%
Profit / (loss) before tax	2,177,716	275,386	-1,902,330	-87.4%
Income tax	372,549	156,466	-216,083	-58.0%
Net profit / (loss) for the reporting period	1,805,167	118,920	-1,686,247	-93.4%
EBITDA	3,542,872	2,219,994	-1,322,878	-37.3%

¹⁾ Presentation change in accordance with the consolidated financial statements for 2022

Key EBITDA drivers in the ENEA Group (down by PLN 1,322.9 million):

- (+) an increase in revenue from sales of electricity by PLN 8,251 million, driven mainly by an increase in the average sales price and a concurrent decrease in sales volume
- (+) an increase in revenue from sales of heat by PLN 48 million, driven mainly by an increase in the average sales price and a concurrent decline in sales volume
- (-) a decrease in revenue from sales of natural gas by PLN 68 million, driven mainly by a lower sales volume with the higher average sales price
- (+) an increase in revenue from sales of distribution services by PLN 272 million, largely driven by the higher average sales price and a higher volume of distributed electricity
- (+) an increase in revenue from sales of goods and materials by PLN 49 million resulting from greater demand for goods from external buyers
- (+) an increase in revenue from sales of other products and services by PLN 60 million resulting from greater demand from external buyers
- (+) an increase in revenue from sales of coal by PLN 170 million, driven mainly by an increase in the average sales price and a concurrent drop in sales volume
- (+) an increase in the revenue from the Capacity Market by PLN 19 million
- (+) in the actual numbers for 2022, revenue includes compensation related to electricity in the amount of PLN 28.0 million, which is mentioned in Article 8 of the Act of 27 October 2022 on emergency measures to reduce electricity prices and support certain consumers in 2023. The actual numbers for 2022 also include the value of compensation related to gaseous fuel in the amount of PLN 0.6 million resulting from the Act of 26 January 2022 on special solutions for protecting customers of gaseous fuels in connection with the situation on the gas market
- (-) an increase in employee benefit costs by PLN 359 million driven mainly by higher payroll costs and payroll-related charges, a change in employee provisions and higher average headcount
- (-) an increase in the cost of consumption of materials and supplies and cost of goods sold by PLN 5,550 million is mainly due to higher costs of CO₂ emission allowances, coal consumption costs and costs of biomass consumption for the whole Generation Area
- (-) an increase in the costs of purchasing electricity and gas by PLN 3,738 million results mainly from higher average sales prices with the lower sales volume
- (-) an increase in costs of transmission services by PLN 32 million, largely due to the balance of fees moved forward
- (-) an increase in costs of third-party services by PLN 78 million caused mainly by higher costs with variable rates for the provision of services by external companies
- (-) an increase in taxes and charges by PLN 70 million caused, among others, by higher fees for the establishment of transmission easements, higher property taxes and a charge for the Price Difference Fund
- (-) movement in provisions related to onerous contracts (increase in provisions by PLN 215.4 million):
 - (-) In 2022, costs included the provision for the loss on Tariff G resulting from the fact that the ERO President did not take into account the incurred energy purchase costs in the Tariff of 17 December 2022 and for the application of the Act of 27 October 2022 on emergency measures to reduce electricity prices and support certain consumers in 2023, in the amount of PLN 368.3 million.
 - (+) In 2022, revenues included the use of a portion of the provision of PLN 21.5 million, while expenses included an update of the provision for a loss arising from the settlement, by ENEA S.A., as the offtaker of last resort, of the distribution fee rebate for electricity supplied to the grid by prosumers in the amount of PLN 67.9 million. In 2021, an update of this provision in the amount of PLN 216.9 million was recognized in expenses and the use of a portion of this provision in the amount of PLN 17.6 million was recognized in revenues.
- (-) result on other operating activities down by PLN 109 million:
 - (-) result on realized exchange differences related to hedging operations down by PLN 42 million
 - (-) litigation costs up by PLN 47 million
 - (-) result on the valuation of forward contracts for the purchase of electricity, gas and property rights down by PLN 17 million
 - (-) loss arising from liquidation of property, plant and equipment up by PLN 16 million
 - (+) provisions for potential claims down by PLN 50 million

Material changes affecting net result:

- (-) In 2021, partial reversal of PLN 175.7 million was recognized for the provision for future investment commitments to Elektrownia Ostrołęka Sp. z o.o., established in the amount of PLN 222.2 million (original amount: PLN 219.4 million). On the other hand, in 2022, a partial reversal of this provision in the amount of PLN 46.5 million was recognized.
- (-) An increase in impairment loss allowances on non-financial non-current assets in ENEA Ciepło by PLN 21.2 million, i.e. from PLN 26.1 million in 2021 to PLN 47.3 million in 2022 reduced net profit by PLN 17.2 million.
- (+) In 2021, an impairment allowance was recognized for the amount of interest on loans granted to Elektrownia Ostrołęka Sp. z o.o. in the amount of PLN 15.8 million. In 2022, the impairment allowance for the loans granted and interest in the amount of PLN 27.3 million was reversed.

Consolidated statement of profit and loss in Q4 2022

[PLN 000s]	Q4 2021 ¹⁾	Q4 2022 ¹⁾	Change	% change
Revenue from sales of electricity	4,374,683	5,756,592	1,381,909	31.6%
Revenue from sales of heat	136,610	155,648	19,038	13.9%
Revenue from sales of gas	120,519	87,693	-32,826	-27.2%
Revenue from sales of distribution services	797,343	879,983	82,640	10.4%
Revenue from certificates of origin	1,287	2,322	1,035	80.4%
Revenue from sales of goods and materials	45,766	40,668	-5,098	-11.1%
Revenue from sales of other products and services	41,215	69,870	28,655	69.5%
Revenue from sales of coal	202,720	143,897	-58,823	-29.0%
Revenue from the Capacity Market	221,054	217,488	-3,566	-1.6%
Net revenue from sales	5,941,197	7,354,161	1,412,964	23.8%
Compensation	0	28,142	28,142	100.0%
Revenue from leases and operating subleases	4,845	3,662	-1,183	-24.4%
Revenue from sales and other income	5,946,042	7,385,965	1,439,923	24.2%
Amortization and depreciation	395,537	403,306	7,769	2.0%
Employee benefit costs	563,046	674,233	111,187	19.7%
Consumption of materials and supplies and cost of goods sold	1,455,059	3,782,334	2,327,275	159.9%
Purchase of energy and gas for subsequent sale	2,475,629	3,279,987	804,358	32.5%
Transmission services	111,189	118,132	6,943	6.2%
Other third-party services	297,453	306,080	8,627	2.9%
Taxes and charges	120,059	138,453	18,394	15.3%
Tax-deductible expense	5,417,972	8,702,525	3,284,553	60.6%
Other operating revenue	66,879	41,702	-25,177	-37.6%
Other operating costs	-18,589	-42,989	-24,400	-131.3%
Change in provision related to onerous contracts	-188,216	996,173	1,184,389	629.3%
Profit/(loss) on change, sale and liquidation of property, plant and equipment and right-to-use assets	(3,135)	(21,578)	-18,443	-588.3%
Impairment loss/(reversal of impairment loss) on non-financial non-current assets	26,679	54,009	27,330	102.4%
Operating profit / (loss)	395,508	(311,283)	-706,791	-178.7%
Finance costs	48,928	53,950	5,022	10.3%
Finance income	77,163	63,976	-13,187	-17.1%
Profit/(loss) on FX derivatives not used for hedge accounting purposes	54,894	(568,086)	-622,980	-1,134.9%
Dividend income	10	0	-10	-100.0%
Impairment losses/ (reversal thereof) on financial assets measured at amortized cost	2,063	(38,236)	-40,299	-1,953.4%
Share in the results of associates and jointly controlled entities	66,507	6,267	-60,240	-90.6%
Profit / (loss) before tax	543,091	(824,840)	-1,367,931	-251.9%
Income tax	81,801	-36,963	-118,764	-145.2%
Net profit / (loss) for the reporting period	461,290	(787,877)	-1,249,167	-270.8%
EBITDA	817,724	146,032	-671,692	-82.1%

¹⁾ Presentation change in accordance with the consolidated financial statements for 2022

Key EBITDA drivers in the ENEA Group (down by PLN 671.7 million):

(+) an increase in revenue from sales of electricity by PLN 1,382 million, driven mainly by an increase in the average sales price and a concurrent decrease in sales volume

(+) an increase in revenue from sales of heat by PLN 19 million, driven mainly by an increase in the average sales price and a concurrent decline in sales volume

(-) a decrease in revenue from sales of natural gas by PLN 33 million, driven mainly by a lower sales volume with the higher average sales price

(+) an increase in revenue from sales of distribution services by PLN 83 million, largely driven by the higher average sales price and a higher volume of distributed electricity

(+) an increase in revenue from sales of other products and services by PLN 29 million resulting from greater demand from external buyers

(-) a decrease in revenue from sales of coal by PLN 59 million driven mainly by a lower sales volume, combined with a higher sales price

(-) a decrease in the revenue from the Capacity Market by PLN 4 million

(+) in the actual numbers for 2022, revenue includes compensation related to electricity in the amount of PLN 28.0 million, which is mentioned in Article 8 of the Act of 27 October 2022 on emergency measures to reduce electricity prices and support certain consumers in 2023. The actual numbers for 2022 also included the value of compensation related to gaseous fuel in the amount of PLN 0.1 million resulting from the Act of 26 January 2022 on special solutions for protecting customers of gaseous fuels in connection with the situation on the gas market.

(-) an increase in employee benefit costs by PLN 111 million driven mainly by a change in employee provisions and higher payroll costs and payroll-related charges

(-) an increase in the cost of consumption of materials and supplies and cost of goods sold by PLN 2,327 million is mainly due to higher costs of CO₂ emission allowances, coal consumption costs and costs of biomass consumption for the whole Generation Area

(-) an increase in the costs of purchasing electricity and gas by PLN 804 million results mainly from higher average sales prices with the lower sales volume

(-) an increase in costs of transmission services by PLN 7 million, largely due to the balance of fees moved forward

(-) an increase in costs of third-party services by PLN 9 million caused mainly by higher costs with variable rates for the provision of services by external companies

(-) an increase in taxes and charges by PLN 18 million caused mainly by higher property taxes and a charge for the Price Difference Fund

(+) movement in provisions related to onerous contracts (decrease in provisions by PLN 1,184 million):

(+) in Q4 2022, PLN 1,311.5 million of the provision related to onerous contracts was used in the Generation Area

(+) in Q4 2021, expenses included an update of the provision of PLN 190.9 million and the use of a portion of the provision for a loss arising from the settlement, by ENEA S.A., as the offtaker of last resort, of the distribution fee rebate for electricity supplied to the grid by prosumers in the amount of PLN 2.7 million. In Q4 2022, utilization of a portion of this provision in the amount of PLN 3.1 million was recognized in revenue and an update of PLN 14.3 million was recognized in expenses.

(-) In Q4 2022, costs included the provision for the loss on Tariff G resulting from the fact that the ERO President did not take into account the incurred energy purchase costs in the Tariff of 17 December 2022 and for the application of the Act of 27 October 2022 on emergency measures to reduce electricity prices and support certain consumers in 2023, in the amount of PLN 368.3 million. Additionally, revenues included utilization of the provision recognized in June in the amount of PLN 64.2 million for the possible loss on Tariff G due to the increase in electricity purchase costs.

(-) result on other operating activities down by PLN 19 million:

(-) result on realized exchange differences related to hedging operations down by PLN 40 million

(-) litigation costs up by PLN 41 million

(-) loss arising from liquidation of property, plant and equipment up by PLN 18 million

(-) result on the valuation of forward contracts for the purchase of electricity, gas and property rights down by PLN 17 million

(+) provisions for potential claims down by PLN 111 million

Material changes affecting net result:

(-) in Q4 2021, partial reversal of the provision for future investment commitments to Elektrownia Ostrołęka Sp. z o.o. was recognized in the amount of PLN 61.6 million. In 2022, partial reversal of this provision was recognized in the amount of PLN 2.4 million.

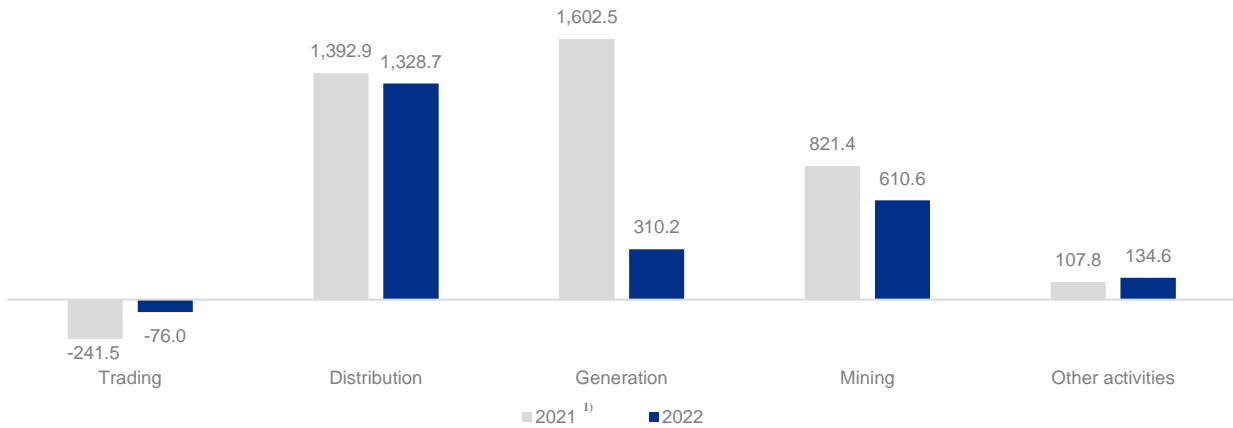
(-) An increase in impairment loss allowances on non-financial non-current assets in ENEA Ciepło by PLN 21.2 million, i.e. from PLN 26.1 million in Q4 2021 to PLN 47.3 million in Q4 2022 reduced net profit by PLN 17.2 million.

(+) In Q4 2021, an impairment allowance was recognized for the amount of interest on loans granted to Elektrownia Ostrołęka Sp. z o.o. in the amount of PLN 2.1 million. In Q4 2022, the impairment allowance for the loans granted and interest in the amount of PLN 38.2 million was reversed.

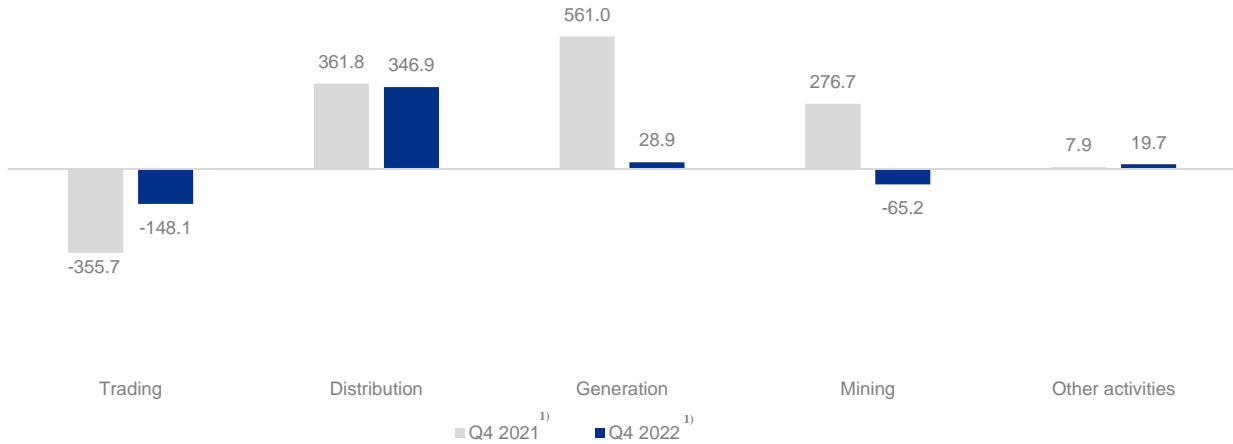
Financial results of the ENEA Group in 2022 and Q4 2022

EBITDA [PLN 000s]	2021 ¹⁾	2022	Change	% change	Q4 2021 ¹⁾	Q4 2022 ¹⁾	Change	% change
Trading	-241,526	-76,000	165,526	68.5%	-355,686	-148,070	207,616	58.4%
Distribution	1,392,928	1,328,696	-64,232	-4.6%	361,780	346,923	-14,857	-4.1%
Generation	1,602,468	310,209	-1,292,259	-80.6%	561,014	28,872	-532,142	-94.9%
Mining	821,358	610,600	-210,758	-25.7%	276,681	-65,196	-341,877	-123.6%
Other activities	107,775	134,615	26,840	24.9%	7,938	19,718	11,780	148.4%
Unassigned items and elimination	-140,131	-88,126	52,005	37.1%	-34,003	-36,215	-2,212	-6.5%
Total EBITDA	3,542,872	2,219,994	-1,322,878	-37.3%	817,724	146,032	-671,692	-82.1%

PLN m



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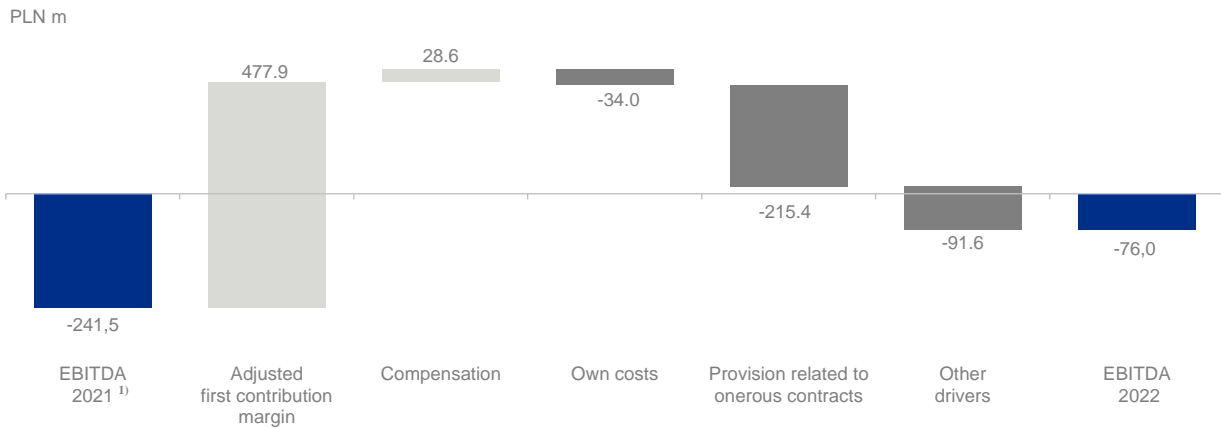


¹⁾ Presentation change in accordance with the consolidated financial statements for 2022

Trading Area in 2022 and Q4 2022

Retail sales of electricity are carried out by ENEA S.A. Wholesale trade is carried out by ENEA Trading.

[PLN 000s]	2021 ¹⁾	2022	Change	% change	Q4 2021 ¹⁾	Q4 2022 ¹⁾	Change	% change
Net revenue from sales	11,206,560	17,408,855	6,202,295	55.3%	4,084,860	7,303,062	3,218,202	78.8%
Compensation	0	28,588	28,588	100.0%	0	28,142	28,142	100.0%
Revenue from sales and other income	11,206,560	17,437,443	6,230,883	55.6%	4,084,860	7,331,204	3,246,344	79.5%
EBIT	-244,586	-78,712	165,874	67.8%	-356,474	-148,768	207,706	58.3%
Amortization and depreciation	3,060	2,712	-348	-11.4%	788	698	-90	-11.4%
EBITDA	-241,526	-76,000	165,526	68.5%	-355,686	-148,070	207,616	58.4%
CAPEX ²⁾	2,135 ³⁾	1,375	-760	-35.6%	654 ³⁾	0	-654	-100.0%
Segment's sales revenue as % of the Group's sales revenue	41%	45%	4 p.p.	-	47%	60%	13 p.p.	-



¹⁾ Presentation change in accordance with the consolidated financial statements for 2022

²⁾ without ENEA S.A.'s equity investments

³⁾ presentation change

Key EBITDA drivers in 2022 (up by PLN 165.5 million):

Adjusted first contribution margin (up by PLN 477.9 million)

- (+) average energy sales price up by 65.3%
- (-) energy sales volume down by 0.7%
- (-) average energy purchase price up by 65.8%
- (-) costs of environmental obligations up by 15.4%
- (-) lower result on trading in gaseous fuel
- (-) remeasurement of CO₂ contracts, forward transactions for energy and gas

Compensation (up by PLN 28.6 million)

In the actual numbers for 2022, revenue included PLN 28.0 million of electricity compensation referred to in Article 8 of the Act of 27 October 2022 on emergency measures to reduce electricity prices and support certain consumers in 2023. The actual numbers for 2022 also include the value of gaseous fuel compensation of PLN 0.6 million resulting from the Act of 26 January 2022 on special solutions for protecting customers of gaseous fuels in connection with the situation on the gas market.

Own costs (up by PLN 34.0 million)

- (-) direct selling costs up by PLN 20.4 million
- (-) general and administrative expenses up by PLN 13.3 million
- (-) costs of shared services up by PLN 0.3 million

Movement in provisions related to onerous contracts (up by PLN 215.4 million)

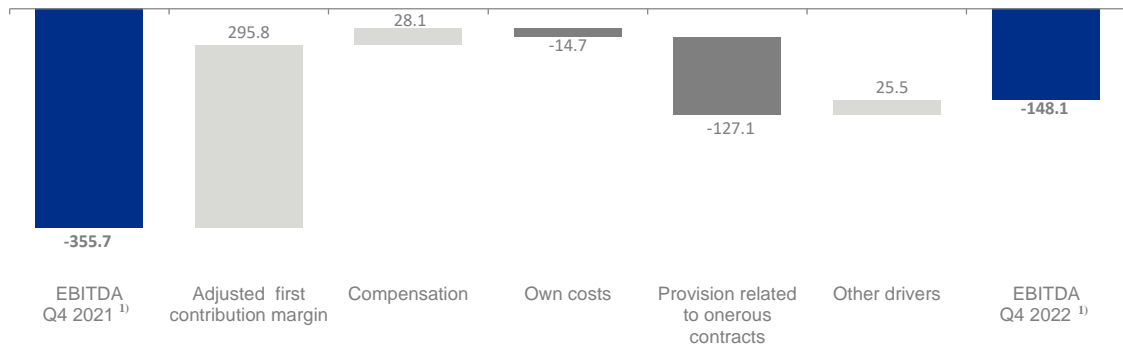
(-) In the actual numbers for 2022, costs included the provision for the loss on Tariff G resulting from the fact that the ERO President did not take into account the incurred energy purchase costs in the Tariff of 17 December 2022 and for the application of the Act of 7 October 2022 on special solutions for protecting electricity buyers in 2023 in connection with the situation on the electricity market, in the amount of PLN 368.3 million.

(+) In the actual numbers for 2022, revenues included the use of a portion of the provision for a loss arising from the settlement, by ENEA S.A., as the offtaker of last resort, of the distribution fee rebate for electricity supplied to the grid by prosumers in the amount of PLN 21.5 million, while expenses included an update of this provision in the amount of PLN 67.9 million. In the actual numbers for 2021, an update of this provision in the amount of PLN 216.9 million was recognized in expenses and the use of a portion of the provision in the amount of PLN 17.6 million was recognized in revenues. The purpose of the increase in the provision to PLN 250.1 million in December 2021 was aimed at reflecting the impact of anticipated future losses to be incurred by the company in connection with the performance of comprehensive contracts entered into with prosumers who, in compliance with the amendment to the Act on Renewable Energy Sources, have acquired the right to financial settlements, over a 15-year period, based on a discount support system (so-called 'net-metering'), on the condition that their micro-installations are connected to the grid by 31 March 2022.

Other factors (down by PLN 91.6 million)

- (-) litigation costs up by PLN 46.0 million
- (-) costs of distribution services related to the existing model of settlements with prosumers up by PLN 39.1 million
- (-) revenue from sales of services down by PLN 15.4 million
- (-) written off receivables recognized in expenses up by PLN 7.5 million
- (-) donation costs up by PLN 4.2 million
- (+) impairment losses on receivables down by PLN 12.2 million
- (+) costs of provisions for anticipated losses and potential claims down by PLN 11.4 million

PLN m



¹⁾ Presentation change in accordance with the consolidated financial statements for 2022

Key EBITDA drivers in Q4 2022 (up by PLN 207.6 million):

Adjusted first contribution margin (up by PLN 295.8 million)

- (+) average energy sales price up by 69.9%
- (+) costs of environmental obligations down by 38.3%
- (+) higher result on trade in gaseous fuel
- (-) energy sales volume down by 4.5%
- (-) average energy purchase price up by 61.5%
- (-) remeasurement of CO₂ contracts, forward transactions for energy and gas

Compensation (up by PLN 28.1 million)

In Q4 2022, revenue included PLN 28.0 million of electricity compensation referred to in Article 8 of the Act of 27 October 2022 on emergency measures to reduce electricity prices and support certain consumers in 2023. Q4 2022 also saw the recognition of the value of gaseous fuel compensation of PLN 0.1 million resulting from the Act of 26 January 2022 on special solutions for protecting customers of gaseous fuels in connection with the situation on the gas market.

Own costs (up by PLN 14.7 million)

- (-) direct selling costs up by PLN 12.1 million
- (-) costs of shared services up by PLN 2.0 million
- (-) general and administrative expenses up by PLN 0.6 million

Movement in provisions related to onerous contracts (up by PLN 127.1 million)

(-) In Q4 2022, costs included the provision for the loss on Tariff G resulting from the fact that the ERO President did not take into account the incurred energy purchase costs in the Tariff of 17 December 2022 and for the application of the Act of 7 October 2022 on special solutions for protecting electricity buyers in 2023 in connection with the situation on the electricity market, in the amount of PLN 368.3 million. Additionally, revenues included utilization of the provision recognized in June in the amount of PLN 64.2 million for the possible loss on Tariff G due to the increase in electricity purchase costs.

(+) in Q4 2021, expenses included an update of the provision of PLN 190.9 million for the loss arising from the settlement, by ENEA S.A., as the offtaker of last resort, of the distribution fee rebate for electricity supplied to the grid by prosumers in the amount of PLN 2.7 million. The purpose of the increase in the provision to PLN 250.1 million in December 2021 was aimed at reflecting the impact of anticipated future losses to be incurred by the company in connection with the performance of comprehensive contracts entered into with prosumers who, in compliance with the amendment to the Act on Renewable Energy Sources, have acquired the right to financial settlements, over a 15-year period, based on a discount support system (so-called 'net-metering'), on the condition that their micro-installations are connected to the grid by 31 March 2022. In Q4 2022, utilization of a portion of this provision in the amount of PLN 3.1 million was recognized in revenue and an update of PLN 14.3 million was recognized in expenses.

Other factors (up by PLN 25.5 million)

- (+) costs of provisions for anticipated losses and potential claims down by PLN 82.0 million
- (-) litigation costs up by PLN 41.8 million
- (-) costs of distribution services related to the existing model of settlements with prosumers up by PLN 15.0 million

Generation Area in 2022 and Q4 2022

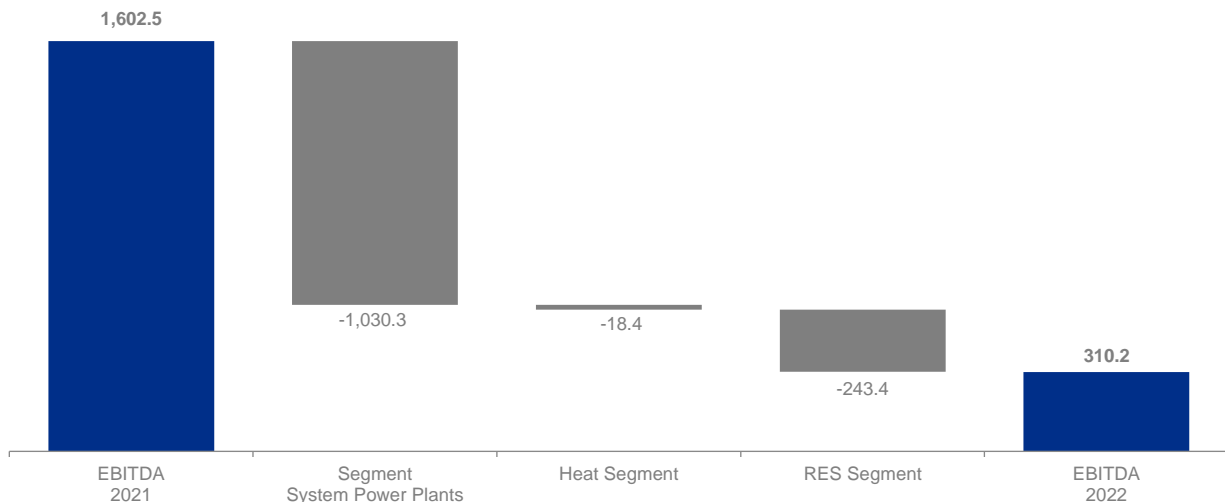
In the Generation Area, the financial data of ENEA Wytwarzanie, MEC Piła, PEC Oborniki, ENEA Nowa Energia, ENEA Ciepło, ENEA Ciepło Serwis, ENEA Elektrownia Połaniec, ENEA Połaniec Serwis, ENEA ELKOGAZ and ENEA Bioenergia are presented.

ENEA Wytwarzanie owns, among others, 11 high-efficiency and modernized power units in the Koziencice Power Plant. ENEA Elektrownia Połaniec owns 7 coal-fired units with the total maximum capacity of 1,674 MW and the world's largest biomass-fired unit with the total maximum capacity of 225 MW.

[PLN 000s]	2021 ¹⁾	2022	Change	% change	Q4 2021 ¹⁾	Q4 2022	Change	% change
Net revenue from sales	10,198,572	14,647,879	4,449,307	43.6%	2,992,880	3,287,980	295,100	9.9%
electricity	8,419,791	12,837,755	4,417,964	52.5%	2,478,419	2,860,385	381,966	15.4%
Capacity Market	874,005	893,486	19,481	2.2%	221,054	217,488	-3,566	-1.6%
certificates of origin	405,186	364,505	-40,681	-10.0%	134,511	64,452	-70,059	-52.1%
heat	426,068	470,053	43,985	10.3%	133,447	150,722	17,275	12.9%
other	73,522	82,080	8,558	11.6%	25,449	-5,067	-30,516	-119.9%
Revenue from leases and operating subleases	859	976	117	13.6%	207	279	72	34.8%
Revenue from sales and other income	10,199,431	14,648,855	4,449,424	43.6%	2,993,087	3,288,259	295,172	9.9%
EBIT	1,167,464	-182,937	-1,350,401	-115.7%	429,249	-133,338	-562,587	-131.1%
Amortization and depreciation	408,890	447,564	38,674	9.5%	105,651	114,891	9,240	8.7%
Impairment loss/ (reversal of impairment loss) on non-financial non-current assets	26,114	45,582	19,468	74.6%	26,114	47,319	21,205	81.2%
EBITDA	1,602,468	310,209	-1,292,259	-80.6%	561,014	28,872	-532,142	-94.9%
CAPEX	444,194	441,504	-2,690	-0.6%	155,642	175,403	19,761	12.7%
Share of the area's sales revenue in the Group's net revenue from sales	37%	38%	1 p.p.	-	34%	27%	-7 p.p.	-

¹⁾ Presentation change

PLN m



Key EBITDA drivers in FY 2022 (down by PLN 1,292.3 million)

System Power Plants Segment (down by PLN 1,030.3 million)

- (-) generation margin down by PLN 911.5 million
- (-) other drivers down by PLN 146.4 million, including: an increase in fixed costs, inventory shortage of fuel
- (-) Balancing Market margin down by PLN 26.2 million
- (+) revenue from Regulatory System Services up by PLN 21.7 million
- (+) revenue from the Capacity Market up by PLN 21.3 million
- (+) trading margin up by PLN 10.8 million

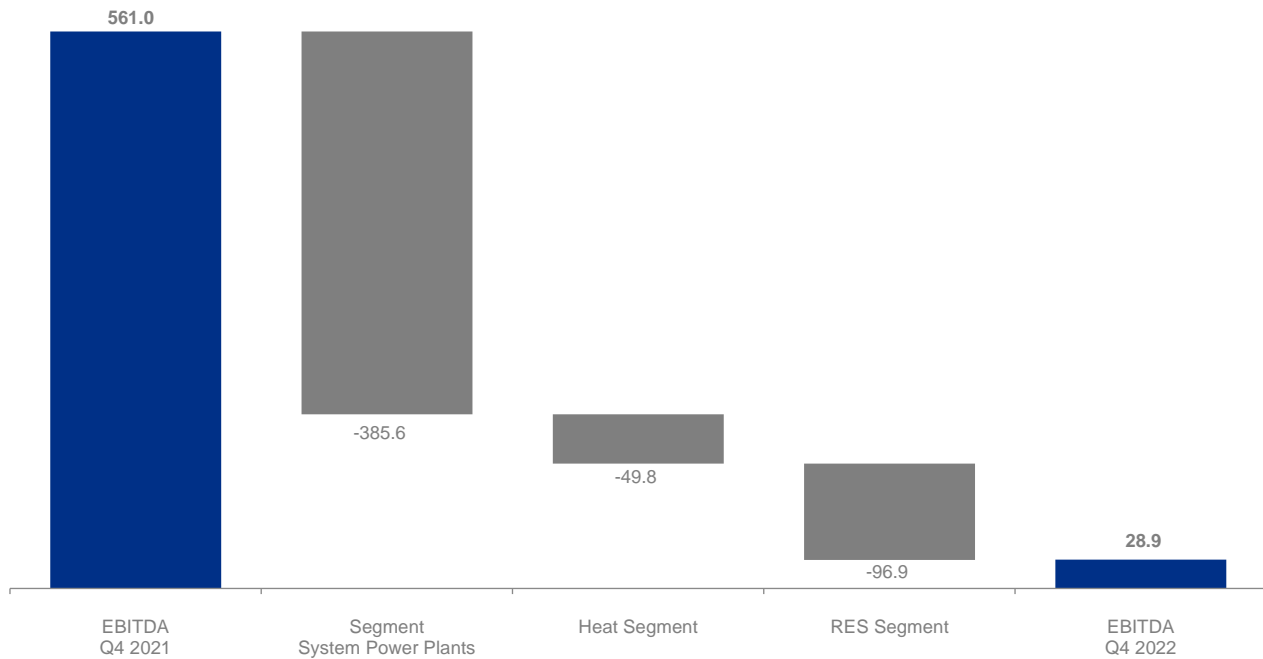
Heat Segment (down by PLN 18.4 million)

- (-) fixed costs up by PLN 29.2 million
- (+) heat margin up by PLN 9.3 million
- (+) other drivers up by PLN 1.3 million
- (+) revenue from the Capacity Market up by PLN 0.2 million

RES Segment (down by PLN 243.4 million)

- (-) Biomass Area (Green Unit): PLN -224.6 million (of which PLN -0.9 million from ENEA Bioenergia sp. z o.o.); margin on renewable energy generation down by PLN -260.7 million, fixed costs up by PLN -6.9 million, Green Unit's margin on sales of green certificates up by PLN +44.0 million
- (-) Hydro Area (PLN -14.4 million): fixed costs up by PLN -8.5 million, revenue from energy sales down by PLN -3.3 million, revenue from the Capacity Market down by PLN -2.0 million
- (-) Wind Area (PLN -6.2 million): fixed costs up by PLN -6.1 million, revenue from energy sales down by PLN -4.2 million, revenue from certificates of origin up by PLN +4.1 million
- (+) Photovoltaics Area (PLN +1.7 million)
- (+) Biogas Area (PLN +0.2 million):

PLN m



Key EBITDA drivers in Q4 2022 (down by PLN 532.1 million):

System Power Plants Segment (down by PLN 385.6 million)

- (-) generation margin down by PLN 1,613.6 million
- (-) other drivers down by PLN 52.6 million, including: inventory shortage of fuel, an increase in fixed costs
- (-) revenue from the Capacity Market down by PLN 2.9 million
- (+) reversal of provisions related to onerous contracts of PLN 1,263.0 million
- (+) Balancing Market margin up by PLN 13.7 million
- (+) revenue from Regulatory System Services up by PLN 5.9 million
- (+) trading margin up by PLN 0.9 million

Heat Segment (down by PLN 49.8 million)

- (-) other drivers down by PLN 18.9 million
- (-) heat margin down by PLN 17.6 million
- (-) fixed costs up by PLN 13.2 million
- (-) revenue from the Capacity Market down by PLN 0.1 million

RES Segment (down by PLN 96.9 million)

- (-) Biomass Area (Green Unit): PLN -105.1 million (of which PLN +1.2 million from ENEA Bioenergia sp. z o.o.): margin on renewable energy generation down by PLN -122.8 million, fixed costs up by PLN -4.3 million, Green Unit's margin on sales of green certificates up by PLN +19.9 million, other variable costs down PLN +0.8 million
- (-) Wind Area (PLN -26.2 million): revenue from energy sales down by PLN -13.7 million, revenue from certificates of origin down by PLN -7.7 million, fixed costs up by PLN -4.7 million
- (-) Hydro Area (PLN -14.2 million): revenue from energy sales down by PLN -9.7 million, fixed costs up by PLN -3.3 million, revenue from the Capacity Market down by PLN -0.6 million
- (+) reversal of provisions related to onerous contracts of PLN 48.4 million
- (+) Biogas Area (PLN +0.2 million):
- (+) Photovoltaics Area (PLN +0.1 million)

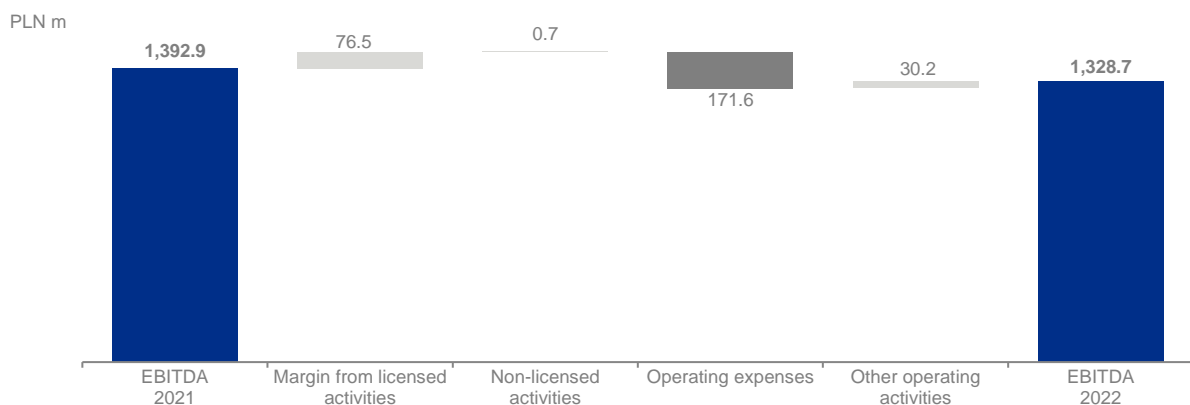
Distribution Area in 2022 and Q4 2022

ENEA Operator is responsible for the distribution of electricity to 2.8 million Customers – in western and north-western Poland in the area of 58.2 thousand km². The key task of ENEA Operator is to provide energy in a continuous and reliable manner, while maintaining appropriate quality parameters.

The Distribution Area includes financial data of the following Companies:

- ENEA Operator
- ENEA Serwis
- ENEA Pomiary
- ENEA Logistyka

[PLN 000s]	2021	2022	Change	% change	Q4 2021	Q4 2022	Change	% change
Net revenue from sales	3,279,524	3,614,801	335,277	10.2%	840,908	937,951	97,043	11.5%
distribution services to end users	3,003,209	3,222,695	219,486	7.3%	760,500	813,150	52,650	6.9%
grid connection fees	90,823	90,883	60	0.1%	27,271	29,833	2,562	9.4%
other	185,492	301,223	115,731	62.4%	53,137	94,968	41,831	78.7%
EBIT	724,042	615,713	-108,329	-15.0%	194,305	166,708	-27,597	-14.2%
Amortization and depreciation	668,886	712,983	44,097	6.6%	167,475	180,215	12,740	7.6%
EBITDA	1,392,928	1,328,696	-64,232	-4.6%	361,780	346,923	-14,857	-4.1%
CAPEX	1,032,664	1,443,568	410,904	39.8%	446,032	454,208	8,176	1.8%
Segment's sales revenue as % of the Group's sales revenue	12%	9%	-3 p.p.	-	10%	8%	-2 p.p.	-



Key EBITDA drivers in 2022 (down by PLN 64.2 million):

Margin on licensed activity (up by PLN 76.5 million)

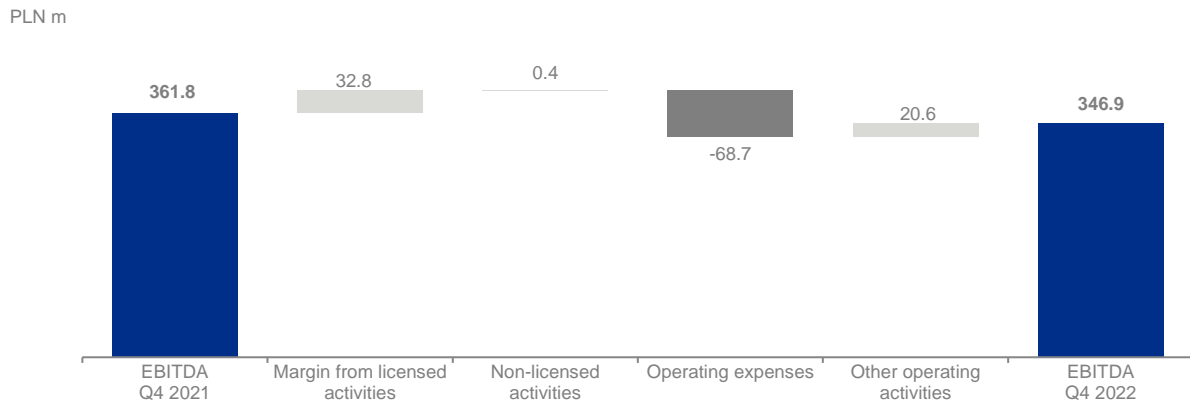
- (+) revenue from sales of distribution services to end users up by PLN 219 million
- (-) costs of purchasing transmission and distribution services (balance) up by PLN 30 million
- (-) costs of purchasing electricity to cover the balancing difference (balance) up by PLN 112 million

Operating expenses (up by PLN 171.6 million)

- (-) employee benefit costs up by PLN 103 million
- (-) costs of taxes and charges up by PLN 50 million
- (-) costs of third-party services up by PLN 9 million
- (-) costs of consumption of materials and supplies and cost of goods sold up by PLN 4 million
- (-) other expenses up by PLN 5 million

Other operating activity (up by PLN 30.2 million)

- (+) change in provisions related to grid assets by PLN 43 million
- (+) revenues from the removal of infrastructure collisions up by PLN 3 million
- (-) operating expenses related to the removal of accidental losses up by PLN 12 million
- (-) costs of liquidation up by PLN 2 million



Key EBITDA drivers in Q4 2022 (down by PLN 14.9 million):

Margin on licensed activity (up by PLN 32.8 million)

- (+) revenue from sales of distribution services to end users up by PLN 53 million
- (+) revenue from grid connection fees up by PLN 3 million
- (-) costs of purchasing electricity to cover the balancing difference (balance) up by PLN 13 million
- (-) costs of purchasing transmission and distribution services (balance) up by PLN 9 million

Operating expenses (up by PLN 68.7 million)

- (-) employee benefit costs up by PLN 43 million
- (-) costs of taxes and charges up by PLN 5 million
- (-) costs of third-party services up by PLN 1 million
- (-) other expenses up by PLN 19 million

Other operating activity (up by PLN 20.6 million)

- (+) change in provisions related to grid assets by PLN 22 million
- (+) operating expenses related to the removal of accidental losses down by PLN 3 million
- (-) revenues from the removal of infrastructure collisions down by PLN 4 million

Mining Area in 2022 and Q4 2022

The Mining Area presents the financial results of the LW Bogdanka Group with the parent company – Lubelski Węgiel “Bogdanka” S.A. and its subsidiaries.

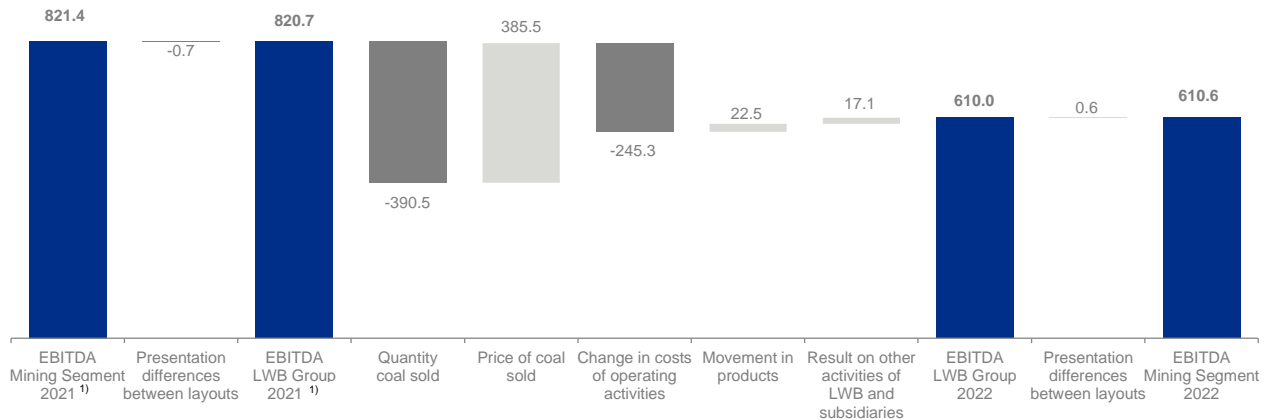
LW Bogdanka divides its product range into fine steam coal, which accounts for 97% of its output, and pea.

The main buyers are commercial and industrial energy sectors.

[PLN 000s]	2021 ¹⁾	2022	Change	% change	Q4 2021 ¹⁾	Q4 2022	Change	% change
Net revenue from sales	2,441,059	2,443,868	2,809	0.1%	726,728	419,651	-307,077	-42.3%
coal	2,389,426	2,378,827	-10,599	-0.4%	710,395	401,932	-308,463	-43.4%
other products and services	32,820	44,541	11,721	35.7%	10,480	14,874	4,394	41.9%
goods and materials	18,813	20,500	1,687	9.0%	5,853	2,845	-3,008	-51.4%
Revenue from leases and operating subleases	8,171	7,816	-355	-4.3%	1,990	1,949	-41	-2.1%
Revenue from sales and other income	2,449,230	2,451,684	2,454	0.1%	728,718	421,600	-307,118	-42.1%
EBIT	419,244	230,810	-188,434	-44.9%	169,952	-166,134	-336,086	-197.8%
Amortization and depreciation	401,462	368,609	-32,853	-8.2%	106,164	94,248	-11,916	-11.2%
Impairment loss/ (reversal of impairment loss) on non-financial non-current assets	652	11,181	10,529	1,614.9%	565	6,690	6,125	1,084.1%
EBITDA	821,358	610,600	-210,758	-25.7%	276,681	-65,196	-341,877	-123.6%
CAPEX	452,825	609,137	156,312	34.5%	242,481	190,657	-51,824	-21.4%
Share of the area's sales revenue in the Group's net revenue from sales	9%	6%	-3 p.p.	-	8%	3%	-5 p.p.	-

¹⁾ Presentation change in accordance with the consolidated financial statements for 2022

PLN m



¹⁾ Presentation change in accordance with the consolidated financial statements for 2022

Key EBITDA drivers in 2022 (down by PLN 210.8 million):

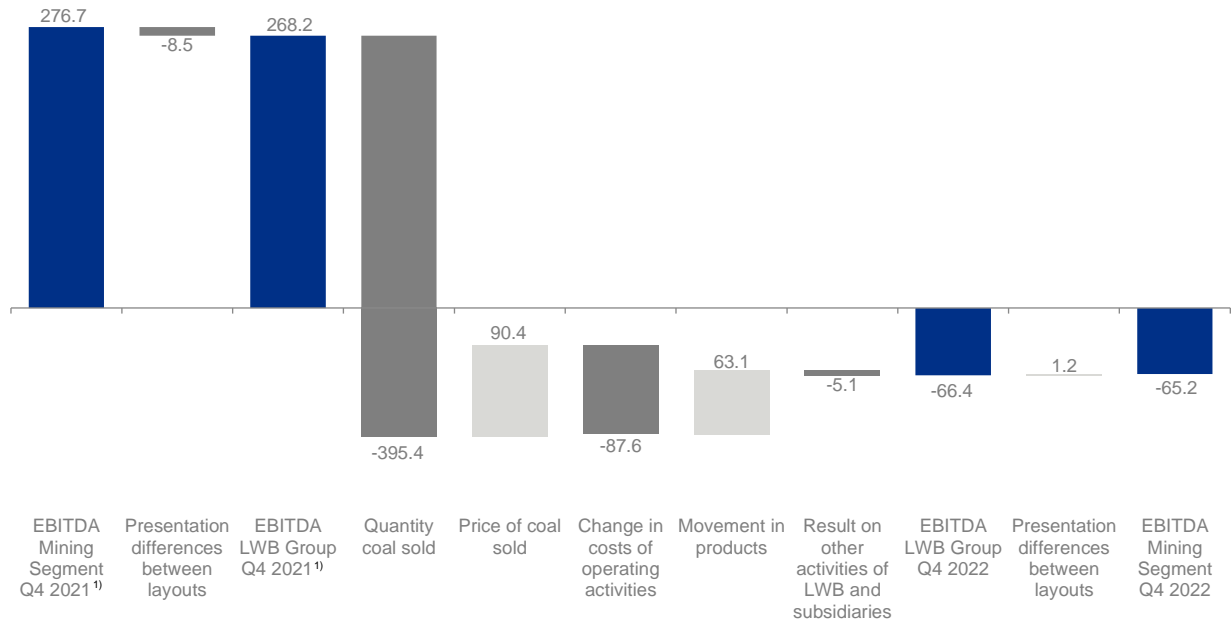
(-) lower revenue from sales of coal: lower volume of sales (-1,636 thousand tons; -16.3%) and higher price of coal sold

(-) higher mining cash cost – higher costs of materials and energy; higher employee costs and costs of third-party services

(+) in 2022, the value of inventories vs. the beginning of the year increased by PLN 1.2 million (capitalization of operating costs of the period); while in 2021 the value of inventories vs. the beginning of the year fell by PLN 21.3 million (operating costs of the period increased)

There are differences in the way amortization and depreciation is presented in financial reports of the ENEA Group and the LW Bogdanka Group.

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¹⁾ Presentation change in accordance with the consolidated financial statements for 2022

Key EBITDA drivers in Q4 2022 (down by PLN 341.9 million):

(-) lower revenue from sales of coal: lower volume of coal sales (-1,549 thousand tons) with concurrently higher prices of steam coal in contracts

(-) higher mining cash cost – higher costs of materials and energy; higher employee costs

(+) in Q4 2021, the level of coal inventories dropped by 360 thousand tons (allocation of coal production costs of PLN 63.6 million to costs of the period; during Q4 2022, the inventories fell by 5 thousand tons)

There are differences in the way amortization and depreciation is presented in financial reports of the ENEA Group and the LW Bogdanka Group.

Other Activities Area in 2022 and Q4 2022

[PLN 000s]	2021	2022	Change	% change	Q4 2021	Q4 2022	Change	% change
Net revenue from sales	497,229	598,127	100,898	20.3%	114,975	155,246	40,271	35.0%
Revenue from leases and operating subleases	5,354	4,371	-983	-18.4%	3,009	1,512	-1,497	-49.8%
Revenue from sales and other income	502,583	602,498	99,915	19.9%	117,984	156,758	38,774	32.9%
EBIT	29,512	59,084	29,572	100.2%	-12,453	161	12,614	101.3%
Amortization and depreciation	74,905	75,530	625	0.8%	20,391	19,556	-835	-4.1%
Impairment loss/(reversal of impairment loss) on non-financial non-current assets	3,358	0	-3,358	-100.0%	0	0	-	-
EBITDA	107,775	134,615	26,840	24.9%	7,938	19,718	11,780	148.4%
CAPEX	47,267	79,098	31,831	67.3%	24,397	30,424	6,027	24.7%
Segment's sales revenue as % of the Group's sales revenue	2%	2%	-	-	1%	1%	-	-

The Other Activities Area consists of companies from the following areas:

- activities supporting other Group companies:

ENEA Centrum – the Shared Services Center in the Group in the field of accounting, human resources, ICT and customer service, collection, procurement and administration,

ENEA Innowacje – deals with ventures that offer a chance to become, in the future, innovative and modern products offered by the Group. On 12 April 2021, the Extraordinary General Meeting of ENEA Badania i Rozwój Sp. z o.o. adopted a resolution on the merger of ENEA Badania i Rozwój Sp. z o.o. with ENEA Innowacje Sp. z o.o. – on 1 June 2021 the entry on the merger of the companies was published in the National Court Register

- accompanying activities:

ENEA Oświetlenie – a company specializing in indoor and outdoor lighting; it designs and builds road lighting, illumination for urban spaces, illumination for historic and public buildings

Ratio analysis

Definitions of the ratios are presented in section 14 entitled: "Glossary of terms and abbreviations"

	2021 ¹⁾	2022	Q4 2021 ¹⁾	Q4 2022 ¹⁾
Profitability ratios				
ROE – return on equity ²⁾	11.9%	0.7%	12.1%	-19.5%
ROA – return on assets ²⁾	5.2%	0.3%	5.3%	-8.4%
Net profitability	8.5%	0.4%	7.8%	-10.7%
Operating profitability	9.3%	1.9%	6.7%	-4.2%
EBITDA profitability	16.6%	7.4%	13.8%	2.0%
Liquidity and financial structure ratios				
Current liquidity ratio	1.1	1.1	1.1	1.1
Coverage of non-current assets with equity	68.0%	69.7%	68.0%	69.7%
Total debt ratio	56.1%	56.9%	56.1%	56.9%
Net debt / EBITDA	0.77	1.73	0.77	1.73
Economic activity ratios				
Current receivables turnover in days ³⁾	52	58	47	59
Trade and other payables turnover in days ⁴⁾	83	75	72	61
Inventory turnover in days	26	22	23	18

¹⁾ Presentation change in accordance with the consolidated financial statements for 2022

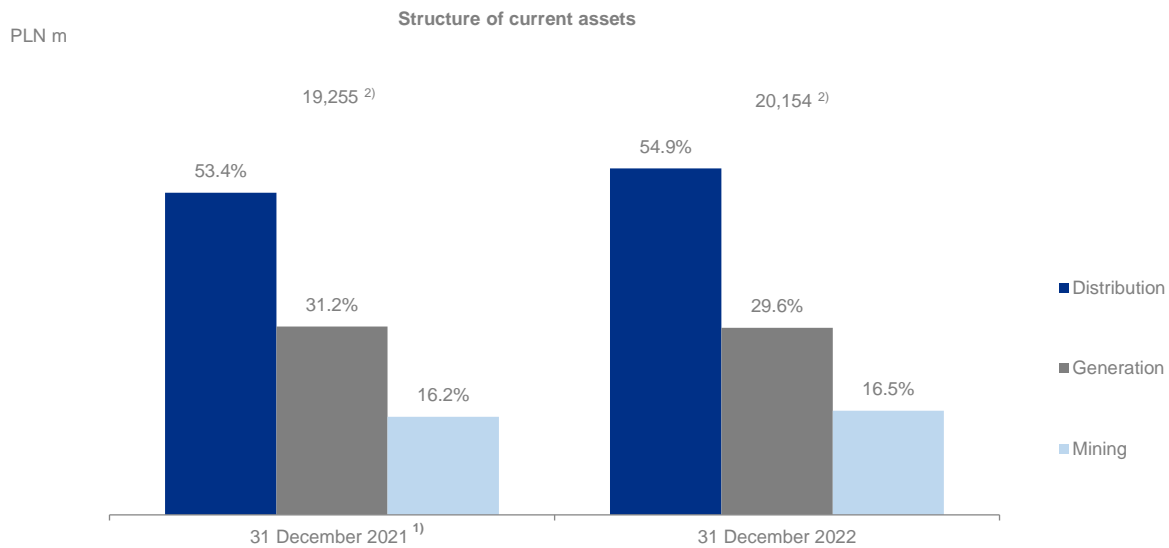
²⁾ Ratio numerator i.e. net profit (loss) for the reporting period is annualized

³⁾ Trade receivables – trade receivables, assets under contracts with customers and costs of concluding contracts

⁴⁾ Trade payables – trade payables, liabilities under contracts with customers

Financial position – structure of assets and liabilities of the ENEA Group

Assets [PLN 000s]	As at:		Change	% change
	31 December 2021 ¹⁾	31 December 2022		
Non-current assets	22,367,189	23,161,620	794,431	3.6%
Property, plant and equipment	19,254,971	20,154,134	899,163	4.7%
Right-of-use asset	774,099	827,430	53,331	6.9%
Intangible assets	350,188	351,922	1,734	0.5%
Investment property	20,282	18,042	-2,240	-11.0%
Investments in associates and jointly controlled entities	137,881	163,317	25,436	18.4%
Deferred tax assets	1,400,872	1,315,108	-85,764	-6.1%
Financial assets at fair value	195,031	161,391	-33,640	-17.2%
Trade and other receivables	74,434	12,213	-62,221	-83.6%
Costs related to the conclusion of agreements	11,180	8,970	-2,210	-19.8%
Receivables under leases and finance subleases	580	1,168	588	101.4%
Funds in the Mine Closure Fund	147,671	147,925	254	0.2%
Current assets	12,289,954	14,273,352	1,983,398	16.1%
CO ₂ emission allowances	2,859,978	4,093,130	1,233,152	43.1%
Inventories	1,115,920	1,979,850	863,930	77.4%
Trade and other receivables	3,312,572	5,260,383	1,947,811	58.8%
Costs related to the conclusion of agreements	11,652	11,006	-646	-5.5%
Assets arising from contracts with customers	412,908	623,900	210,992	51.1%
Receivables under leases and finance subleases	903	1,304	401	44.4%
Current income tax receivables	3,147	315,513	312,366	9,925.8%
Financial assets at fair value	419,321	382,546	-36,775	-8.8%
Debt financial assets measured at amortized cost	0	42,004	42,004	100.0%
Cash and cash equivalents	4,153,553	1,563,716	-2,589,837	-62.4%
Total Assets	34,657,143	37,434,972	2,777,829	8.0%



¹⁾ Presentation change in accordance with the consolidated financial statements for 2022

²⁾ Of which elimination

Key drivers of non-current assets (up by PLN 794 million):

- increase in property, plant and equipment by PLN 899 million, of which: an increase in fixed assets by PLN 2,172 million, with a concurrent increase in accumulated depreciation by PLN 1,223 million
- PLN 53 million increase in the right-of-use asset – mainly the rights to underground parts of land
- PLN 25 million growth in the value of investments in associates and jointly controlled entities – an increase in the value of the investment in shares in Polimex-Mostostal S.A.
- PLN 86 million decrease in deferred tax assets – mainly the effect of the movement in provisions for CO₂ emission allowances
- PLN 62 million decrease in trade and other receivables – a change in the value of collateral margins related to the contracting of CO₂ emission allowances
- PLN 34 million decrease in the amount of financial assets at fair value – mainly as a result of remeasurement of forward contracts for the purchase of electricity, gas and property rights and remeasurement of IRS financial instruments hedging against an increase in costs caused by changes in interest rates

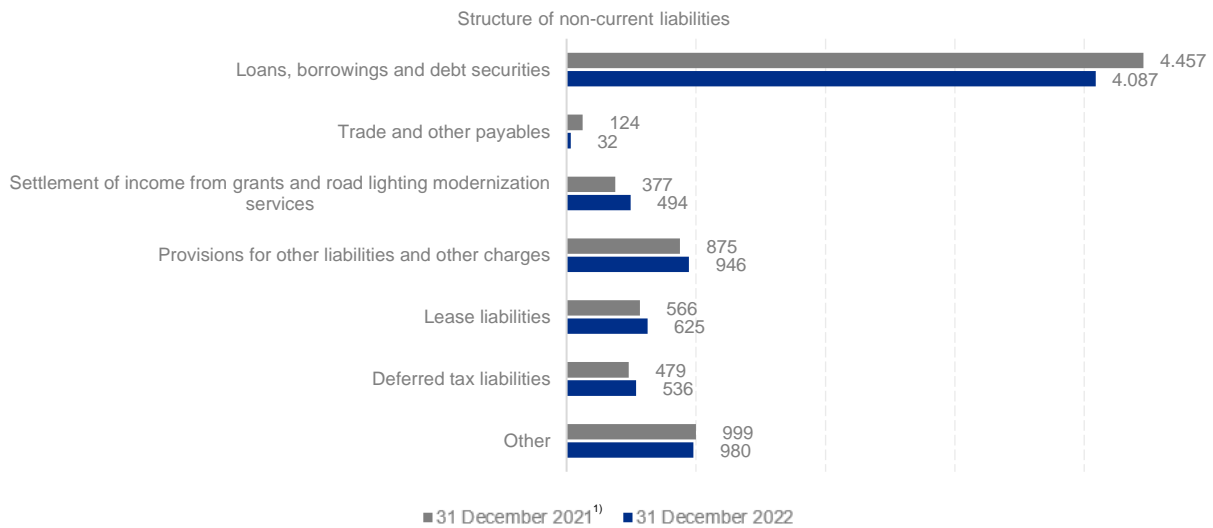
Key drivers of current assets (up by PLN 1,983 million):

- PLN 1,948 million increase in trade and other receivables – mainly an increase in trade receivables, in the value of collateral margins related to the contracting of CO₂ emission allowances and increased tax receivables (excluding income tax)
- PLN 1,233 million increase in the value of CO₂ emission allowances, including: PLN 4,174 million purchase of allowances in 2022, PLN -2,941 million redemption of rights
- PLN 864 million increase in inventories – including mainly an increase in inventories of coal, biomass and other materials, with a concurrent decrease in inventories of energy origin certificates
- PLN 312 million increase in current income tax receivables – the value of income tax advances paid in 2022
- PLN 211 million increase in assets arising from contracts with customers – largely due to a higher volume of non-invoiced electricity sales as a result of higher prices of electricity and higher volumes
- PLN 42 million increase in debt financial assets measured at amortized cost – the value of the loan granted to Elektrownia Ostrołęka Sp. z o.o.
- PLN 2,590 million decrease in cash and cash equivalents – chiefly due to a change in the amount of earmarked funds for trade in CO₂ emission allowances, a decrease in margins securing IRGiT's clearing operations and a decrease in funds from current activities
- PLN 37 million decrease in the amount of financial assets at fair value – mainly as a result of remeasurement of forward contracts for the purchase of electricity, gas and property rights and remeasurement of IRS financial instruments hedging against an increase in costs caused by changes in interest rates

Equity and liabilities [PLN 000s]	As at		Change	% change
	31 December 2021 ¹⁾	31 December 2022		
Total equity	15,201,900	16,146,111	944,211	6.2%
Share capital	588,018	676,306	88,288	15.0%
Share premium	2,692,784	3,348,670	655,886	24.4%
Revaluation reserve – measurement of hedging instruments	108,917	185,744	76,827	70.5%
Retained earnings	10,636,605	10,663,950	27,345	0.3%
Non-controlling interests	1,175,576	1,271,441	95,865	8.2%
Total liabilities	19,455,243	21,288,861	1,833,618	9.4%
Non-current liabilities	7,876,738	7,699,793	-176,945	-2.2%
Current liabilities	11,578,505	13,589,068	2,010,563	17.4%
Total equity and liabilities	34,657,143	37,434,972	2,777,829	8.0%

¹⁾ Presentation change in accordance with the consolidated financial statements for 2022

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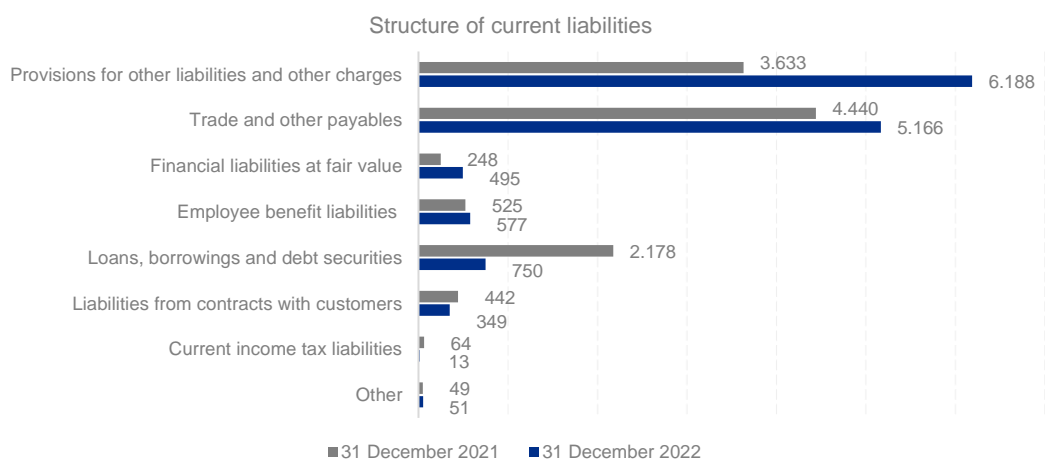


¹⁾ Presentation change in accordance with the consolidated financial statements for 2022

Key drivers of non-current liabilities (down by PLN 177 million)

- PLN 370 million decrease in the loans, borrowings and other debt securities – reclassification of non-current liabilities to current liabilities
- PLN 92 million decrease in trade and other payables – mainly a decrease in liabilities related to deposits for futures transactions for CO₂ emission allowances
- PLN 17 million decrease in financial liabilities measured at fair value – mainly due to an update in the valuation of forward contracts for the purchase of electricity, gas and property rights
- PLN 117 million increase in settlement of income from grants and road lighting modernization services
- PLN 71 million increase in provisions for other liabilities and other charges – higher long-term provision for a loss arising from the settlement of the distribution fee rebate regarding the electricity fed into the grid by prosumers and a higher provision for mine closures
- PLN 114 million increase in other non-current liabilities, mainly an increase in lease liabilities, an increase in deferred tax liabilities

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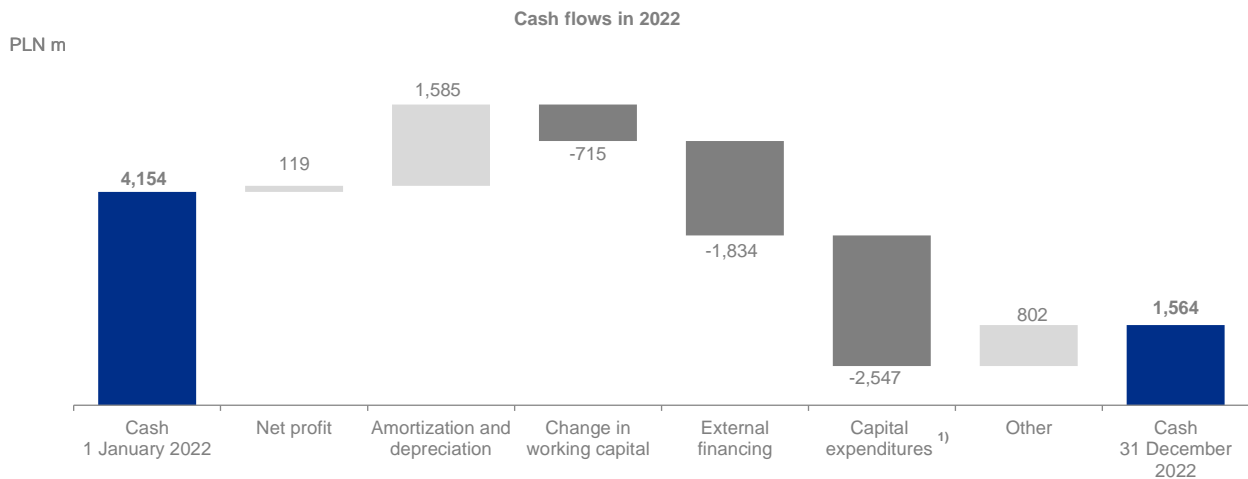
Key drivers of current liabilities (up by PLN 2,011 million)

- PLN 2,554 million increase in provisions for liabilities and other charges – including: an increase in provisions for the purchase of CO₂ emission allowances by PLN 2,640 million, an increase in provisions for onerous contracts by PLN 347 million, with a concurrent decrease in provisions for certificates of origin by PLN 171 million, a decrease in provisions for other reported claims of PLN 166 million (mainly as a result of in-court settlements of disputes relating to terminated agreements to purchase property rights) and the PLN 46 million reversal of a portion of the provision for future investment commitments at the Ostrołęka Power Plant
- PLN 726 million increase in trade payables – an increase in trade liabilities, an increase in liabilities related to liabilities related to in-court settlements of disputes relating to terminated agreements to purchase property rights and an increase in advances for the compensation for reduction of revenues under Act of 27 October 2022 on emergency measures to reduce electricity prices and support certain consumers in 2023, with a concurrent decrease in liabilities related to deposits for futures transactions for CO₂ emission allowances, a decrease in tax liabilities and a decrease in investment commitments
- PLN 247 million increase in financial liabilities measured at fair value – mainly due to a remeasurement of forward contracts for the purchase of electricity, gas and property rights and a change of the valuation of FX Forward contracts
- PLN 1,428 million decrease in loans, borrowings and other debt securities – redemption of bonds, repayment of loan installments, with a concurrent reclassification of non-current liabilities to current liabilities
- PLN 89 million decrease in other non-current liabilities – mainly due to: a decrease in liabilities from contracts with clients, a decrease in current income tax liabilities, partially offset by an increase in employee benefit liabilities

Cash position of the ENEA Group

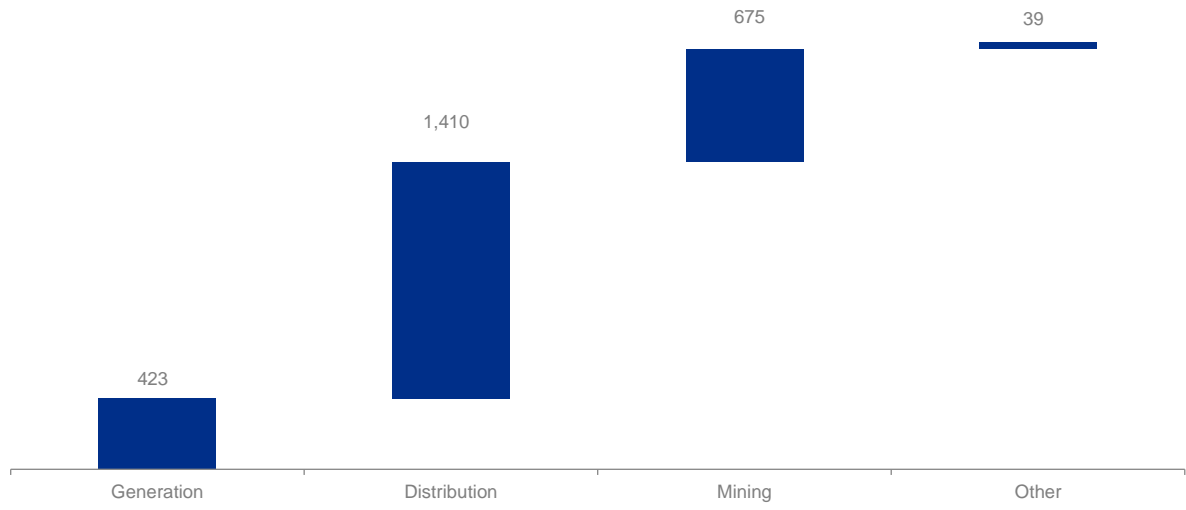
Statement of cash flows [PLN 000s]	2021 ¹⁾	2022	Change	% change
Net cash flows from operating activities	5,510,003	1,226,169	-4,283,834	-77.7%
Net cash flows from investing activities	(1,873,350)	(2,485,638)	-612,288	-32.7%
Net cash flows from financing activities	(1,424,654)	(1,330,368)	94,286	6.6%
Increase / (decrease) in net cash	2,211,999	(2,589,837)	-4,801,836	-217.1%
Cash at the beginning of reporting period	1,941,554	4,153,553	2,211,999	113.9%
Cash at the end of reporting period	4,153,553	1,563,716	-2,589,837	-62.4%

¹⁾ Presentation change in accordance with the consolidated financial statements for 2022



ENE A Group's capital expenditures ¹⁾ in 2022

PLN m



¹⁾ Purchase of property, plant and equipment and intangible assets and purchase of subsidiaries, associates and jointly controlled entities

7.5. Financial results of ENEA S.A. in 2022 and Q4 2022

Statement of profit and loss of ENEA S.A. in 2022

[PLN 000s]	2021	2022	Change	% change
Sales of electricity to retail customers	7,067,192	11,599,586	4,532,394	64.1%
Sales of gaseous fuel to retail customers	175,022	266,082	91,060	52.0%
Sales of energy and gaseous fuel to other entities	219,012	532,337	313,325	143.1%
Sales of services	19,335	52,913	33,578	173.7%
Sales of goods and materials	0	507	507	100.0%
Other revenue	-647	-3,914	-3,267	-504.9%
Excise duty	73,197	51,805	-21,392	-29.2%
Net revenue from sales	7,406,717	12,395,706	4,988,989	67.4%
Compensation	0	28,588	28,588	100.0%
Revenue from leases	243	236	-7	-2.9%
Revenue from sales and other income	7,406,960	12,424,530	5,017,570	67.7%
Amortization and depreciation	6,786	6,217	-569	-8.4%
Employee benefit costs	81,869	94,849	12,980	15.9%
Consumption of materials and supplies and cost of goods sold	2,854	4,446	1,592	55.8%
Purchase of energy and gas for subsequent sale	7,091,350	11,537,798	4,446,448	62.7%
Transmission and distribution services	40,518	79,634	39,116	96.5%
Other third-party services	229,931	265,796	35,865	15.6%
Taxes and charges	4,178	4,388	210	5.0%
Tax-deductible expense	7,457,486	11,993,128	4,535,642	60.8%
Other operating revenue	13,992	19,008	5,016	35.8%
Other operating costs	61,240	103,153	41,913	68.4%
Change in provision related to onerous contracts	-199,282	-414,715	-215,433	-108.1%
Operating profit / (loss)	(297,056)	(67,458)	229,598	77.3%
Finance costs	179,495	286,239	106,744	59.5%
Finance income	174,344	540,219	365,875	209.9%
Dividend income	545,357	995,713	450,356	82.6%
Change in impairment loss on investments in subsidiaries, associates and jointly controlled entities	175,707	1,066,793	891,086	507.1%
Change in impairment allowances on financial assets measured at amortized cost	-15,825	27,274	43,099	272.3%
Profit / (loss) before tax	403,032	2,276,302	1,873,270	464.8%
Income tax	-57,377	-171,722	-114,345	-199.3%
Net profit / (loss) for the reporting period	460,409	2,448,024	1,987,615	431.7%
EBITDA	-290,270	-61,241	229,029	78.9%

ENE A S.A. – key EBITDA drivers in 2022 (up by PLN 229.0 million):

(+) first contribution margin up by PLN 509.2 million:

- (+) average energy sales price up by 65.3%
- (-) energy sales volume down by 0.7%
- (-) average energy purchase price up by 66.1%
- (-) costs of environmental obligations up by 15.4%
- (-) lower result on trading in gaseous fuel

(+) In the actual numbers for 2022, revenue included PLN 28.0 million of electricity compensation referred to in Article 8 of the Act of 27 October 2022 on emergency measures to reduce electricity prices and support certain consumers in 2023. The actual

numbers for 2022 also include the value of gaseous fuel compensation of PLN 0.6 million resulting from the Act of 26 January 2022 on special solutions for protecting customers of gaseous fuels in connection with the situation on the gas market.

(-) employee benefit costs up by PLN 13.0 million:

(-) payroll costs with related charges up by PLN 10.3 million

(-) costs of provisions for employee benefits up by PLN 2.7 million

(-) costs of third-party services up by PLN 35.9 million, including mainly:

(-) selling costs and customer service costs up by PLN 24.7 million

(-) costs of advisory services up by PLN 5.4 million

(-) costs of shared services up by PLN 3.6 million

(-) costs of advertisement and representation up by PLN 3.2 million

(+) costs related to rents and operation of properties down by PLN 1.0 million

(-) costs of distribution services related to the existing model of settlements with prosumers up by PLN 39.1 million

(-) movement in provisions related to onerous contracts (up by PLN 215.4 million)

(-) In the actual numbers for 2022, costs included the provision for the loss on Tariff G resulting from the fact that the ERO President did not take into account the incurred energy purchase costs in the Tariff of 17 December 2022 and for the application of the Act of 7 October 2022 on special solutions for protecting electricity buyers in 2023 in connection with the situation on the electricity market, in the amount of PLN 368.3 million.

(+) In the actual numbers for 2022, revenues included the use of a portion of the provision for a loss arising from the settlement, by ENEA S.A., as the offtaker of last resort, of the distribution fee rebate for electricity supplied to the grid by prosumers in the amount of PLN 21.5 million, while expenses included an update of this provision in the amount of PLN 67.9 million. In the actual numbers for 2021, an update of this provision in the amount of PLN 216.9 million was recognized in expenses and the use of a portion of the provision in the amount of PLN 17.6 million was recognized in revenues. The purpose of the increase in the provision to PLN 250.1 million in December 2021 is aimed at reflecting the impact of anticipated future losses to be incurred by the company in connection with the performance of comprehensive contracts entered into with prosumers who, in compliance with the amendment to the Act on Renewable Energy Sources, have acquired the right to financial settlements, over a 15-year period, based on a discount support system (so-called 'net-metering'), on the condition that their micro-installations are connected to the grid by 31 March 2022.

(-) result on other operating activities down by PLN 36.9 million, including mainly:

(-) litigation costs up by PLN 46.0 million

(-) written off receivables recognized in expenses up by PLN 7.5 million

(-) donation costs up by PLN 4.2 million

(+) costs of provisions for anticipated losses and potential claims down by PLN 11.4 million

(+) impairment losses on receivables down by PLN 12.2 million

Material changes affecting net result:

(+) a decrease in impairment allowances recognized on investments in subsidiaries, associates and jointly controlled entities and impairment allowances on financial assets recognized on financial assets measured at amortized cost, by a total of PLN 934.2 million, including:

(+) in 2022, a reversal of the impairment allowance on shares in ENEA Wytwarzanie Sp. z o.o in the amount of PLN 1,020.3 million

(+) in 2022, a reversal of the impairment allowance for the loan to Elektrownia Ostrołęka Sp. z o.o. in the amount of PLN 42.0 million

(+) a decrease in the impairment allowance on interest granted to Elektrownia Ostrołęka Sp. z o.o. in the amount of PLN 1.1 million

(-) in 2021, the provision for future investment commitments to Elektrownia Ostrołęka Sp. z o.o. was partially reversed by PLN 175.7 million and in 2022, the same provision was partially reversed by PLN 46.5 million.

Statement of profit and loss of ENEA S.A. in Q4 2022

[PLN 000s]	Q4 2021	Q4 2022	Change	% change
Sales of electricity to retail customers	1,914,243	3,104,277	1,190,034	62.2%
Sales of gaseous fuel to retail customers	65,791	78,789	12,998	19.8%
Sales of energy and gaseous fuel to other entities	84,806	124,959	40,153	47.3%
Sales of services	1,516	3,532	2,016	133.0%
Other revenue	-177	-1,344	-1,167	-659.3%
Excise duty	18,893	12,637	-6,256	-33.1%
Net revenue from sales	2,047,286	3,297,576	1,250,290	61.1%
Compensation	0	28,142	28,142	100.0%
Revenue from leases	59	79	20	33.9%
Revenue from sales and other income	2,047,345	3,325,797	1,278,452	62.4%
Amortization and depreciation	1,796	1,564	-232	-12.9%
Employee benefit costs	23,818	28,706	4,888	20.5%
Consumption of materials and supplies and cost of goods sold	1,256	1,517	261	20.8%
Purchase of energy and gas for subsequent sale	2,124,762	3,062,951	938,189	44.2%
Transmission and distribution services	11,098	26,147	15,049	135.6%
Other third-party services	53,572	76,272	22,700	42.4%
Taxes and charges	408	478	70	17.2%
Tax-deductible expense	2,216,710	3,197,635	980,925	44.3%
Other operating revenue	3,106	1,697	-1,409	-45.4%
Other operating costs ¹⁾	14,361	-27,025	-41,386	-288.2%
Change in provision related to onerous contracts	-188,216	-315,319	-127,103	-67.5%
Operating profit / (loss)	(368,836)	(158,435)	210,401	57.0%
Finance costs	40,888	69,051	28,163	68.9%
Finance income	37,902	195,848	157,946	416.7%
Change in impairment loss on investments in subsidiaries, associates and jointly controlled entities	61,607	1,022,677	961,070	1,560.0%
Change in impairment allowances on financial assets measured at amortized cost	-2,063	38,236	40,299	1,953.4%
Profit / (loss) before tax	(312,278)	1,029,275	1,341,553	429.6%
Income tax	-67,933	-214,401	-146,468	-215.6%
Net profit / (loss) for the reporting period	(244,345)	1,243,676	1,488,021	609.0%
EBITDA	-367,040	-156,871	210,169	57.3%

¹⁾ In actual figures for Q4 2022, other operating costs were in the amount of minus PLN 27,025 thousand as a result of the recognition, in the actual figures for 2022, of a presentation adjustment related to an in-court settlement with PGE Group companies, which was presented on a net basis during the 12 months of 2022 as costs of court settlements, as compared to a release of provisions.

ENE A S.A. – key EBITDA drivers in Q4 2022 (up by PLN 210.2 million):

(+) first contribution margin up by PLN 310.3 million:

- (+) average energy sales price up by 69.9%
- (+) costs of environmental obligations down by 38.3%
- (+) higher result on trade in gaseous fuel
- (-) energy sales volume down by 4.5%
- (-) average energy purchase price up by 63.0%

(+) In Q4 2022, revenue included PLN 28.0 million of electricity compensation referred to in Article 8 of the Act of 27 October 2022 on emergency measures to reduce electricity prices and support certain consumers in 2023. Q4 2022 also saw the recognition of the value of gaseous fuel compensation of PLN 0.1 million resulting from the Act of 26 January 2022 on special solutions for protecting customers of gaseous fuels in connection with the situation on the gas market.

- (-) employee benefit costs up by PLN 4.9 million:
 - (-) payroll costs with related charges up by PLN 2.9 million
 - (-) costs of provisions for employee benefits up by PLN 2.0 million
- (-) costs of third-party services up by PLN 22.7 million, including mainly:
 - (-) selling costs and customer service costs up by PLN 14.3 million
 - (-) costs of advertisement and representation up by PLN 4.3 million
 - (-) costs of shared services up by PLN 2.4 million
 - (-) costs of advisory services up by PLN 2.2 million
 - (+) costs related to rents and operation of properties down by PLN 0.3 million
- (-) costs of distribution services related to the existing model of settlements with prosumers up by PLN 15.0 million
- (-) movement in provisions related to onerous contracts (up by PLN 127.1 million)
 - (-) In Q4 2022, costs included the provision for the loss on Tariff G resulting from the fact that the ERO President did not take into account the incurred energy purchase costs in the Tariff of 17 December 2022 and for the application of the Act of 7 October 2022 on special solutions for protecting electricity buyers in 2023 in connection with the situation on the electricity market, in the amount of PLN 368.3 million. Additionally, revenues included utilization of the provision recognized in June in the amount of PLN 64.2 million for the possible loss on Tariff G due to the increase in electricity purchase costs.
 - (+) in Q4 2021, expenses included an update of the provision of PLN 190.9 million for the loss arising from the settlement, by ENEA S.A., as the offtaker of last resort, of the distribution fee rebate for electricity supplied to the grid by prosumers in the amount of PLN 2.7 million. The purpose of the increase in the provision to PLN 250.1 million in December 2021 is aimed at reflecting the impact of anticipated future losses to be incurred by the company in connection with the performance of comprehensive contracts entered into with prosumers who, in compliance with the amendment to the Act on Renewable Energy Sources, have acquired the right to financial settlements, over a 15-year period, based on a discount support system (so-called 'net-metering'), on the condition that their micro-installations are connected to the grid by 31 March 2022. In Q4 2022, utilization of a portion of this provision in the amount of PLN 3.1 million was recognized in revenue and an update of PLN 14.3 million was recognized in expenses.
- (+) result on other operating activities up by PLN 40.0 million, including mainly:
 - (+) costs of provisions for anticipated losses and potential claims down by PLN 82.0 million
 - (-) litigation costs up by PLN 41.8 million

Material changes affecting net result:

- (+) lower impairment allowances recognized on investments in subsidiaries, associates and jointly controlled entities and impairment allowances on financial assets recognized on financial assets at amortized cost by a total of PLN 1,001.4 million, including:
 - (+) in Q4 2022, a reversal of the impairment allowance on shares in ENEA Wytwarzanie in the amount of PLN 1,020.3 million
 - (+) in Q4 2022, a reversal of the impairment allowance for the loan to Elektrownia Ostrołęka Sp. z o.o. in the amount of PLN 42.0 million
 - (-) in Q4 2022, the provision for future investment commitments to Elektrownia Ostrołęka Sp. z o.o. was partially reversed by PLN 2.4 million and in Q4 2021, the same provision was partially reversed by PLN 61.6 million.
 - (-) an increase in the impairment allowance on interest granted to Elektrownia Ostrołęka Sp. z o.o. in the amount of PLN 1.7 million

Financial position – structure of assets and liabilities of ENEA S.A.

Assets [PLN 000s]	As at		Change	% change
	31 December 2021	31 December 2022		
Non-current assets	15,286,245	17,254,773	1,968,528	12.9%
Property, plant and equipment	24,096	25,330	1,234	5.1%
Right-of-use asset	40,660	35,800	-4,860	-12.0%
Intangible assets	3,385	2,457	-928	-27.4%
Investment property	12,656	12,106	-550	-4.3%
Investments in subsidiaries, associates and jointly controlled entities	9,531,789	10,603,939	1,072,150	11.2%
Deferred tax assets	106,989	161,272	54,283	50.7%
Financial assets at fair value	164,917	156,482	-8,435	-5.1%
Debt financial assets at amortized cost	5,390,289	6,247,346	857,057	15.9%
Costs related to the conclusion of agreements	11,180	8,970	-2,210	-19.8%
Receivables under leases and finance subleases	284	1,071	787	277.1%
Current assets	5,151,940	4,294,178	-857,762	-16.6%
Inventories	135,777	67,428	-68,349	-50.3%
Trade and other receivables	2,009,453	2,658,515	649,062	32.3%
Costs related to the conclusion of agreements	11,652	11,006	-646	-5.5%
Assets arising from contracts with customers	300,206	447,424	147,218	49.0%
Receivables under leases and finance subleases	723	1,225	502	69.4%
Current income tax receivables	0	251,412	251,412	100.0%
Debt financial assets at amortized cost	1,660,454	314,124	-1,346,330	-81.1%
Financial assets at fair value	28,194	154,314	126,120	447.3%
Cash and cash equivalents	1,005,481	388,730	-616,751	-61.3%
Total Assets	20,438,185	21,548,951	1,110,766	5.4%

Key drivers of non-current assets (up by PLN 1,969 million):

- PLN 1,072 million increase in investments in subsidiaries, associates and jointly controlled entities, mainly as a result of the reversal of impairment allowances for shares in ENEA Wytwarzanie Sp. z o.o. in the amount of PLN 1,020 million, subscription to shares in ENEA ELKOGAZ Sp. z o.o. in the amount of PLN 19 million, ENEA Power&Gas Trading Sp. z o.o. in the amount of PLN 10 million and an increase in shares in ENEA Innowacje Sp. z o.o. by PLN 8 million
- PLN 857 million increase in debt financial assets measured at amortized cost – mainly due to granting of loans and the concurrent reclassification of some of the bonds and loans with interest to current assets
- PLN 54 million increase in deferred tax assets – mainly due to movements in provisions for onerous contracts

Key drivers of current assets (down by PLN 858 million):

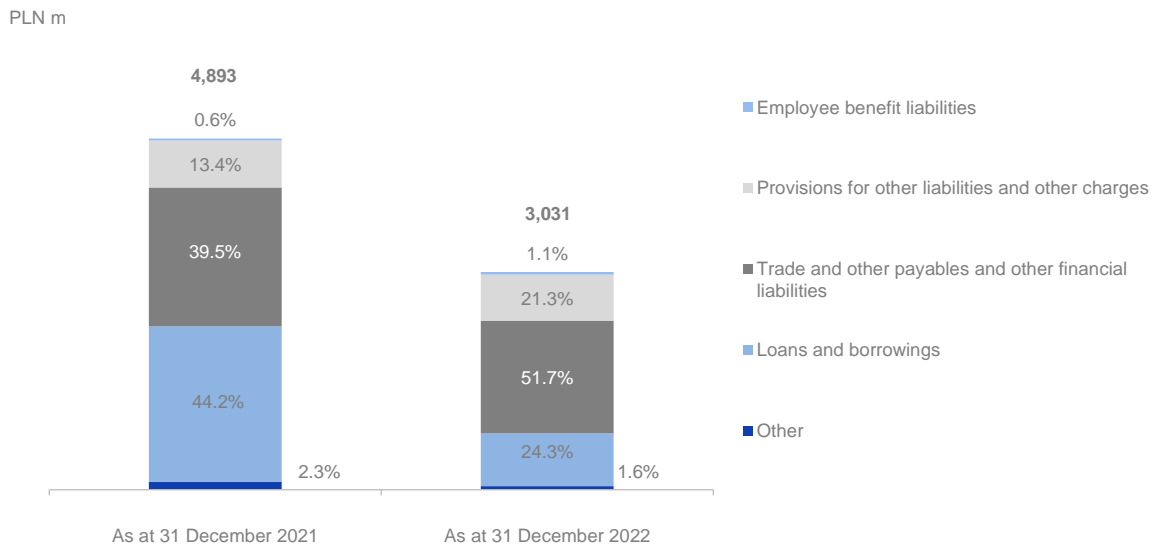
- PLN 1,346 million decrease in debt financial assets measured at amortized cost – due to redemption of bonds and the concurrent reclassification of bonds and loans with interest from non-current to current assets,
- PLN 617 million decrease in cash and cash equivalents – mainly due to a decrease in cash owned by other ENEA Group companies consolidated in the Cash Pooling service where ENEA S.A. acts as the Pool Leader. The above is mainly due to an increase in energy fuels, including coal and biomass, and an increase in capital expenditures for investments in the distribution sector.
- PLN 68 million decrease in inventories – pertains to certificates of origin of electricity
- PLN 483 million increase in trade receivables – mainly electricity receivables
- PLN 166 million increase in other receivables – mainly due to an increase in receivables on account of advances for the purchase of electricity

- PLN 251 million of current income tax receivables in 2022 resulting from the difference between the actual tax payable by companies in the ENEA Tax Group and advances paid by the ENEA Tax Group to the Tax Office, while taking the tax benefit into account
- PLN 147 million increase in assets arising from contracts with customers – largely due to a higher volume of non-invoiced electricity sales as a result of higher prices of electricity and higher volumes
- PLN 126 million increase in financial assets at fair value – mainly as a result of remeasurement of IRS financial instruments hedging against an increase in costs caused by changes in interest rates

Financial position – structure of assets and liabilities of ENEA S.A.

Equity and liabilities [PLN 000s]	As at:		Change	% change
	31 December 2021	31 December 2022		
Total equity	10,803,745	14,070,759	3,267,014	30.2%
Share capital	588,018	676,306	88,288	15.0%
Share premium	3,687,993	4,343,879	655,886	17.8%
Revaluation reserve – measurement of hedging instruments	109,277	186,075	76,798	70.3%
Reserve capital	5,974,031	6,416,141	442,110	7.4%
Retained earnings	444,426	2,448,358	2,003,932	450.9%
Total liabilities	9,634,440	7,478,192	-2,156,248	-22.4%
Non-current liabilities	4,741,110	4,446,771	-294,339	-6.2%
Current liabilities	4,893,330	3,031,421	-1,861,909	-38.0%
Total equity and liabilities	20,438,185	21,548,951	1,110,766	5.4%

Structure of current liabilities



Key drivers of non-current liabilities (down by PLN 294 million)

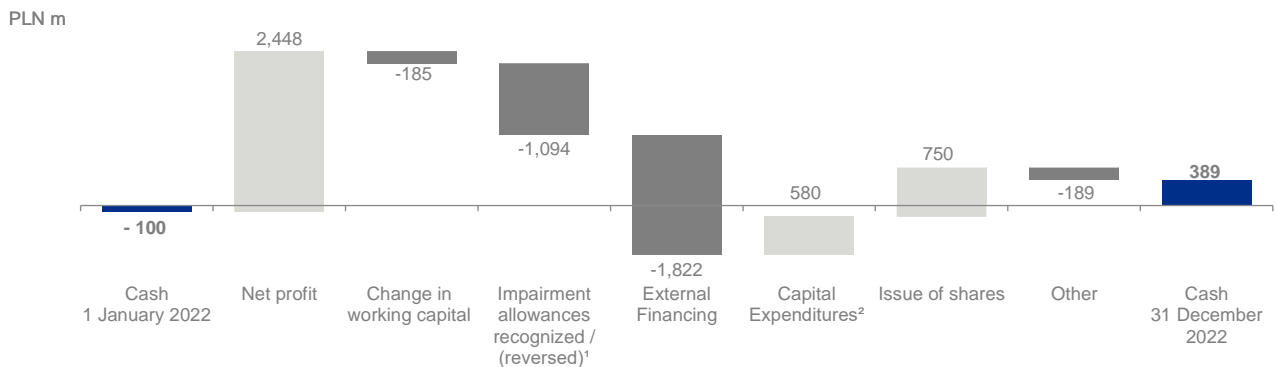
- PLN 359 million decrease in the loans, borrowings and other debt securities – reclassification of non-current liabilities to current liabilities
- PLN 68 million increase in provisions for other liabilities and other charges – higher long-term provision for a loss arising from the settlement of the distribution fee rebate regarding the electricity fed into the grid by prosumers

Key drivers of current liabilities (down by PLN 1,862 million)

- PLN 1,427 million decrease in loans, borrowings and other debt securities – mainly due to redemption of bonds, repayment of loan installments, with a concurrent reclassification of non-current liabilities to current liabilities
- PLN 1,105 million of cash pooling liabilities in 2021
- PLN 62 million of current income tax liabilities in 2021
- PLN 739 million increase in trade payables – an increase in trade liabilities, an increase in trade liabilities (mainly on account of purchases of electricity and certificates of origin), an increase in liabilities under Tax Group's CIT settlements, an increase in liabilities related to in-court settlements of disputes relating to terminated agreements to purchase property rights and an increase in advances for the compensation for reduction of revenues under Act of 27 October 2022 on emergency measures to reduce electricity prices and support certain consumers in 2023

Cash position and ratios of ENEA S.A.

Statement of cash flows [PLN 000s]	2021	2022	Change	% change
Net cash flows from operating activities	(241,218)	(102,088)	139,130	57.7%
Net cash flows from investing activities	1,133,748	1,848,692	714,944	63.1%
Net cash flows from financing activities	(1,370,394)	(1,258,104)	112,290	8.2%
Increase / (decrease) in net cash	(477,864)	488,500	966,364	202.2%
Cash at the beginning of reporting period	378,094	-99,770	-477,864	-126.4%
Cash at the end of reporting period	-99,770	388,730	488,500	489.6%

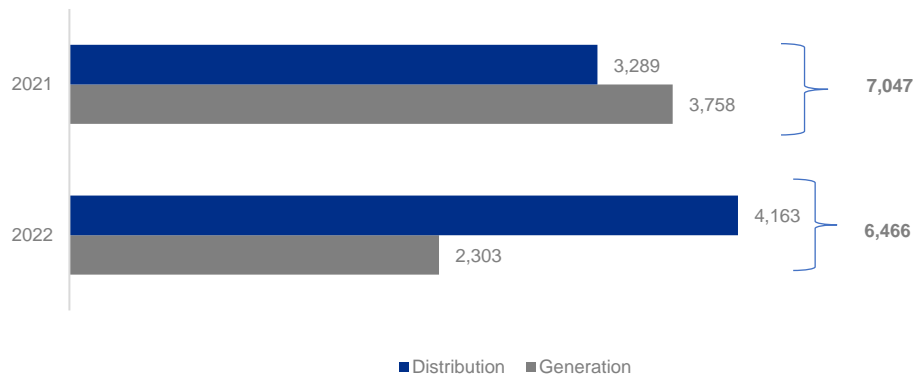


¹⁾ impairment allowances recognized/(reversed) on shares and impairment allowances recognized on financial assets measured at amortized cost

²⁾ proceeds from intra-group loans/bonds

PLN m

Balance of intra-group bonds and loans held



Balance of external debt

PLN m



8. Shares and shareholding structure

8.1. Equity and shareholding structure

As at 31 December 2022 and as at the publication date of this report, the share capital of ENEA S.A. is PLN 529,731,093 and is divided into 529,731,093 ordinary bearer shares with a par value of PLN 1.00 each. The total number of votes resulting from all outstanding shares of the Issuer corresponds to the number of shares, translating into 529,731,093 votes. All shares in the Company are book-entry bearer shares registered in the Central Securities Depository of Poland.

On 31 May 2022, the District Court Poznań – Nowe Miasto and Wilda in Poznań, 8th Commercial Division of the National Court Register, registered the amendment to the Company's Statute made pursuant to Resolution No. 5 of the Company's Extraordinary General Meeting of 8 April 2022 in the matter of increasing the Company's share capital by issuing series D ordinary bearer shares, waiving all preemptive rights of all existing shareholders to all the Series D Shares, amending the Company's Statute, applying for admission and introduction to trading of the Series D Shares and/or rights to the Series D Shares on the regulated market operated by the Warsaw Stock Exchange and dematerialization of the Series D Shares and/or rights to the Series D Shares. After the registration, the Company's share capital is PLN 529,731,093 and consists of:

- a) 295,987,473 series "A" ordinary bearer shares;
- b) 41,638,955 series "B" ordinary bearer shares;
- c) 103,816,150 series "C" ordinary bearer shares;
- d) 88,288,515 series "D" ordinary bearer shares.

The total number of votes resulting from all outstanding shares is 529,731,093. The par value of each share in the Company's share capital is PLN 1.00.

On 7 June 2022, the Company received a notice, dated 3 June 2022, on a change in the State Treasury's percentage of the total number of votes in ENEA S.A. The percentage of the total number of votes in ENEA S.A. held by the State Treasury increased from 51.50% to 52.29%. The change to the percentage in the total number of votes took place on 31 May 2022 as a result of the acquisition of 49,661,794 Series D Shares and as a result of the registration by the District Court Poznań – Nowe Miasto and Wilda in Poznań, 8th Commercial Division of the National Court Register, of the amendment to the Company's Articles of Association made pursuant to Resolution No. 5 of the Company's Extraordinary General Meeting of 8 April 2022.

Since the date of publication of the previous periodic report, i.e. the report for Q3 2022, ENEA S.A. has not received any other notices regarding a change in the Issuer's shareholding structure.

The table below presents the shareholding structure of ENEA S.A. as at the date of the periodic report for 2022.

Shareholder	Number of shares / number of votes at the General Meeting	Interest in the share capital / share in the total number of votes
State Treasury	277,015,422	52.29%
Other	252,715,671	47.71%
TOTAL	529,731,093	100.0%

8.2. ENEA S.A. stock prices on the Warsaw Stock Exchange

ENEA S.A. stock has been listed on the Warsaw Stock Exchange (WSE) since 17 November 2008. In 2022, the ENEA S.A. stock price fell from PLN 8.51 to PLN 6.00, that is by PLN 2.51, or 29.5%. The highest closing price of ENEA S.A. stock this year was recorded on 20 June 2022 (PLN 10.15), while the lowest price was recorded on 24 October 2022 (PLN 4.52).

Share of the Company's stock in stock exchange indices as at 31 December 2022:



Data	2022
Number of shares	529,731,093
Closing price – minimum [PLN]	4.52
Closing price – maximum [PLN]	10.15
Stock price at the end of the period [PLN]	6.00
Stock price at the end of the previous period [PLN]	8.51
Average volume	593,551

8.3. Potential changes in the shareholding structure

The Company is not aware of any contracts or events, which could potentially cause future changes in the structure of shares held by its current Shareholders. Nevertheless, the unique nature of the process of acquiring employee shares from the State Treasury by eligible employees and their heirs may cause slight changes in the number of shares held by the State Treasury.

8.4. Treasury shares

Neither ENEA S.A. nor ENEA Group companies purchased the Company's treasury shares in 2022.

8.5. Employee shares control system

The Articles of Association of ENEA S.A. provide for the package of so-called employee shares. All of ENEA S.A.'s Series B registered common shares, i.e. 41,638,955 shares, were designated for that purpose. Under the applicable provisions of law, there were 8,818 people eligible for a purchase of ENEA S.A. shares free of charge, to whom 33,239,235 shares were allocated.

The right to acquire ENEA S.A.'s shares free of charge by eligible persons from the State Treasury expired on 16 May 2012. After that date, only the heirs of the beneficiaries may sign the agreements in the specific instances described in the above legal act.

In 2022, ENEA S.A. did not launch the standard control systems of employee share programs.

9. Company authorities

9.1. Composition of the ENEA S.A. Management Board

As at 1 January 2022	
Name	Position
Paweł Szczeszek	President of the Management Board
Tomasz Siwak	Management Board Member for Commercial Matters
Tomasz Szczegielniak	Management Board Member for Corporate Matters
Marcin Pawlicki	Management Board Member for Operational Matters
Rafał Mucha	Management Board Member for Financial Matters
Lech Żak	Management Board Member for Strategy and Development

As at the date of this report	
Name	Position
Paweł Majewski	President of the Management Board
Dariusz Szymczak	Management Board Member for Corporate Matters
Marcin Pawlicki	Management Board Member for Operational Matters
Rafał Mucha	Management Board Member for Financial Matters
Lech Żak	Management Board Member for Strategy and Development

On 8 April 2022, Mr. Paweł Szczeszek resigned from the position of President of the Management Board as of 10 April 2022.

On 8 April 2022, the Company's Supervisory Board resolved to appoint Mr. Rafał Mucha, Management Board Member for Financial Matters, as acting President of the Management Board, starting from 11 April 2022 until the appointment of the President of the Management Board, but no longer than for the term of office commenced on the date of holding the Company's Ordinary General Meeting which approved the financial statements for 2018, with the concurrent performance of the duties of the Management Board Member for Financial Matters.

On 20 April 2022, the ENEA S.A. Supervisory Board adopted a resolution to appoint as of 25 April 2022 Mr. Paweł Majewski to the position of President of the ENEA S.A. Management Board for the joint term of office commenced on the date of holding the Company's Ordinary General Meeting which approved the financial statements for 2018.

On 14 June 2022, the Company's Supervisory Board appointed the following persons to the ENEA S.A. Management Board for a new joint term of office, effective as of the date immediately following the date of holding the Company's Ordinary General Meeting approving the financial statements for 2021, that is following 25 June 2022:

- Mr. Paweł Majewski to the position of President of the Management Board,
- Mr. Tomasz Siwak to the position of Management Board Member for Commercial Matters,
- Mr. Rafał Mucha to the position of Management Board Member for Financial Matters,
- Mr. Dariusz Szymczak to the Position of Management Board Member for Corporate Matters,
- Mr. Marcin Pawlicki to the position of Management Board Member for Operational Matters,
- Mr. Lech Żak to the position of Management Board Member for Strategy and Development.

On 19 December 2022, the ENEA S.A. Supervisory Board adopted a resolution to dismiss Mr. Tomasz Siwak, ENEA S.A. Management Board Member for Commercial Matters, from the Company's Management Board.

Apart from the above changes, during the reporting period and until the publication date of this report, there were no other changes in the composition of the Company's Management Board.

9.2. Composition of the ENEA S.A. Supervisory Board

As at 1 January 2022	
Name	Position
Rafał Włodarski	Supervisory Board Chairman
Roman Stryjski	Supervisory Board Deputy Chairman
Michał Jaciubek	Supervisory Board Secretary
Paweł Korobłowski	Supervisory Board Member
Maciej Mazur	Supervisory Board Member
Piotr Mirkowski	Supervisory Board Member
Mariusz Pliszka	Supervisory Board Member
Dorota Szymanek	Supervisory Board Member
Tomasz Lis	Supervisory Board Member

As at the date of this report	
Name	Position
Lukasz Ciołko	Supervisory Board Chairman
Roman Stryjski	Supervisory Board Deputy Chairman
Mariusz Pliszka	Supervisory Board Secretary
Aleksandra Agatowska	Supervisory Board Member
Mariusz Damasiewicz	Supervisory Board Member
Aneta Kordowska	Supervisory Board Member
Mariusz Romańczuk	Supervisory Board Member
Tomasz Lis	Supervisory Board Member
Paweł Łącki	Supervisory Board Member
Piotr Zborowski	Supervisory Board Member

On 10 March 2022, the Company's Extraordinary General Meeting adopted a resolution by the power of which, with effect on the same date, Mr. Radosław Kwaśnicki was appointed to the ENEA S.A. Supervisory Board of the 10th term of office.

On 24 June 2022, the Company's Ordinary General Meeting adopted resolutions by the power of which the following persons were appointed to the ENEA S.A. Supervisory Board of the 11th joint term of office, with effect from 25 June 2022:

- Mr. Mariusz Damasiewicz,
- Mr. Mariusz Pliszka,
- Mr. Mariusz Romańczuk,
- Mr. Rafał Włodarski, who was simultaneously entrusted with the function of Supervisory Board Chairman,
- Mr. Paweł Korobłowski,
- Mr. Tomasz Lis,
- Mr. Radosław Kwaśnicki,
- Ms. Dorota Szymanek,
- Mr. Roman Stryjski.

On 6 July 2022, the Company's Supervisory Board elected Mr. Roman Stryjski as Deputy Chairman of the ENEA S.A. Supervisory Board for the 11th joint term of office and Mr. Mariusz Pliszka as Secretary of the ENEA S.A. Supervisory Board for the 11th joint term of office.

On 11 July 2022, the Company received a letter of resignation tendered by Ms. Dorota Szymanek from serving in the capacity of an ENEA S.A. Supervisory Board Member as of 11 July 2022.

On 5 August 2022, the Company received a letter of resignation tendered by Mr. Radosław Kwaśnicki from serving in the capacity of an ENEA S.A. Supervisory Board Member, effective as of 31 August 2022.

On 16 September 2022, the Company received a statement from the Minister of State Assets that the Minister of State Assets had exercised its powers to appoint an ENEA S.A. Supervisory Board Member pursuant to § 24 sec. 1 of the Company's Articles of Association. Based on the said powers, Mr. Łukasz Ciołko was appointed to the Company's Supervisory Board as of 16 September 2022.

On 18 November 2022, the Company's Extraordinary General Meeting adopted a resolution by the power of which, as of that date, Mr. Paweł Korobłowski was dismissed from the ENEA S.A. Supervisory Board of the 11th term of office.

On 18 November 2022, the Company's Extraordinary General Meeting adopted resolutions by the power of which Ms. Aneta Kordowska, Mr. Paweł Łącki and Mr. Piotr Zborowski were appointed to the ENEA S.A. Supervisory Board of the 11th term of office.

On 4 January 2023, the Company received Mr. Rafał Włodarski's resignation from the position of ENEA S.A. Supervisory Board Member, including the function of the Company's Supervisory Board Chairperson, effective as of 4 January 2023.

On 13 March 2023, the Company's Extraordinary General Meeting adopted a resolution by the power of which, as of that date, Ms. Aleksandra Agatowska was appointed to the ENEA S.A. Supervisory Board for the 11th term of office.

On 13 March 2023, the Company's Extraordinary General Meeting elected Mr. Łukasz Ciołko as Chairman of the ENEA S.A. Supervisory Board. Apart from the above changes, during the reporting period and until the publication date of this report, there were no other changes in the composition of the Company's Supervisory Board.

In accordance with the provisions of the Rules and Regulations of the Supervisory Board, the following standing committees operate within the Supervisory Board: the Audit Committee, the Nominations and Remuneration Committee and the Strategy and Investment Committee.

As at the day of publication of this report, the Audit Committee operates in the following composition:

Audit Committee	
Name	Position
Tomasz Lis ^{1) 2) 3)}	Chairman
Aneta Kordowska ^{1) 2)}	Member
Mariusz Damasiewicz ^{1) 3)}	Member
Mariusz Pliszka ^{1) 3)}	Member
Roman Stryjski ¹⁾	Member

¹⁾ An independent member within the meaning of Article 129(3) of the Act of 11 May 2017 on certified auditors, auditing firms and public supervision and within the meaning of the corporate governance principles included in the Best Practice for WSE Listed Companies 2021

²⁾ Member with knowledge and skills in accounting or audit of financial statements, based on his/her education and previous professional experience.

³⁾ Member with knowledge and skills in the industry in which the issuer operates, based on his/her education and previous professional experience.

As at the publication date of this report, the Nominations and Remuneration Committee is composed of:

Nominations and Remuneration Committee	
Name	Position
Roman Stryjski ¹⁾	Chairman
Łukasz Ciołko	Member
Piotr Zborowski ¹⁾	Member
Mariusz Romańczuk ¹⁾	Member

¹⁾ An independent member within the meaning of the corporate governance principles included in the Best Practice for WSE Listed Companies 2021.

As at the publication date of this report, the Strategy and Investment Committee is composed of:

Strategy and Investment Committee	
Name	Position
Łukasz Ciołko	Member
Mariusz Damasiewicz	Member
Tomasz Lis	Member
Mariusz Pliszka	Member
Mariusz Romańczuk	Member
Piotr Zborowski	Member

9.3. Number of shares and rights to ENEA S.A. shares held by members of the Management Board and Supervisory Board

Name	Position	Number of ENEA S.A. shares as at 22 March 2023 par value (PLN)	Number of ENEA S.A. shares as at 23 November 2022 par value (PLN)
Mariusz Pliszka	Supervisory Board Member	3,880	3,880

As at the date of this report, other members of the Management Board and Supervisory Board hold no shares in ENEA S.A. As at the date of this report, no members of the Management Board or Supervisory Board hold any rights to shares in ENEA S.A. As at the date of this report, no members of the Management Board or Supervisory Board hold any rights to shares in any ENEA S.A. subsidiaries.

9.4. Rules for remunerating Members of the ENEA S.A. Management Board

The rules for remunerating Members of the ENEA S.A. Management Board applicable in 2022 were based on resolution adopted by the Extraordinary General Meeting of ENEA S.A. on 19 December 2019 on the rules for shaping the remuneration of Management Board Members, at the same time repealing the previous resolution on the rules for shaping the remuneration of Management Board Members of 15 December 2016 and subsequent resolutions of the Extraordinary General Meeting of ENEA S.A. on the rules for setting the remuneration of Management Board Members, including the resolution of the Extraordinary General Meeting of 7 November 2022.

The rules for remunerating Members of the ENEA S.A. Management Board, as adopted by the Extraordinary General Meeting on 19 December 2019 and amended by subsequent resolutions of the ENEA S.A. Extraordinary General Meeting, provide that an agreement for the provision of management services for the duration of the function (Agreement) must be entered into with the respective Management Board Member following the formulation of its wording by the Supervisory Board:

- a. during the term of the Agreement, Management Board Members are entitled to:
 - fixed monthly remuneration, set as an amount within the range from 7 to 15 times the base amount referred to in Article 1(3)(11) of the Act of 9 June 2016 on Rules for Setting Remuneration of Persons Managing Certain Companies,
 - variable remuneration, depending on the level of fulfillment of the management objectives, which may not exceed 100% of the fixed remuneration amount in the previous financial year;
- b. The Supervisory Board may sign with a Management Board Member a no-compete agreement effective after he/she ceases to perform the function, however it may be signed only if the Management Board member has performed the function for at least six (6) months and the compensation amount for each month of the no-compete undertaking may not exceed 100% of the monthly fixed remuneration received by the Management Board Member before he/she ceased to perform the function. The no-compete period may not exceed 6 months after the Management Board Member ceases to perform the function. In the event of non-performance or improper performance of the no-compete agreement by a Management Board Member he/she will pay the Company a contractual penalty, which will not be lower than the compensation amount payable for the entire no-compete period.

If the agreement is dissolved or terminated, a severance pay may be awarded to the Management Board Member in an amount no higher than three times the fixed component of remuneration, provided that he/she has performed the function for at least twelve months prior to the termination of the agreement. The severance pay will not be awarded to the Management Board Member in the event of:

- dissolution, termination or amendment of the Agreement resulting from a change of the function performed by the Management Board Member in the Management Board,
- termination, dissolution or amendment of the Agreement resulting from the Management Board Member being appointed for another term of office of the Management Board,
- appointment as a management board member in a Group company,
- resignation from performing the function.

Moreover, the Extraordinary General Meeting of ENEA S.A., by resolution of 30 July 2020, adopted a document entitled "Remuneration policy for members of the supervisory body and management body at ENEA Spółka Akcyjna", which was subsequently amended by a resolution of the Extraordinary General Meeting of ENEA S.A. of 7 November 2022. The Policy was amended by increasing the amount of compensation for each month of validity of the non-competition ban from 50% to 100% of the monthly fixed remuneration.

The rules for remunerating Management Board Members resulting from the Resolution of the Extraordinary General Meeting of 19 December 2019 and from the document entitled "Remuneration policy for members of the supervisory body and management body at ENEA Spółka Akcyjna" have been implemented in the form of Agreement adopted by the ENEA S.A. Supervisory Board and are binding.

In accordance with the "Remuneration policy for members of the supervisory body and management body at ENEA Spółka Akcyjna", the Company does not award remuneration to Management Board Members in the form of financial instruments, nor does it offer any additional pension or early retirement programs for Management Board Members.

9.5. Rules for remunerating Members of the ENEA S.A. Supervisory Board:

The remuneration rules for Members of Supervisory Board of ENEA S.A. in effect in 2022 have been implemented by virtue of a resolution of the Company's Extraordinary General Meeting of 15 December 2016. Pursuant to the provisions of the abovementioned resolution of the EGM, the monthly remuneration of the Supervisory Board Members was determined as the product of the average monthly remuneration in the enterprise sector, exclusive of distribution of profit in Q4 of the preceding year, published by the President of Statistics Poland (GUS) and the following multiplier:

- for the Chairman of the Supervisory Board – 1.7;
- for other Supervisory Board Members – 1.5.

The resolution of the Extraordinary General Meeting, in § 1 sec. 2-3, further stipulates that:

- a. The Supervisory Board Members are entitled to the abovementioned remuneration regardless of the number of meetings convened;

- b. a Supervisory Board Member is not entitled to any remuneration for the month in which he/she did not attend any of the correctly convened meetings and their absence was not excused.

On 19 December 2019, the Extraordinary General Meeting adopted a resolution to amend the resolution of the Extraordinary General Meeting of 15 December 2016 establishing the rules for setting remuneration for Supervisory Board members, and set the monthly remuneration of Supervisory Board members as the product of the base amount referred to in Article 1(3)(11) of the Act of 9 June 2016 on Rules for Setting the Remuneration of Persons Managing Certain Companies and the following multiplier:

- for the Chairman of the Supervisory Board – 1.7;
- for other Supervisory Board Members – 1.5.

The resolution entered into force on the date of its adoption.

Moreover, on 30 July 2020, the Extraordinary General Meeting adopted a resolution on putting in place a document entitled “Remuneration policy for members of the supervisory body and management body at ENEA Spółka Akcyjna”, in which, apart from the rules for remunerating Supervisory Board members in accordance with the function performed by the respective Member, it was specified that the Company does not award remuneration to Supervisory Board Members in the form of financial instruments, nor does it offer any additional pension or early retirement programs for Supervisory Board Members.

The amendment to the “Remuneration policy for members of the supervisory body and management body at ENEA Spółka Akcyjna” effected by a resolution of the Extraordinary General Meeting of ENEA S.A. of 7 November 2022 had no impact on the rules for remunerating Members of the ENEA S.A. Supervisory Board.

9.6. Amount of remuneration

The remuneration received from 1 January 2022 to 31 December 2022 by members of the ENEA S.A. Management Board who signed Management Services Agreements with the Company is presented in the table below:

Name	Position	Remuneration under contract in PLN (without VAT) ¹⁾	Additional benefits	Remarks
Paweł Majewski	President of the Management Board	533,000.00	-	function discharged from 25 April 2022
Tomasz Siwak	Management Board Member	1,068,833.34	-	function discharged until 19 December 2022
Dariusz Szymczak	Management Board Member	341,000.00	-	function discharged from 25 June 2022
Marcin Pawlicki	Management Board Member	1,089,000.00	-	-
Rafał Mucha	Management Board Member	1,093,666.67	-	-
Lech Żak	Management Board Member	660,000.00	-	-
Paweł Szczeszek	President of the Management Board	636,666.67	-	function discharged until 10 April 2022
Tomasz Szczegieliński	Management Board Member	1,005,376.34	-	function discharged until 24 June 2022

¹⁾ this remuneration also includes non-competition compensation and bonuses for 2021

In the period of performing managerial functions in 2022, Members of the ENEA S.A. Management Board did not receive remuneration for performing during this time any functions in subsidiaries of ENEA S.A. The remuneration did not include any non-financial components.

In accordance with the “Remuneration policy for members of the supervisory body and management body at ENEA Spółka Akcyjna” the Supervisory Board may define the scope and rules for providing Management Board Members with technical devices and resources constituting the Company’s property, which are required to perform the function and may set the limits or adopt a method to set the limits of costs that the Company incurs in connection with provision and use of the devices and resources by the Management Board member for business purposes. In 2022, the ENEA S.A. Management Board Members were eligible, in specific circumstances, to use individual training and accommodation in the city of the Company’s registered office, financed by ENEA S.A., which is in conformity with the regulation included in the Resolution of the Supervisory Board on setting remuneration of ENEA S.A. Management Board Members and with the Contract signed by the Supervisory Board with each of the ENEA S.A. Management Board Members.

The table below presents the remuneration of members of the ENEA S.A. Supervisory Board in the financial year 2022:

Name	Remuneration [PLN]	Remarks
Rafał Włodarski	89,837.16	-
Roman Stryjski	79,268.04	-
Łukasz Ciołko	23,119.86	function discharged from 16 September 2022
Mariusz Damasiewicz	40,955.16	function discharged from 25 June 2022
Aneta Kordowska	9,468.13	function discharged from 18 November 2022
Tomasz Lis	79,268.04	-
Paweł Łącki	9,468.13	function discharged from 18 November 2022
Mariusz Pliszka	79,268.04	-
Mariusz Romańczuk	40,955.16	function discharged from 25 June 2022
Piotr Zborowski	9,468.13	function discharged from 18 November 2022
Michał Jaciubek	38,312.91	function discharged until 24 June 2022
Paweł Korobłowski	70,020.10	function discharged until 18 November 2022
Radosław Kwaśnicki	37,872.53	function discharged from 10 March 2022 until 31 August 2022
Maciej Mazur	38,312.91	function discharged until 24 June 2022
Piotr Mirkowski	38,312.91	function discharged until 24 June 2022
Dorota Szymanek	41,978.01	function discharged until 11 July 2022

In the financial year 2022, Members of the ENEA S.A. Supervisory Board were remunerated for performing their functions in the Supervisory Board in the amounts resulting from the applicable legal regulations.

10. Other information relevant to evaluation of the issuer's standing

10.1. Regulatory environment

The business of ENEA S.A. and its subsidiaries is conducted in an environment that is subject to special legal regulation, both at the national level and at European Union level (regulated economic activity). A number of legal regulations applicable to utility companies have been enacted based on decisions of a political nature. For this reason, these regulations are subject to frequent amendments. Specifically these days, the dynamically evolving regulatory and legislative reality in the Polish and European law in the energy sector, which results, among others, from political decisions made also in response to the socioeconomic situation arising from the Russian Federation's invasion of Ukraine and the European Commission's wide-ranging activities aiming to reduce greenhouse gas emissions and achieve climate neutrality of Europe by 2050, makes the determination of certain effects for the pursued business activity difficult at times. This notwithstanding, ENEA S.A. and its subsidiaries ("ENEA Group") are subject to legal regulation in the field of tax system, competition and consumer protection, employee law and environmental protection. It cannot be ruled out that changes in these areas arising from specific legislation or individual interpretations related to significant areas of the ENEA Group's business may become a source of potential risks for this economic activity.

10.1.1. European Union's internal electricity market

The objective behind the EU's internal market in the energy sector is to establish an efficient market characterized by fair availability, high standard of consumer protection and an appropriate level of interconnections and electricity generating capacities. The main means through which the European Union is to enable the achievement of the aforementioned objective is the legislation intending to remove the obstacles and barriers to trade, align tax and pricing policies as well as standardize norms and standards, including ones in the area of safety and natural environment.

10.1.1.1. Financial markets (EMIR Refit)

The European Market Infrastructure Regulation (EMIR) is Regulation (EU) No. 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories, along with Commission Delegated Regulations (EU) No. 148/2013 and 149/2013 of 19 December 2012, which entered into force on 16 August 2012, then on 17 June 2019 was amended by Regulation 2019/834 of 20 May 2019 (EMIR Refit) simplifying certain obligations especially for entities with low transaction values in financial instruments. The regulation introduced requirements for the reporting of derivative transactions to "trade repositories", risk mitigation techniques, in certain cases the obligation for central clearing of transactions by "Central Counterparties" (CCPs)¹⁾ and laid down sanctions for infringements of its provisions.

10.1.1.2. REMIT

REMIT is Regulation (EU) No. 1227/2011 of the European Parliament and of the Council of 25 October 2011 on wholesale energy market integrity and transparency. In accordance with this regulation, the electricity market is subject to specific restrictive rules governing the publication and disclosure of information that may affect the prices of energy products on the wholesale energy market, including an absolute prohibition of any market manipulation.

REMIT requires that every market participant be registered in the national register. Any market participant is obliged to report data on the transactions concluded on wholesale energy markets, including any orders placed.

REMIT also imposes the obligation to make public, by way of a formalized announcement, the so-called inside information concerning the capacity and use of facilities for production, storage, consumption or transmission of electricity, including concerning planned or unplanned unavailability of these facilities. REMIT prohibits manipulation or attempts to manipulate the market and prohibits the use of inside information for commercial activities. REMIT equips regulatory authorities with powers to conduct investigations, enforce the provisions of the regulation and establish penalties for failure to fulfill the obligations.

10.1.1.3. EU ETS – the European Emissions Trading System

The beginning of 2021 marked the launch of Phase IV of the EU ETS. The changes introduced as part of the EU ETS (e.g. Directive 2018/410 of the European Parliament and of the Council of 14 March 2018 amending Directive 2003/87/EC to enhance cost-effective emission reductions and low-carbon investments, and Decision (EU) 2015/1814 as regards the establishment of the Modernization Fund and Decision 2015/1814 of the European Parliament and of the Council of 6 October 2015 concerning the establishment and operation of a market stability reserve for the Union greenhouse gas emission trading scheme and amending Directive 2003/87/EC) will significantly affect the framework for the operation of entities covered by the EU ETS in Phase IV, that is in 2021–2030. On 14 July 2021, the European Commission published "Fit for 55", a legislative package which includes a directive regulating the linear reduction factor and the market stability reserve, which are the most important mechanisms within the EU ETS, contributing to a decreased supply in the EU ETS market. After the change, the present value of the linear reduction factor has been 2.2% since 2021.

¹⁾ A Central Counterparty (CCP) means a legal person holding an authorization from the ESMA (European Securities and Markets Authority) that interposes itself between the counterparties to the contracts for Derivatives traded on one or more financial markets, becoming the buyer to every seller and the seller to every buyer.

According to the Commission's publication of 12 May 2022 on the total number of allowances in circulation in 2021 for the purposes of the Market Stability Reserve and of the number of unallocated allowances during the period 2013-2020:

- as at 31 December 2021, there were 2,632,682,062 allowances in the Market Stability Reserve,
- from September 2022 to September 2023, 347,811,404 allowances will be placed in the Market Stability Reserve,
- as at 31 December 2021, the number of allowances in circulation amounted to 1,449,214,182.

The increased demand for EUAs is largely affected by announced and scheduled legislative initiatives of European Union institutions pursuing the objectives of the "European Green Deal" announced in 2019, including the draft amendment of the EU ETS Directive 2003/87/EC and Decision 2015/1814 on the Market Stability Reserve (specific information about the package is provided in Section 10.1.1.5.).

In this context, a strong upward trend in the quotations of greenhouse gas emission allowances has been observed since November 2020, continuing till the beginning of February 2022. The end of February and the beginning of March were associated with large decreases in the prices of CO₂ emission allowances, which were followed by a return to high price levels. In mid-March, the quotations shifted to a side trend. After a significant increase in mid-August, a considerable decline was recorded in September, following which the stock market valuation returned to high levels.

10.1.1.4. Activities aiming to liberalize gas and electricity markets

The initial Directives on liberalization (the first energy package) were adopted in 1996 (with respect to electricity) and 1998 (with respect to gas), whereas the deadlines for their transposition to the Member States' legal systems were set for 1998 (electricity) and 2000 (gas).

The second energy package was adopted in 2003 and the Directives forming it were to be transposed to the Member States' law by 2004, yet some laws did not enter into force until 2007. From then on, industrial consumers and Member States were able to freely choose their gas and electricity suppliers from among a larger group of competitors.

The third energy package was adopted in April 2009. The extent of its regulations was supposed to further the liberalization of internal electricity and gas markets. It amended the second package and was the foundation of the internal energy market implementation process.

In June 2019, the fourth energy package was adopted. It was composed of one Directive (Directive 2019/944/EU on electricity) and three Regulations (Regulation 2019/943/EU on electricity, Regulation 2019/941/EU on risk-preparedness and Regulation 2019/942/EU establishing a European Union Agency for the Cooperation of Energy Regulators). That package introduced new regulations to satisfy the needs related to energy from renewable sources and attract investments in that area. It provided for incentives for consumers and introduced a new limit below which power plants are eligible for grants under the generating capacity mechanism. Additionally, it imposed the obligation to prepare emergency plans in case of power crises on Member States and enhanced ACER's competences in the area of cross-border regulatory cooperation where the risk of national and regional fragmentation emerges.

The fifth energy package "FIT FOR 55" was published on 14 July 2021 with a view to adapt the EU's energy targets to the new European climate targets for 2030 and 2050.

Due to Russia's invasion of Ukraine in February 2022 and after Russia completely cut off its supply of gas to Europe, which resulted in an energy crisis, the EU decided to take actions for discontinuing the import of all Russian fossil fuels as soon as possible, introducing measures to facilitate energy savings, diversifying the import of energy, adopting structural measures in electricity and gas markets and expediting the development of renewable energy sources. The EU leaders, who gathered together at the European Council's meeting, agreed that it was necessary to impose further sanctions, which were to include the energy sector, on Russia already on 24 February 2022. On 8 April 2022, the EU Council adopted the so-called 5th package of sanctions, which covered, among others, prohibition of purchase, import or transfer of coal and other solid fossil fuels to the EU if they come from Russia or are exported from Russia. The said prohibition of coal imports became effective as of August 2022. Until the imposition of the sanctions, Russia had exported approx. 20% of its bituminous coal output to the EU, thus earning around EUR 8 billion per annum. On 3 June 2022, the EU Council adopted the so-called 6th package of sanctions, which covered, among others, a ban on purchase, import or transfer of seaborne crude oil and certain petroleum products from Russia to the EU. That ban became effective as of 5 December 2022 in the case of crude oil and as of 5 February 2023 in the case of refined petroleum products. A temporary exemption from the said prohibition was granted for crude oil imported by pipeline to the EU countries which, due to their geographic location, are particularly dependent on supplies from Russia. Following the balance sheet date, i.e. at the end of February 2023, as part of the so-called 10th package of sanctions, the EU put a ban also on provision of gas storage capacity in the EU for gas coming from Russia. The EU sanctions did not cover natural gas from Russia, but most EU countries stopped buying fuel supplied to Europe by the Russian Gazprom in 2022. On one hand, it was an effect of the political decisions intending to diversify gas supplies to the EU and become independent of Russian gas, and on the other hand, it resulted from the measures taken by Gazprom, which terminated the existing contracts unilaterally, thus trying to force its customers to pay in rubles.

10.1.1.5. “FIT FOR 55”

In March 2020, the Commission presented a proposal on the European Climate Law for reaching net zero emissions in Europe by 2050. With the Climate Target Plan, the Commission proposed that the EU’s target to reduce greenhouse gas emissions be raised to at least 55% below 1990 levels by 2030, which is a considerable increase relative to the present target of 40%. The Climate Target Plan outlined also the actions required in all sectors of the economy, including changes in the key legislative instruments serving the purpose of reaching the more ambitious target and fulfilling the obligation specified in the communication on the European Green Deal to propose a comprehensive plan to raise the European Union’s 2030 target to 55% in a responsible manner. In order to reach those targets, the European Commission’s work program for 2021 announced the “Fit for 55” package with the aim to reduce greenhouse gas emissions by at least 55% by 2030 and achieve Europe’s climate neutrality by 2050. The package will include among others the following documents and propose the following changes:

- revision of Directive 2003/87/EC establishing a scheme for greenhouse gas emission allowance trading (hereinunder the ETS Revision Draft)¹⁾.

- increase of the general emission reduction target in the sectors that are covered by the EU ETS (power, industry, intra-European aviation) to 62% by 2030 as compared to 2005;
- elimination of financial institutions from trading in emission allowances;
- extension of the EU ETS to include new sectors: road transport and construction (for commercial buildings) starting in 2027 and sea transport (gradual imposition of the obligation to surrender allowances by shipping companies: 40% for verified emissions from 2024, 70% – from 2025 and 100% – from 2026). (The Commission is assessing the possibility to include the municipal waste incineration sector to the EU ETS and will present a report on this issue by 31 July 2026 with a view to incorporate that sector starting from 2028);
- change in the rules for granting gratuitous allowances – linking reference indicators to emission reductions – increasing the indicator to 2.5% per year from 2026 instead of the current 1.6% (in order to support breakthrough/innovative technologies);
- gradual phasing out of free emission allowances and gradual introduction of the Carbon Border Adjustment Mechanism (CBAM). Free allowances will be phased out gradually between 2026 and 2034 (2026: 2.5%, 2027: 5%, 2028: 10%, 2029: 22.5%, 2030: 48.5%, 2031: 61%, 2032: 73.5%, 2033: 86%, 2034: 100%). Increasing the Innovation Fund and introducing within its framework, as an additional instrument supporting climate-friendly investments, “Contracts for differences relating to carbon dioxide”;
- introduction of a 95% threshold for biomass combustion with the zero rating, after excess of which installations would be excluded from EU ETS.

On 22 June 2022, after the first reading in the European Parliament, the ETS Revision Draft was forwarded to the relevant Commission.

- revision of Directive 2018/2001/EU on the promotion of the use of energy from renewable sources:

- modification of the definition of renewable fuel of non-biological origin and the definition of standard value, as well as addition of new definitions, such as: renewable fuel, market area, smart metering system, charging point, market actors, electricity market, battery for home use, electrical vehicle battery, industrial battery, battery health, its charging level, power setpoint, smart charging, regulatory authority, bi-directional charging, regular power charging point, industry;
- revision of the RES share target from 45%²⁾;
- increased annual RES consumption target in the district heating and cooling industry, by 1.1% until 2030;
- new EU indicative targets, according to which the share of renewable energy in the final energy consumption in buildings should reach 49% by 2030;
- tightening of the existing sustainability criteria for agricultural biomass production, also to include forest biomass;
- application of greenhouse gas reduction thresholds in electricity production, heating and cooling from biomass fuels also for existing installations, i.e. 70% by the end of 2025 and 80% from the beginning of 2026;
- obligation imposed on Member States to jointly determine, and agree to cooperate on, the amount of energy produced from marine renewable sources, which should be produced in each sea basin by 2050, and to set intermediate stages for 2030 and 2040;
- tightening of the terms of participation of biomass-fired installations in support systems, also through the proposed hierarchy of handling biomass;
- introduction, starting in 2027, of a rule not to support electricity production from forest biomass in electricity-only generation facilities.

¹⁾ On 17 December 2022, Members of the European Parliament and the EU Council reached an agreement on a reform of the EU Emissions Trading System (EU ETS). Before the reform enters into force, the Parliament and the Council will have to formally approve the agreement. During the negotiations, the EP and the Council agreed also to establish the Social Climate Fund. The Fund will be established for the period 2026–2032 with eligibility of expenditure from 1 January 2026. It will be part of the EU budget and its financing in the amount of EUR 65 billion will come from the EU budget, while 25% will be contributed by Member States.

²⁾ Over 20% of the energy consumed in the EU comes from RES. The share has more than doubled since 2004. The present EU target is 32% by 2030, but it is being adjusted upward along with the updates of the objectives concerning buildings, heating and cooling as well as industry. In September 2022, the Parliament demanded that the 2030 target be raised to 45%.

On 9 November 2022, the Commission proposed another amendment (RED IV) to the Regulation of the Council, which sets the framework for expediting the implementation of energy from renewable sources. In accordance with the proposal, the power plants using renewable energy sources will be considered as being an overriding public interest, which would enable acceleration of the new procedures for issuing permits and allow specific exemptions from the EU legislation on environmental protection.

Talks are being held on the framework of the energy policy by 2030 and after 2030.

- revision of Directive 2012/27/EU on energy efficiency (EED):

- Member States should set indicative contributions regarding their final and primary energy consumption, in order to achieve energy efficiency;
- a change of the definition of efficient heating and cooling systems by introducing progressively changeable minimum conditions that an installation must satisfy to be classified as efficient;
- reduction of energy consumption at the EU level by 2030 by 36% for final energy and by 39% for primary energy. The EU target of 36% will be binding. The targets are based on a new baseline scenario and correspond to the reduction target of 13% compared to 2020; gradual increase of the objective of energy savings with respect to final energy consumption. Member States are supposed to reduce final energy consumption by 1.1% per annum from 1 January 2024, by 1.3% from 1 January 2026 and by 1.5% from 1 January 2028 to 31 December 2030, and they will be allowed to carry forward up to 10% of the surplus savings;
- the public sector was obliged to reduce energy consumption by 1.7% per annum or at least 1.9% per annum if excluding public transport or armed forces;
- stipulation that at least 3% of the total heated or cooled floor area of buildings owned by public institutions should be renovated annually, with the goal of at least converting them to near-zero energy buildings;
- stipulation that construction supplies, services and works awarded under public procurement contracts should have very good energy parameters;
- reduction of the period for achieving final energy consumption savings every year: from 2023 at 0.8% of the annual final energy consumption, averaged over the last three years before 1 January 2019 (with the exception Cyprus and Malta: 0.24%);
- implementation of an energy management system for enterprises whose average annual energy consumption in the last three years, for all energy carriers, exceeded 100TJ or having these enterprises subjected to an energy audit;
- introduction of seller's obligations towards final consumers and end users regarding the content of the contract and the rules governing its performance;
- a provision on transparency of energy consumption by data processing centers. Starting from 2024, they would be supposed to publish annual information on their energy consumption. The Commission is to collect the information in a public EU database.

On 14 September 2022, after the first reading in the European Parliament, the draft was forwarded to the relevant Commission.

- revision of the Directive on taxation of energy products and electricity (ETD):

- expansion of the catalog of energy products and setting minimum taxation for each product;
- possibility of applying reduced tax rates (as required by the directive) for RES electricity; electricity will have the lowest tax rates, regardless of its purpose;
- possibility of applying reduced tax rates for electricity produced in cogeneration, meeting the definition of high-efficiency cogeneration under the EED; The amendments to the directive do not provide an option of facultatively abolishing excise tax for co-generation. The directive does not offer a sufficiently precise stipulation for co-generation;
- a general shift in how energy sources are viewed, in order to discourage the use of fossil fuels and encourage the use of alternative sources – introduction of the minimum tax rates for individual energy products: the cleaner the energy source, the lower the taxation;
- reduction of all kinds of exemptions and discounts that lead to fragmentation of the internal market;
- an option to apply the minimum tax rate for heating fuels to vulnerable households for a transition period of 10 years;
- the proposal of minimum tax rates for heating fuels is as follows: for natural gas and non-sustainable biogas: initially EUR 0.6 per GJ in 2023 and ultimately EUR 0.9 per GJ in 2033; for coal EUR 0.9 per GJ from 2023; for sustainable biogas: EUR 0.45 per GJ from 2023, for unsustainable forest biomass EUR 0.9 per GJ from 2023; and for sustainable forest biomass EUR 0.45 per GJ from 2023;
- the proposal of the minimum tax rate for electricity is EUR 0.15 per GJ from 2023;

- harmonization with the new reduction targets of the Regulation on the inclusion of greenhouse gas emissions and removals resulting from activities related to land use, land use change and forestry (LULUCF Regulation)¹⁾.

The draft is awaiting the position of the relevant commission.

- revision of the Regulation on binding annual greenhouse gas emission reductions by Member States from 2021 to 2030 contributing to climate action to meet commitments under the Paris Agreement:

- it proposes stricter emission reduction targets for each Member State as regards buildings, road transport and domestic maritime transport, agriculture, waste and small industries.

- revision of the Regulation setting CO₂ emission performance standards for passenger cars and light commercial vehicles

- it proposes new passenger car emissions reduction by 55% by 2030 and by 100% by 2035 compared to 2021 levels. As a result, all new passenger cars registered from 2035 will be emission-free.

- revision of the Regulation on the inclusion of greenhouse gas emissions and removals resulting from activities related to land use, land use change and forestry (LULUCF):

- it proposes a general EU objective for removing carbon dioxide by natural sinks corresponding to 310 million tons of **CO₂ emissions by 2030**. The EU should strive for climate neutrality in land use, forestry and agriculture sectors by 2035, which includes also agricultural non-CO₂ emissions.

- revision of the Directive on alternative fuels infrastructure development:

- it proposes that the requirement to increase the recharging capacities pro rata to the sales of zero-emission cars and the requirement to install recharging and refueling points on major highways at regular intervals: every 60 km for electricity recharging and every 150 km for hydrogen refueling be imposed on Member States.

10.1.1.6. EU Taxonomy

The so-called EU Taxonomy is a tool, through which private investments should become the instrument for implementing the assumptions of the European Green Deal.

On 15 July 2022, the Official Journal of the European Union published the Commission Delegated Regulation (EU) 2022/1214 of 9 March 2022 amending Delegated Regulation (EU) 2021/2139 as regards economic activities in certain energy sectors and Delegated Regulation (EU) 2021/2178 as regards specific public disclosures for those economic activities.

The Regulation came into effect on 4 August 2022 and is to be applied as of 1 January 2023.

The regulation envisages the following amendments to the EU Taxonomy:

- establishing technical screening criteria for activities carried out in the natural gas and nuclear energy sectors, which must be satisfied for the project to be deemed sustainable;
- emphasizing the transitional character of accepting electricity generation or heat/cooling production or cogeneration from fossil gas as sustainable activities;
- non-financial companies conducting activities such as: electricity generation, high-efficiency cogeneration of electricity and heat/cooling and production of heat/cooling from fossil gases, as of 1 January 2023 will disclose information on which parts of their activities in the above sectors are consistent or inconsistent with the assumptions of the “Taxonomy.”

The regulation also contains a declaration that RES will play a crucial role in the implementation of the EU’s climate and environmental goals and a postulate to increase investments in RES.

10.1.1.7. REPowerUE

To address the difficulties and disruption on the global energy market caused by Russia’s attack on Ukraine, on 18 May 2022 the European Commission presented the REPowerUE plan.

REPowerUE is the European Commission’s plan to rapidly reduce Europe’s dependence on Russian fossil fuels early before 2030 in connection with the Russian invasion of Ukraine. REPowerUE is based on the assumption of the FIT For 55 package and it does not affect the key assumptions of achieving reduction of greenhouse gas emissions by at least 55% by 2030 and climate neutrality by 2050. The measures envisaged in the REPowerUE may provide a response to that ambitious goal. These measures include: energy savings, diversification of energy supplies, and accelerated roll-out of renewable energy to replace fossil fuels in homes, industry and power generation. In the area of energy savings, REPowerUE assumes, among others: an increase from 9% to 13% of the binding Energy Efficiency Target set in the FIT for 55 package. The accelerated roll-out of renewable energy assumes, among others: an increase of the 2030 target for renewables from 40% to 45% of total energy production across EU; a phased-in legal obligation to install solar panels on rooftops – starting in 2026, photovoltaic systems are to be mandatory on new public and commercial buildings and new residential buildings with surfaces above 250 m²; departure from natural gas in favor of accelerated development of clean hydrogen and biomethane; doubling of the rate of deployment of heat pumps, and measures to integrate geothermal and solar thermal energy in modernized district and communal heating systems.

¹⁾ Political agreement in the matter of increasing the contribution of the Land Use, Land-Use Change and Forestry sector.

On 8 October 2022, the Council Regulation (EU) on an emergency intervention to address high energy prices came into effect. The regulation assumes that common measures be introduced to reduce demand for electricity and to collect surplus revenues of the energy sector and pass them on to end users. A voluntary and general goal of reducing gross electricity consumption by 10% and a mandatory goal of reducing electricity consumption by 5% during peak hours. The Member States are to identify peak hours corresponding in total to at least 10% of all hours in the period between 1 December 2022 and 31 March 2023, during which they will reduce their demand for energy. The states will have the discretion to choose the appropriate measures to achieve their energy consumption with a view of achieving both goals in this period. The assumption underlying the regulation is to set a cap on market revenues at 180 EUR per MWh for electricity producers, including intermediaries that use “inframarginal technologies” for energy production, such as renewables, nuclear and lignite. Setting a limit at this level is to ensure profitability of the operators and to make sure they do not unduly prevent investments in renewables. The regulation also sets forth the rules for introducing a temporary solidarity tax on profits of companies with activities in the crude petroleum, natural gas, coal and refinery sectors. The contribution is to be calculated on the basis of taxable profits calculated in accordance with the national tax regulations in the fiscal year starting in 2022 or 2023 that exceed 20% of the average annual taxable profits since 2018. The solidarity contribution is to be applied over and above the regular taxes and charges applicable in the Member States. The Member States will use the proceeds from the solidarity contribution to provide financial support to households and businesses and to mitigate the effects of high retail prices of electricity. According to the regulation, Member States will be able to temporarily set the price of electricity supplied to small and medium enterprises in order to provide more support to SMEs (small and medium enterprises) struggling with high energy prices. Member States will have the opportunity, exceptionally and temporarily, to set the price for the delivery of electricity below the cost level, if certain conditions are satisfied. The measures are temporary and extraordinary in nature. They will be in effect from 1 December 2022 to the end of 2023, while the reduction targets for energy consumption are to be binding by the end of the first quarter of 2023. The mandatory limit on revenues will end after six months of 2023.

At the beginning of December 2022, the European Commission held a series of consultation meetings, including in particular with European trade societies, on a review of the internal electricity market structure. It was a harbinger of intensification of the works on a reform of the internal electricity market. In mid-December 2022, the Commission published a non-paper, where it officially announced launching a public consultation in order to develop a scenario of a reform of the internal electricity market. In its non-paper, the Commission informed that the scope of the announced consultation would be broad and the main purpose of the designed reform was to be the development of lasting ways of mitigating the impact of high gas prices on electricity bills. The public consultation was carried out after the balance sheet date, i.e. at the turn of February 2023.

10.1.2. Domestic electricity market

10.1.2.1. Demand for electricity

According to the document entitled “Development plan in terms of satisfaction of the current and future demand for electricity in 2021–2030”, the projected total net demand for electricity in Poland will increase from 159.9 TWh to 204.2 TWh in the period 2020–2040¹⁾.

10.1.2.2. Capacity Market

In 2021, pursuant to the provisions of:

- the Capacity Market Act of 8 December 2017;
- the Capacity Market Regulations approved by the decision of the ERO President of 10 November 2021;
- the Regulation of the Minister of Energy:
 - of 18 July 2018 on performance of the capacity obligation, its settlement and demonstration, and execution of transactions on the secondary market;
 - of 3 September 2018 on financial collateral provided by power suppliers and participants of preliminary auctions,
- the Regulation of the Minister of Climate of 12 August 2021 on the parameters of the main auction for delivery year 2026 and the parameters of additional auctions for delivery year 2023

Polskie Sieci Elektroenergetyczne S.A. conducted the following Capacity Market processes:

- general certifications;
- certifications for the main auctions for the years 2021-2026;
- certifications for the additional auctions for the years 2021-2023;
- main auctions for the years 2021-2026 and additional auction for 2021-2022.

As well as in 2022:

- general certifications,
- additional auctions for 2023 – 17 March 2022.
- main auction for 2027 – 16 December 2022.

¹⁾ https://www.gov.pl/documents/33372/436746/Wnioski_z_analiz_do_PEP2040_2018-11-23.pdf

10.1.2.2.1. Contracted capacity obligations of ENEA Wytwarzanie and ENEA Elektrownia Połaniec

[MW]	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
1-year contract	-	-	-	-	1,004	1,004	-	-	-	-	-	-	-	-
5-year contract (modernized)	2,711	2,711	2,711	2,711	-	-	-	-	-	-	-	-	-	-
15-year contract (new)	915	915	915	915	915	915	915	915	915	915	915	915	915	915
Total	3,626	3,626	3,626	3,626	1,919	1,919	915	915	915	915	915	915	915	915

10.1.2.2.2. Estimated revenue from the Capacity Market of ENEA Wytwarzanie and ENEA Elektrownia Połaniec

[PLN million] ¹⁾	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
1-year contract	-	-	-	-	402	408	-	-	-	-	-	-	-	-
5-year contract (modernized)	652	652	652	652	-	-	-	-	-	-	-	-	-	-
15-year contract (new)	220	220	220	220	220	220	220	220	220	220	220	220	220	220
Total	872	872	872	872	622	628	220	220	220	220	220	220	220	220

¹⁾ Non-indexed value.

ENEA Elektrownia Połaniec participated in all the aforementioned processes and, as a result, signed 2 capacity contracts for 5-year periods of 2021-2025, for units 2 and 7. This resulted from the ENEA Group's strategy approved by decisions of the ENEA S.A. Management Board before each of the main auctions. At the same time ENEA Elektrownia Połaniec signed capacity contracts for 1-year period for delivery year 2026 for units 2 and 4–7. The other units, except for unit 9, were notified for participation in the secondary market. ENEA Elektrownia Połaniec and ENEA Wytwarzanie executed a joint venture agreement in the area of the capacity market providing for the companies' joint operation in the capacity market and mutual reservations.

ENEA Wytwarzanie participated in all the aforementioned processes and, as a result, signed:

- nine capacity contracts for 5-year delivery periods of 2021–2025, for units 1–10 without unit 3,
- one capacity contract for a 15-year delivery period of 2021–2035 for unit 11,
- 1-year supply contracts for 2021, 2022, 2023, 2024 and 2025, for three Capacity Market units from the RES Segment (hydro power plants) with a total capacity of approx. 37 MW were transferred to ENEA Nowa Energia.

In 2021 and 2022, ENEA Elektrownia Połaniec participated in the Capacity Auction for delivery years 2026 and 2027. As a result, it signed 1-year capacity contracts for delivery years 2026 and 2027 for units 2, 4, 5, 6 and 7 with a total capacity of 1,004 MW, unit 3 is a backup for the above-mentioned units.

10.1.2.2.3. Contracted capacity obligations of MEC Piła

[MW]	Q1 2022	Q2 2022	Q3 2022	Q4 2022	2023
Quarterly contracts	-	6	6	-	-
1-year contract	-	-	-	-	6
Total	-	6	6	-	6

10.1.2.2.4. Estimated revenue from the capacity market of MEC Piła

[PLN million]	2022	2023
Quarterly contracts	1	-
1-year contract	-	1
Total	1	1

¹⁾ The capacity contract of ENEA Ciepło for 2025 is valid from 1 January 2025 to 30 June 2025.

10.1.2.2.5. Contracted capacity obligations of ENEA Ciepło

[MW]	2022				2023				2024	2025	2026	2027
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4				
Quarterly contracts (existing)	34	-	-	22	38	-	-	23	-	-	-	-
1-year contract (existing)	-	-	-	-	-	-	-	-	29	37 ¹⁾	-	9
Total	34	-	-	22	38	-	-	23	29	37¹⁾	0	9

10.1.2.1.6. Estimated revenue from the Capacity Market of ENEA Ciepło

[PLN million] ¹⁾	2022	2023	2024	2025	2026	2027
Quarterly contracts (existing)	3	5	-	-	-	-
1-year contract (existing)	-	-	8	3 ²⁾	-	4
Total	3	5	8	3²⁾	0	4

¹⁾ Non-indexed value

²⁾ The capacity contract of ENEA Ciepło for 2025 is valid from 1 January 2025 to 30 June 2025.

ENEA Ciepło participated in the aforementioned processes and, as a result, concluded two quarterly capacity contracts for delivery year 2022 (Q1 and Q4) for unit 2, two quarterly capacity contracts for delivery year 2023 (Q1 for unit 2 and Q4 for unit 3), one 1-year capacity contract for delivery year 2024 for unit 3, one 6-month capacity contract for delivery period from 1 January 2025 to 30 June 2025 for unit 3 and one 1-year capacity contract for delivery year 2027 for unit 1. This results from the documents entitled: “Strategy for participation of ENEA Ciepło CMU in the main auction of the capacity market (...)” for delivery years 2024, 2025, 2026, 2027 and “Strategy for participation of ENEA Group CMU in additional auctions (...)” for delivery years 2022, 2023 drawn up under the leadership of ENEA Trading and approved by decisions of the ENEA Ciepło Management Board before the auctions.

In accordance with the document “Strategy for participation of ENEA Ciepło CMU in the main auction of the capacity market for 2026”, it is assumed that unit 1 and/or unit 4 (TZ4) will be registered for certification for additional auctions for delivery year 2026, which will be carried out in 2024, after being informed about the physical condition of unit 1 after or during the major overhaul.

Unit 3 was registered for participation in the secondary market for 2022, units 1 and 4 were registered for 2023 and units 1, 2 and 4 were registered for 2024 and 2025. Units 2, 3 and 4 were registered for participation in the secondary market for 2027.

10.1.2.2.7. Contracted capacity obligations of Enea Nowa Energia

[MW]	2022	2023	2024	2025	2026	2027
1-year contract (existing)	37	37	38	37	24	24
Total	37	37	38	37	24	24

10.1.2.2.8. Estimated revenue from the Capacity Market of Enea Nowa Energia

[MW]	2022	2023	2024	2025	2026	2027
1-year contract (existing)	6 ¹⁾	8	10	6	10	10
Total	6¹⁾	8	10	6	10	10

ENEA Nowa Energia (formerly: ENEA Wytwarzanie RES Segment) participated in all main auctions of the capacity market and, as a result, concluded one-year capacity contracts:

- for the period 2021-2025, for three units with the average capacity of approx. 37 MW in a given delivery year,
- for 2026, for two units with the total capacity of 24 MW,
- for 2027, for two units with the total capacity of 24 MW.

10.1.2.3. Electromobility and Alternative Fuels Act

The Electromobility and Alternative Fuels Act of 11 January 2018 requires distribution system operators to build publicly accessible charging points for electric vehicles in the areas of their operation installed in generally accessible charging stations (GACS). In the

area of operation of ENEA Operator, this obligation involves the construction of 417 charging points located in publicly available charging stations in 4 townships: Poznań, Szczecin, Bydgoszcz and Gorzów Wielkopolski. The amendment to the Act on Electromobility and Alternative Fuels and certain other acts of 2 December 2021, implementing Directive (EU) 2019/944 of the European Parliament and of the Council into the Polish legal system, allows for constructing charging stations for electric vehicles if the relevant townships fail to complete the task. For this reason, ENEA Operator is currently carrying out a project entitled "Implementation of ENEA Operator's statutory obligations related to electromobility under the Electromobility and Alternative Fuels Act." The adopted amendment to the Act repeals the provisions concerning the intervention scheme connected with the construction of GACS by DSOs and also introduces transitional provisions. These provisions make it possible to complete the already started investment projects.

10.1.3. Amendment to the Energy Law

10.1.3.1. Act of 20 May 2021 Amending the Energy Law Act and Certain Other Acts

On 18 June 2021, the Act of 20 May 2021 Amending the Energy Law Act and Certain Other Acts was published in the Journal of Laws. It introduces a number of solutions that are important for the functioning of the members of the energy market. Key amendments include the roll-out of smart metering in Poland. This action will be deployed by distribution system operators, and thus also by ENEA Operator. The amended legislation contains a schedule for the installation of remote reading meters at electricity offtake points and stipulates that by 31 December 2028 such meters must be installed by at least 80% of end users. Moreover, the law provides that by 31 December 2023 there must be 15% of such users, by 31 December 2025 – 35%, and by 31 December 2027 – 65%.

The Act also introduces, among other things, changes in the scope of activity of the Negotiations Coordinator working for the ERO President, rules for entering into agreements with dynamic pricing, strengthens the existing customer rights and introduces new rights associated with the sales of electricity (new contractual terms, billing obligations, dispute resolution with the seller, disclosure obligations).

The Act established the Energy Market Information Operator (OIRE). Since 3 July 2021, this function has been performed by Polskie Sieci Elektroenergetyczne S.A. The Energy Market Information Operator will manage the Central Energy Market Information System (CSIRE), scheduled to be deployed within 3 years from the date of entry into force of the amended Energy Law, the uses of which will include the processing of data obtained from smart meters. The Central Energy Market Information System will usher in fundamental changes to the method of information exchange between energy market participants. The amended law also contains solutions reinforcing the position of consumers and improving consumer protection on the energy and gaseous fuel market, and facilitating the operation of energy companies by creating a legal framework for the operation of closed distribution systems and energy storage facilities.

10.1.3.2. Act of 29 September 2022 Amending the Energy Law Act and the Renewable Energy Sources Act

The Act of 29 September 2022 Amending the Energy Law Act and the Renewable Energy Sources Act, which lifts the so-called exchange obligation, that is the obligation to sell electricity on the Polish Power Exchange by an energy generating utility company (deletion of e.g. Article 49a), entered into force in the reporting period, i.e. on 6 December 2022. The "exchange obligation" remains valid for the transmission system operator as part of its activity consisting in transmitting electricity and for utility companies trading in gaseous fuels, which are obliged to sell at least 55% of methane-rich natural gas supplied to the transmission grid in a given year: 1) in entry points to the national transmission system on interconnections with transmission systems of other countries or 2) an upstream pipeline network or 3) liquefied natural gas terminals.

10.1.3.3. Implementation of Directive (EU) 2019/944 of the European Parliament and of the Council of 5 June 2019 on common rules for the internal market for electricity and amending Directive 2012/27/EU.

Works are being performed on another amendment to the Energy Law Act and the Renewable Energy Sources Act, which covers in particular proposed laws to implement Directive (EU) 2019/944 of the European Parliament and of the Council of 5 June 2019 on common rules for the internal market for electricity and amending Directive 2012/27/EU to the Polish legal system.

10.1.3.4. Other regulatory changes in retail trading and distribution

On 18 December 2021, the Act of 9 December 2021 Amending the Excise Duty Act and Certain Other Acts entered into force (Journal of Laws of 2021, Item 2349). It introduced exemption from excise duty on the sales of electricity to the end customers that are recipients of electricity in households in the period from 1 January 2022 to 31 May 2022 and reduction of the rate to PLN 4.60 per MWh for the remaining customers.

On 31 December 2021, the Regulation of the Minister of Finance of 17 December 2021 entered into force. It amended the Regulation on goods and services (Journal of Laws of 2021, Item 2350), which reduced the VAT rate to 5% for sales of electricity and 8% for gaseous fuel for the period from 1 January 2022 to 31 March 2022.

On 29 January 2022, the Act of 26 January 2022 on Special Solutions for Protecting Customers of Gaseous Fuels in connection with the Situation on the Gas Market (Journal of Laws 2022, Item 202) entered into force. The Act introduced special protective solutions, which enabled measures to mitigate the negative social and economic effects of a sudden, sharp rise in natural gas prices on the market. The amendments extended the list of entities covered by a tariff protection until 31 December 2023 and introduce a mechanism to compensate natural gas sellers for the effects of freezing prices for the protected entities.

On 1 February 2022, the Act of 13 January 2022 amending the VAT Act (Journal of Laws 2022, Item 196) came into effect. The Act introduced a 5% VAT rate for electricity and 0% for gaseous fuel for the period from 1 February 2022 to 31 July 2022.

On 26 February 2022, the Act of 27 January 2022 Amending the Act on Renewable Energy Sources and the Act Amending the Act on Renewable Energy Sources and Certain Other Acts (Journal of Laws 2022, Item 467) came into effect. This Act permitted the prosumers, who signed the agreement for the purchase, installation of a micro-installation or an agreement on co-funding of such installation with a local government unit by 31 March 2022 to operate under the previous net-metering billing scheme.

On 1 April 2022, the Act of 29 October 2021 Amending the Act on Renewable Energy Sources and Certain Other Acts (Journal of Laws 2021, Item 2376) came into effect. The Act introduced a number of changes, among others the concepts of a virtual renewable energy prosumer (for an installation remote from a given offtake point) and a collective renewable energy prosumer (for installations built within multi-unit buildings), along with mechanisms that allow prosumers to operate an installation not owned by them. In addition, the Act imposed on Sellers the obligation to ensure, as of 1 July 2022, the operation of an ICT system used to provide renewable energy prosumers, collective renewable energy prosumers or virtual renewable energy prosumers with detailed information relating to billing. In addition, the Act prolonged the possibility for prosumers to benefit from the existing net-metering billing scheme for micro-installations connected by 31 March 2022. The micro-installations connected since 1 April 2022, which were not connected under the Act of 27 January 2022 Amending the Act on Renewable Energy Sources and the Act Amending the Act on Renewable Energy Sources and Certain Other Acts (Journal of Laws 2022, Item 467), will be settled on the basis of net billing principles.

On 28 May 2022, the Act of 12 May 2022 Amending the VAT Act and Certain Other Acts (Journal of Laws of 2022, Item 1137) entered into force as regards the regulation that extended the period of exemption from excise duty on energy sold to households and reduced the rate charged to other customers to PLN 4.60 per MWh until 31 July 2022. Moreover, the Act extended the validity of the 5% VAT rate for the sale of electricity and the 0% rate for the sale of gaseous fuel until 31 July 2022.

On 31 July 2022, the Act of 7 July 2022 on Crowdfunding for Business Ventures and Assistance to Borrowers (Journal of Laws of 2022, Item 1488) entered into force as regards the regulation that extended the period of exemption from excise duty on energy sold to households and reduced the rate charged to other customers to PLN 4.60 per MWh until 31 October 2022. Moreover, the Act extended the validity of the 5% VAT rate for the sales of electricity and the 0% rate for the sales of gaseous fuel until 31 October 2022.

On 1 October 2022, the Regulation of the Minister of Climate and Environment of 27 September 2022 amending the Regulation on detailed conditions of operation of the power system came into force (Journal of Laws of 2022, Item 2007). The Regulation introduced, among others, the obligation to submit balancing bids in the balancing market based on individual variable costs of energy generation by entities submitting balancing bids, regulations on the maximum bid price (MaxBP) along with the specification of its determination method and mechanisms for automatic limitation of the bid prices submitted by participants of the balancing market up to the MaxBP if the price submitted in the balancing bid is higher than the MaxBP.

On 18 October 2022, the Act of 7 October 2022 on Special Solutions for Protecting Electricity Buyers in 2023 in connection with the Situation on the Electricity Market (Journal of Laws of 2022, Item 2127) entered into force. The Act introduced, among others, the obligation for trading companies to apply in 2023, for Tariff Group G buyers, the 2022 prices if electricity consumption is within the specified limits, a compensation system for utility companies, the electricity allowance, which is available to a household in which electricity is the main source of heating, a 10% discount arising from the total amount of electricity billing and the distribution service for the period from 1 October 2022 to 31 December 2023 if the consumption in this period is no more than 90% of the consumption from 1 October 2021 to 31 December 2022, and imposed an obligation on managers of public finance entities to reduce their energy consumption in 2023 by 10% compared to 2022. Additionally, the Act of 7 October 2022 among others introduced a mechanism to mitigate electricity distribution costs by freezing the rates of the electricity distribution fee for 2023 at the 2022 levels for eligible buyers enumerated in the act. In connection with the above, the Act provides for a compensation payable to the operators, which is to be equal to the difference between the approved distribution price for 2023 and the 2022 price, up to the specified energy consumption limit.

On 31 October 2022, the Act of 7 October 2022 Amending the Corporate Income Tax Act and Certain Other Acts (Journal of Laws of 2022, Item 2180) entered into force as regards the regulation that extended the application of VAT rates (0% for natural gas and 5% for electricity) and an exemption from the excise tax for electricity sold to household buyers, and a reduction of the excise tax for electricity sold to other buyers down to PLN 4.60 per MWh to 31 December 2022.

On 4 November 2022, the Act of 27 October 2022 on Emergency Measures to Reduce Electricity Prices and Support Certain Consumers in 2023 came into force (Journal of Laws of 2022, Item 2242). The Act introduced, among others, an obligation to apply, in settlements with eligible buyers, prices that are not greater than the maximum price set in the Act, a compensation system for entities eligible to the maximum price and an obligation to contribute to the Price Difference Fund¹⁾.

On 21 December 2022, the Act of 15 December 2022 on Special Protection of Certain Customers of Gaseous Fuels in 2023 in connection with the Situation on the Gas Market (Journal of Laws 2022, Item 2687) came into force. The Act introduced, among others, an obligation to apply, in settlements with eligible buyers referred to in Article 62b(1)(2) of the Energy Law Act (households, communities, entities obliged to supply gas, night shelters, etc.), prices that are not greater than the maximum price set in the Act, a compensation system for entities eligible to the maximum price and a possibility to apply for VAT refund in respect of the gaseous fuel purchased in 2023 by an eligible customer provided that the income criterion is satisfied.

On 1 January 2023, the Act of 4 November 2022 Amending the Consumer Rights Act, the Civil Code and the Private International Law (Journal of Laws of 2022, Item 2337) as well as the Act of 1 December 2022 Amending the Consumer Rights Act and Certain Other Acts (Journal of Laws of 2022, Item 2581) entered into force. The Acts introduced, among others, regulations regarding accountability for incompliance of goods with the contract or communication of a price reduction.

10.1.4. ENEA GROUP

10.1.4.1. Electricity tariffs

The Tariff for electricity distribution services of ENEA Operator, approved by the Decision of the President of the Energy Regulatory Office no. DRE.WPR.4211.58.8.2021.KKu of 17 December 2021, was applicable in 2022.

On 17 December 2021, the President of the Energy Regulatory Office made also a decision to approve the electricity tariff for Tariff Group G for ENEA S.A. for the period until 31 December 2022. The tariff entered into force on 1 January 2022. On 15 February 2022 the ERO President approved the change of the tariff in connection with the introduction of temporary exemption of the excise duty on the sales of electricity to end customers being recipients of electricity in households. The change of tariff has entered into force on 2 March 2022.

On 10 June 2022, the Company filed an application with the ERO President to approve a change in the electricity Tariff for ENEA S.A.'s Tariff Group G customers for 2022. The proposed change is due to an increase in electricity purchase costs, mainly due to increased energy consumption by customers and increased costs of purchasing property rights. By decision of 2 December 2022, ref. no.: DRE.WRE.4211.48.9.2022.KKu/JCz, the ERO President refused to approve the requested change of tariff.

On 17 December 2022, the ERO President approved the Tariff for the provision of electricity distribution services by ENEA Operator for 2023. Decision No. DRE.WRE.4211.69.14.2022.JCz/WŻ of the ERO President was published in ERO Industry Bulletin "Energia Elektryczna" (Electricity) No. 279 (3790) of 17 December 2022. The new Tariff was approved for the period until 31 December 2023 and introduced for application as of 1 January 2023.

On 17 December 2022, the ERO President made a decision to approve the electricity tariff for Tariff Group G customers for ENEA S.A. for the period until 31 December 2023. The tariff entered into force on 1 January 2023.

On 3 January 2023, the Company filed an application with the ERO President to approve a change in the electricity Tariff for ENEA S.A.'s Tariff Group G customers for 2023. The proposed change arises from higher costs of purchasing energy than the ones accounted for in the applicable tariff.

On 13 February 2023, the President of the Energy Regulatory Office approved the Change of the Tariff for electricity distribution services of ENEA Operator for 2023. The Decision of the ERO President was published in the ERO Industry Bulletin Energia Elektryczna ('Electricity') No. 111 (3928) of 13 February 2023. Pursuant to Resolution No. 80/2023 of the ENEA Operator Management Board of 16 February 2023, the Change of the Tariff has been in force since 1 January 2023.

10.1.4.2. Signing the Charter of Effective Transformation of Distribution Grids of the Polish Energy System

On 7 November 2022, the ERO President and 5 major DSOs (ENEA Operator, Energa Operator, PGE Dystrybucja, Stoen Operator, Tauron Dystrybucja) signed the "Charter of Effective Transformation of Distribution Grids of the Polish Energy System" (hereinafter the "Charter"). The signatories of the Charter focused on the role played in the process of transforming the Polish energy system by distribution grids and their adaptation to the new energy market model, which is increasingly based on renewables. Without rebuilding and upgrading the grids, effective transformation of the energy sector will not be possible. According to the assumption of the Charter, by 2030 the capacity of installed distributed sources (including prosumers) will increase by about 230%, or up to 50 GW, on the national scale, which will represent a 50% share of renewable energy sources in the electricity mix.

¹⁾ Pursuant to the Act of 27 October 2022 on Emergency Measures to Reduce Electricity Prices and Support Certain Consumers in 2023 and the Regulation of the Council of Ministers of 8 November 2022 on the method for calculating a price limit, a producer or a trading company is to recognize a write-off to the Fund designated under the aforementioned Act and Regulation.

This requires a complete reconfiguration of the previous passive grid to an active, bi-directional, reliable transmission of electricity. This will translate to high flexibility of the system and comprehensive support for distributed energy production. In order to achieve these effects, the distributors' investment and development needs must be properly diagnosed and the DSO regulatory model and the legislative process must also be changed to facilitate capital expenditures in grids and financing.

The Charter also refers to the necessity to increase capital expenditures for digitization and automation of grids, smart grid services and implementation of strategic connection investments, which will enable connection of 2 million new buyers by 2030. It also assumes that 100% buyers will have remote reading meters by 2030 and 100% MV/LV substations will have balancing meters installed by 2025.

As noted by the ERO President, in order to satisfy the postulates of the Charter, as the following steps, proposals will have to be developed for the necessary changes in the DSO regulatory models and the investment programs will have to be consistently implemented; also the necessary legislative changes will have to be initiated that take new regulatory requirements into account and ensure, among others, aid for DSOs. Also, ongoing monitoring of the transformation process will be necessary, by analyzing the outcomes achieved and rationally changing the desired course of investment processes by making the necessary corrections.

It is the intention of the Charter signatories to incorporate the provisions of this document, to the greatest possible extent, already in the distribution tariffs for 2023.

10.1.4.3. Significant trends in the Distribution area

The provisions of EU law, in particular those of the energy regulations called Clean Energy for All Europeans, have an increasing impact on ENEA Operator's business, including Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity and Directive (EU) 2019/944 of the European Parliament and of the Council of 5 June 2019 on common rules for the internal market for electricity and amending Directive 2012/27/EU. These regulations contribute to the achievement of the EU's goals of achieving a more competitive, secure and sustainable energy system and reducing greenhouse gas emissions by 2030. Commitments in this respect provide for a reduction of greenhouse gas emissions by at least 40% compared to 1990 levels while increasing energy efficiency by 32.5% and increasing the share of energy generation from renewable sources to 32% of final consumption. A consequence of the pursuit of these commitments will be a steady, as has already been observed, increase in installed capacity from renewable energy sources, which has created room for new energy market participants, led to a change in the manner of the power grid management and changed the roles of existing participants, including DSOs.

This effect was strengthened by "Fit for 55", a legislative package on climate and energy announced by the European Commission on 14 July 2021, which includes, among others, proposals for further reduction of greenhouse gas emissions by 55% by 2030 and, which is particularly important from the DSO point of view, a revision of the RED II directive, which features the assumption that the share of RES in electricity consumption would rise to 40% in 2030, or a revision of the energy efficiency directive. All the member states will have to contribute to the achievement of these goals. "Fit for 55" is a key element of the European Green Deal, adopted in December 2019, which aims to transform member states' economies to adjust them to the largest climate and energy reform in the European Union's history. The package will now be negotiated between the EU bodies and its member states and will then be subject to approval by the Council of the European Union and the European Parliament. It was estimated that the new legislative solutions would enter into force in 2024, but due to the current geopolitical situation these estimates are subject to significant uncertainty. Some elements of the package may be temporarily deferred, whereas others may be implemented sooner or scaled up. This is guaranteed by the "REPowerUE" plan formally approved by the European Commission, which aims to rapidly reduce the dependence of EU countries on Russian fossil fuels and, at the same time, to prop up joint European efforts towards safe and sustainable energy generation at an affordable price. Accelerating the deployment of renewable energy generation is among the priorities called for by REPowerUE. It is expected that improving the energy efficiency and setting more ambitious renewable energy targets will accelerate the environmental transition and ensure a truly connected and resilient energy grid in Europe that will guarantee energy security for its participants.

The rapid development of distributed energy sources combined with new technologies, including ICT (Information and Communication Technologies), has had a significant impact on the distribution network, while shaping the new role of DSOs on the energy market. New challenges in this area for ENEA Operator include: the new role of DSOs as entities supporting market development (local markets in particular), tapping into the flexibility of distributed energy sources, data management, cooperation with TSOs/DSOs, new IT and ICT technologies, development of smart grids, transformation of a passive (unidirectional) grid into an active one (bi-directional), activation of customers, dynamic increase in the number and capacity of dispersed energy sources, in particular microinstallations, emergence of energy communities (energy clusters and cooperatives, local balancing areas, owners of energy storage, electric cars and car charging stations), cyber security and development of research and development and innovation activities.

It should be also noticed that the amendment to the Energy Law Act, which came into force on 3 July 2021, imposed on the Company the duty to install, by 31 December 2028, AMI meters at no fewer than 80% of end users connected to at most a 1 kV grid and, consequently, to install AMI meters at 15% of such users by the end of 2023, at 35% of such users by the end of 2025, and at 65% of such users by the end of 2027. ENEA Operator has completed a tender procedure for the purchase of 327 thousand remote electricity meters. The purchase will enable the installation of modern meters for over 15% of customers connected to our network. Remote meters are a key component of the smart power grid being developed by ENEA Operator. Investments in a modern distribution network, including the so-called smart grid, are among the Group's key development directions.

The main consequence of changes on the energy market will be the gradual decline in the volume of energy distributed through DSO's grids. On the other hand, the quantity of energy produced by end users for their own needs, especially by prosumers, will increase. The changing model of the energy market and the consequences for its current players, such as distribution system operators, will also require transformation of the current regulatory model.

Ensuring energy security, active participation in the energy transformation towards zero emissions and facing up to challenges described above requires, most of all, capital expenditures on the modernization and expansion of distribution networks, which means that ensuring sources of funding for the pursuit of these plans will be of key significance.

10.1.4.4. ENEA Operator's Distribution System User Nondiscriminatory Treatment Assurance Program

During the reporting period, the Company complied with the provisions of the Compliance Program – ENEA Operator's Distribution System User Nondiscriminatory Treatment Assurance Program (hereinafter referred to as "Compliance Program") to fulfill the obligation arising from Article 9d sec. 4 of the Energy Law. Projects undertaken and executed by ENEA Operator in accordance with the Compliance Program during the reporting period gave the system users and the potential system users an equal access to the distribution system and enabled them to use the electricity distribution services on equal rules.

The monitoring of the implementation and execution of the Compliance Program is the responsibility of the Compliance Inspector, whose duties also include operational supervision of the Compliance Program's execution. The implementation and execution of the Compliance Program are supervised by the ENEA Operator Management Board as well as managers of organizational units and cells of ENEA Operator, who are responsible for implementing and supervising the observance and performance of the Compliance Program in the units managed by them. Detailed measures taken to perform the Compliance Program are found in annual reports on the performance of the Compliance Program sent to the ERO President.

10.1.4.5. Model of quality regulation

An important component affecting ENEA Operator's activity is the quality regulation introduced by the ERO President. At present, its rules are specified in the "Quality Regulation in 2018-2025 for Distribution System Operators" in its wording of 29 May 2019. The key performance indicators that directly affect ENEA Operator's regulated revenue in the part concerning return on capital, in the period from 2018 to 2025, were described in detail in ENEA Group's periodic report for 2021.

A key element affecting the DSO's activity is the document entitled "the Method of determining regulatory asset base and return on capital for Distribution System Operators for Electricity which separated their activity as of 1 July 2007," whose provisions were prepared jointly by the DSO and the Energy Regulatory Office. Due to the document, the level of substantiated return on capital is determined by the ERO President. The level is determined mainly on the basis of the product of RAB (regulatory asset base) and WACC (weighted average cost of capital).

10.1.4.6. Research and development and innovation carried out in ENEA Operator

ENEA Operator executed numerous research & development projects in 2022:

1. The project entitled "System of power and energy balancing and monitoring the quality of electricity supply of distributed energy sources and storage facilities" executed together with the AGH University of Science and Technology. The project has received co-funding from the National Center for Research and Development as part of Measure 1.2: "Sector R&D Programs" of Operational Program Smart Growth 2014–2020. The project was completed in 2022.
2. The project entitled "A flexible system of increasing competences of employees of technical services using virtual reality technology", performed jointly with the Poznań University of Technology and the Poznań University of Economics and Business. The project has received co-funding from the National Center for Research and Development as part of Measure 2/1.1.1/2018 "Quick Path" of Operational Program Smart Growth 2014–2020. The project was completed in 2022.
3. The project entitled "eNeuron: greEN Energy hUbs for local integRated energy cOmmunities optimizatioN" carried out under the Horizon 2020 program. The goal of the project is to develop innovative tools to optimize the process of designing and operating local power systems with the main purpose of effectively integrating distributed energy sources. The outcome is to ensure effective, economical and sustainable solutions offered to entitles potentially interested in implementing such systems, including, among others, distribution network operators, local communities and individual prosumers.
4. The project entitled "DRES2Market: Technical, business and regulatory approaches to enhance the renewable energy capabilities to take part actively in the electricity and ancillary services markets", executed as part of the Horizon 2020 program. The primary goal of the DRES2Market project is to prepare a comprehensive and cost-efficient approach to facilitate the effective participation of distributed generation based on renewable energy in electricity markets and to enable the provision of balancing and storage services in accordance with market criteria.
5. The project entitled "Development of a smart unmanned system for stabilizing the operation of distribution power grids based on modular installations of a hydrogen energy buffer with prospects for commercial use of hydrogen" executed under the Smart Development Operational Program, Action: Research and development works – National Center for Research and Development. The project is executed in an industrial and scientific consortium in collaboration with the West Pomeranian University of Technology in Szczecin and the University of Szczecin.

Changes occurring in the energy market force market participants to implement a number of innovative solutions. ENEA Operator is following the same path. For this reason, ENEA Operator has in place a framework enabling both employees and external entities to suggest and jointly execute various pilot and innovative projects with the Company. The pursuit of such initiatives will provide the opportunity to jointly develop or test new innovative technical and technological solutions in real-life conditions. Such actions permit a reliable assessment of new solutions regarding technological maturity, development prospects, benefits and costs, as well as risk factors. This way ENEA Operator appreciates the potential of its employees and establishes cooperation with successive external entities. Through innovative activities and execution of research and development projects, ENEA Operator also cooperates with numerous research institutions.

10.1.4.7. Membership of ENEA Operator in international organizations

ENEA Operator is involved in international cooperation with two entities operating within the EU. One is E.DSO, or European Distribution System Operators. It is an organization that associates 39 leading distribution system operators for electricity (DSOe) from 24 European countries, operating within the EU structures as a voluntary association of DSOes (there are no members that are DSOs). Its purpose is, on the one hand, to influence European regulations pertaining to electricity, while on the other hand, to provide European DSOs with the possibility of mutual exchange of information and cooperation in legal, technical, technological or R&D and innovation issues.

The other is the EU DSO Entity. The organization was established by Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity; it associates all distribution system operators (including DSOs) from the member states that applied for membership. Its goal is to support the achievement and functioning of the internal market for electricity and to promote optimal management of distribution and transmission systems and to ensure their coordinated operation.

10.1.4.8. General Data Protection Regulation (GDPR)

GDPR (Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of individuals with regard to the processing of personal data and on the free movement of such data and repealing Directive 95/46/EC) is a legal act of the European Union, which has been in effect in all member states since 25 May 2018. These laws define the rules for processing personal data and impose certain obligations on data controllers. In its business, the ENEA Group observes the requirements of the indicated regulations, also by ensuring an appropriate level of security of personal data processing, paying particular attention to the protection of the rights and freedoms of data subjects. Pursuant to Article 37 of GDPR, ENEA Group companies appointed Data Protection Officers, who discuss important matters concerning personal data protection in the ENEA Group.

10.1.4.9. Rules for the preparation of financial statements

This Report of the Management Board on activities has been prepared in accordance with § 70–71 of Regulation of the Finance Minister of 29 March 2018 on current and periodic information disclosed by issuers of securities and conditions for considering the information required by laws of a non-member state as equivalent. The consolidated financial statements of the ENEA Group and the standalone financial statements of ENEA S.A. for the financial year 2022 have been prepared in accordance with International Accounting Standards and International Financial Reporting Standards (IAS/IFRS), as endorsed by the European Union. The consolidated financial statements of the ENEA Group and the standalone financial statements of ENEA S.A. have been prepared on the assumption that the Issuer and its Group will continue as a going concern in the foreseeable future. Unless indicated otherwise, the financial data presented in the said financial statements are expressed in thousands of Polish zloty (PLN). In some instances, the numbers in tables and graphs may not add up to the stated totals, the differences being due to rounding.

10.1.4.10. Concessions

Power industry groups operate in the Polish power market on the basis of concessions granted to them. Considering the medium and long-term validity of the individual concessions, detailed information of the concessions held by each company from the ENEA Group is presented in annual reports.

Company	License for:
ENEA S.A.	<ul style="list-style-type: none"> trade in electricity – valid until 31 December 2025 trade in gaseous fuels – valid until 31 December 2030
ENEA Operator	<ul style="list-style-type: none"> distribution of electricity – valid until 1 July 2030
ENEA Nowa Energia	<ul style="list-style-type: none"> generation of electricity – valid until 31 December 2030
ENEA Wytwarzanie	<ul style="list-style-type: none"> generation of electricity – valid until 31 December 2030 trade in electricity – valid until 31 December 2030 generation of heat – valid until 31 December 2025 transmission and distribution of heat – valid until 31 December 2025
ENEA Trading	<ul style="list-style-type: none"> trade in electricity – valid until 31 December 2030 trade in gaseous fuels – valid until 31 December 2030 cross-border trade in natural gas – valid until 31 December 2030
ENEA Ciepło	<ul style="list-style-type: none"> trade, generation, transmission and distribution of heat - a valid until 30 September 2028 trade in electricity - valid until 1 September 2028 generation of electricity - valid until 30 November 2028 trade in gaseous fuels - valid until 10 January 2029
MEC Piła	<ul style="list-style-type: none"> generation of heat- valid until 31 December 2025 transmission and distribution of heat - valid until 31 December 2025 generation of electricity - valid until 31 December 2030
PEC Oborniki	<ul style="list-style-type: none"> generation of heat – valid until 31 December 2025 transmission and distribution of heat – valid until 31 December 2025
ENEA Elektrownia Połaniec	<ul style="list-style-type: none"> generation of electricity – valid until 1 November 2025 trade in electricity - valid until 31 December 2030 generation of heat- valid until 1 November 2025 transmission and distribution of heat - valid until 1 November 2025
LW Bogdanka	<ul style="list-style-type: none"> extraction of bituminous coal from the Bogdanka deposit covered by the Puchaczów V mining area – valid until 31 December 2031 extraction of bituminous coal from the Lublin Coal Basin deposit – area K-3 covered by the Stręczyn mining area – valid until 17 July 2046 extraction of bituminous coal from the Ostrów deposit located in the following townships: Ludwin, Łęczna, Ostrów Lubelski, Puchaczów, Sosnowica, Uścimów in the Lubelskie Voivodeship – valid until 31 December 2065 extraction of bituminous coal from the Lublin Coal Basin deposit – area K-6 and K-7 located in the Cyców township – valid until 31 December 2046.

10.2. Natural environment

10.2.1. Curtailing emissions of air pollutants

In accordance with the applicable EU regulations, in particular Directive 2010/75/EU of the European Parliament and of the Council of 24 November 2010 on industrial emissions – IED (integrated pollution prevention and control), new and more stringent environmental protection standards have been in force since 1 January 2016. Accordingly, all electricity generators in Poland, who predominantly use high-emission coal-firing technologies, were required to adapt their power units to the new environmental requirements. Another important amendment to the law making the environmental requirements stricter, published on 17 August 2017, was Commission Implementing Decision (EU) 2017/1442 of 31 July 2017 laying down BAT (best available techniques) conclusions for large combustion plants in accordance with Directive 2010/75/EU of the European Parliament and of the Council (the so-called kBAT). The published BAT conclusions introduced more stringent (than in the IED Directive) requirements for pollutants such as sulfur dioxide, nitrogen oxides and dust. The BAT-associated emission levels (the so-called BAT-AELs) also apply to other substances, such as: mercury, hydrogen chloride, hydrogen fluoride and ammonia. The BAT conclusions started to apply from 18 August 2021, following the 4-year adjustment period. As kBAT were appealed against by the Polish government in October 2017 and the Court of Justice of the European Union (CJEU) issued a judgment of 28 January 2021 canceling kBAT of 31 July 2017, then on 30 December 2021 “new” BAT conclusions were published (Commission Implementing Decision (EU) 2021/2326 of 30 November 2021). The new conclusions are identical in content to the annulled ones, thus maintaining the continuity of the prevailing legal requirements.

In 2022, the emission fee rates increased:

SO ₂ :	0.56 PLN/kg in 2021 => 0.58 PLN/kg in 2022
NO _x :	0.56 PLN/kg in 2021 => 0.58 PLN/kg in 2022
Dust:	0.38 PLN/kg in 2021 => 0.39 PLN/kg in 2022

SO ₂	Emissions [Mg]	Emission factor [kg/MWh]	Emission fee [PLN thousand]
Kozienice Power Plant – units 1-10			
2021	7,047.9	0.515	3,946.8
2022	6,053.1	0.482	3,510.8
% change	-14.1%	- 6.4%	- 11.0%
Kozienice Power Plant – unit 11			
2021	1,744.2	0.307	976.8
2022	1,446.9	0.304	839.2
% change	-17.0%	-1.0%	-14.1%
ENEA Elektrownia Połaniec			
2021	4,518.2	0.528	2,530.2
2022	4,066.5	0.441	2,358.6
% change	-10.0%	-16.5%	-6.8%
Białystok Combined Heat and Power Plant			
2021	216.9	0.131	121.5
2022	183.4	0.119	106.4
% change	-15.4%	-9.2%	-12.4%
Białystok “Zachód” Heat Plant			
2021	17.8	-	10.0
2022	16.6	-	9.6
% change	-6.7%	-	-4.0%

NO _x	Emissions [Mg]	Emission factor [kg/MWh]	Emission fee [PLN thousand]
Kozienice Power Plant – units 1-10			
2021	8,444.1	0.617	4,728.7
2022	7,075.2	0.512	4,103.6
% change	-16.2%	-17.0%	-13.2%
Kozienice Power Plant – unit 11			
2021	2,284.5	0.402	1,279.3
2022	2,000.8	0.420	1,160.5
% change	-12.4%	4.5%	-9.3%
ENEA Elektrownia Połaniec			
2021	5,060.6	0.592	2,833.9
2022	4,482.4	0.486	2,599.8
% change	-11.4%	-17.9%	-8.3%
Białystok Combined Heat and Power Plant			
2021	495.6	0.299	277.5
2022	393.7	0.255	228.4
% change	-20.6%	-14.7%	-17.7%
Białystok “Zachód” Heat Plant			
2021	15.3	-	8.6
2022	4.9	-	2.8
% change	-68.0%	-	-67.4%
MEC Piła			
2021	15.9	0.321	8.9
2022	21.8	0.394	12.6
% change	37.1%	22.7%	41.6%

Dust	Emissions [Mg]	Emission factor [kg/MWh]	Emission fee [PLN thousand]
Kozienice Power Plant – units 1-10			
2021	371.8	0.027	141.2
2022	410.4	0.030	160.1
% change	10.4%	11.1%	13.4%
Kozienice Power Plant – unit 11			
2021	75.2	0.013	28.6
2022	61.9	0.013	24.1
% change	-17.7%	-	-15.7%
ENEA Elektrownia Połaniec			
2021	384.4	0.045	146.1
2022	195.6	0.021	76.3
% change	-49.1%	-53.3%	-47.8%
Białystok Combined Heat and Power Plant			
2021	37.0	0.022	13.7
2022	32.9	0.021	12.8
% change	-11.1%	-4.5%	-6.6%
Białystok “Zachód” Heat Plant			
2021	0.6	-	0.2
2022	1.1	-	0.4
% change	83.30%	-	100.0%
MEC Piła			
2021	0.1	0.002	0.0
2022	0.1	0.002	0.0
% change	-	-	-

CO ₂	Emissions [Mg]	Emission factor [kg/MWh]	Gross electricity generation [MWh]
Kozienice Power Plant – units 1-10			
2021	11,593,312.0	847.0	13,694,800.6
2022	11,876,117.0	859.0	13,818,432.1
% change	2.4%	1.4%	0.9%
Kozienice Power Plant – unit 11			
2021	4,262,224.0	750.0	5,681,541.2
2022	3,664,595.0	769.0	4,764,590.2
% change	-14.0%	2.5%	-16.1%
ENEA Elektrownia Połaniec			
2021	6,029,838.0 ¹⁾	704.9	8,553,965.9
2022	7,088,659.0	768.5	9,223,962.8
% change	17.6%	9.0%	7.8%
Białystok Combined Heat and Power Plant			
2021	312,696.0	188.8	517,388.3
2022	255,232.0	165.5	470,410.3
% change	-18.4%	-12.3%	-9.1%
Białystok "Zachód" Heat Plant ²⁾			
2021	18,138.0	-	-
2022	12,851.0	-	-
% change	-29.1%	-	-
MEC Piła			
2021	83,881.0 ¹⁾	1,694.7	49,494.8
2022	41,667.0	752.7	55,359.4
% change	-50.3%	-55.6%	11.8%

¹⁾ Quantity adjustment as a result of the audit in relation to the report for 2021

²⁾ The table for the Białystok "Zachód" Heat Plant does not include data on electricity generation or the emission factor as the "Zachód" Heat Plant produces only heat

10.2.2. Compliance with formal and legal requirements

ENEA Wytwarzanie

At the Kozienice Power Plant, a program was completed to adapt the plant to the BAT conclusions, which had been in force since 18 August 2021. As a result, the Power Plant now meets both the emission standards and the threshold emission levels (TELs). Pursuant to the Regulation of the Minister of Climate of 24 September 2020 on emission standards for certain installation types, fuel combustion sources and waste combustion or co-combustion installations (Journal of Laws of 2020, Item 1860), in relation to the installations of units 1-10 and the installation of unit 11 for emissions of all pollutants, the following conditions for deeming the emissions standards complied with apply: (i) none of the approved average monthly concentrations of substances exceeds 100% of the emission standard, (ii) none of the approved average daily concentrations of substances exceeds 110% of the emission standard, (iii) 95% of all approved average hourly concentrations of substances during the calendar year does not exceed 200% of the emission standard.

If even one of the conditions specified in items (i), (ii), (iii) is not met, there is a risk that a penalty will be imposed for each hourly exceedance counted from the beginning of the year. The kBAT requirements were implemented to integrated permits for three power installations for fuel combustion operating in the Company – units 1-10, unit 11 and a start-up boiler house. The requirements considerably tightened the acceptable levels of emitted pollutions. Apart from the prevailing average monthly standards, very reduced average annual threshold emission levels (TELs) were introduced for previously limited emissions of SO₂, NO_x, CO and dust, as well as for newly introduced limited HCl, HF, NH₃ and Hg pollutants. The threshold emission levels were also applied to average daily concentrations of emitted SO₂, NO_x and dust. According to the current regulations, all the TELs – both average daily

and annual levels must be complied with without considering measurement uncertainties. No exceedance of the emission standards, threshold emission levels (TELS) and other formal and legal requirements was ascertained in 2022.

Kozienice Power Plant meets the objectives set by the national and community law (IED directive, BAT conclusions). The Power Plant operates five flue gas desulfurization (FDG) installations, which guarantee the required reduction of SO₂ emissions from flue gases of all units. All units of the Kozienice Power Plant are equipped with highly efficient electrostatic precipitators, which are upgraded on an ongoing basis in order to maintain high dust removal efficiency. All units (excluding unit 3) are also equipped with highly efficient selective catalytic NO_x reduction (SCR) installations.

ENEA Ciepło

As part of the “Zachód” Heat Plant installation, ENEA Ciepło takes advantage of the heat derogation arising from the IED as regards SO₂, dust and NO_x emissions. In the period of validity of the heat derogation, i.e. from 1 January 2016 to 31 December 2022, emission standards as at 31 December 2015 are applicable.

ENEA Elektrownia Połaniec

ENEA Elektrownia Połaniec takes advantage of the derogation arising from the IED – natural derogation of 17,500 hours covering boiler 1.15,715 hours were used in total from the limit, of which 388 hours were used in 2022 (48 hours in Q1, 41 hours in Q2, 120 hours in Q3 and 179 hours in Q4).

10.3. Other information

10.3.1. Expected financial situation

In 2022, the ENEA Group had to face the events that significantly affected the activity of companies in the energy sector and their financial performance. Despite the demanding and volatile market and regulatory environment, the Group's financial and operating performance reached the expected level. The 2023 EBITDA will largely depend on the newly introduced legislative solutions aimed at restraining the consequences of increasing electricity prices for some buyers. The new regulations have established certain price limits for electricity generators, depending on their generation technology, and for energy trading companies. Moreover, the exchange obligation, that is the obligation to sell electricity through the power exchange applicable to entities generating electricity from gas and coal, was abolished, which will affect the evolution of the supply and demand interaction on the electricity market. Moreover, if actions aimed at protecting the climate are focused predominantly on reducing the supply of CO₂ emission allowances, it may strengthen the pressure on an upward shift in the prices of CO₂ emission allowances. The 2023 financial performance will also be affected by political developments beyond Poland's eastern border and general macroeconomic conditions, especially the inflation rate and interest rates, coupled with the anticipated deceleration of economic growth.

In 2022, the Mining area's performance was under pressure due to sudden and unpredictable obstacles to the conduct of mining operations (as pointed out in Current Report Nos. 18/2022 and 19/2022 of Lubelski Węgiel Bogdanka S.A.). A significant fraction of the impact of the reduced output of commercial coal on the Mining area's operating performance was offset by the higher price of coal sold. The price increases observed on the markets, which translated into the prices contained in LWB's contracts, were caused predominantly by the armed conflict in Ukraine and the global energy crisis resulting from the interruption of fuel supply chains (with pushed up the demand for these products). It seems that in 2023 the high prices will persist (both on the revenue side and the cost side). Moreover, the sharp upsurge in the prices of consumer goods bolstered the social pressure on wage increases. These events will cause the costs of coal production to go up as well. LW Bogdanka still intends to maintain the position of the leader in the steam coal supply market in Poland, at the same time focusing on greater coal production efficiency and profitability, respect for the natural environment and implementation of innovative solutions.

In the Generation area, in 2022, the Group produced a total of over 26 TWh of electricity, of which nearly 2 TWh from renewable energy sources. In subsequent years, the Group intends to increase the share of RES in the mix of production sources in order to diversify the generation structure and reduce emissions through capital expenditure projects connected with, for example, development of offshore wind farms and photovoltaic farms. The measures are consistent with the European climate policy and with the ENEA Group Development Strategy until 2030 with an outlook to 2040, which assumes that climate neutrality will be achieved by 2050. Acting in accordance with the assumptions adopted for the transformation of the power sector in Poland, the ENEA Group took steps to spin off from its structures any assets related to the generation of electricity in conventional coal-fired units. The financial performance of generation companies in 2023 will be largely affected by the regulatory environment. The Act of 27 October 2022 on emergency measures to reduce electricity prices and support certain consumers in 2023 introduced a maximum price mechanism applicable to the billing of eligible customers. The surplus of actual revenues over revenues calculated in accordance with the price resulting from the Act will form a charge to be transferred to the Price Difference Fund, thereby creating a cost to be borne by energy generators. As regards fuels, due to the embargo on biomass imports from Belarus, suppliers are in the process of attempting to rebuild supply chains from alternative sources (imports) for which certain difficulties may arise regarding certification and authentication of origin. As far as domestic biomass is concerned, the market for wood chips from deliberate fragmentation of timber earmarked for energy generation purposes is developing. In turn, as regards the market for sawmill byproducts, due to high prices of timber and liquidity problems reported by producers, the risk has been identified that the supply of this type of biomass may be low. It is assumed that future domestic coal prices will be under pressure from the prices of imported coal.

The Distribution area is a stable part of the Group's business. In the reporting period, it achieved a lower EBITDA result than in the previous year (y/y decrease by PLN 64 million). The primary factors behind the decrease in EBITDA were: higher average electricity purchase prices, higher rates of variable transmission fees and higher payroll costs. Moreover, in Q1 2022, mass failures occurred due to catastrophic storms, which additionally contributed to the increase in the costs of the Distribution area. The ENEA Group consistently makes capital expenditures enhancing security and stability of energy supply. In the coming years, in the Distribution area, it is planned to continue the performance of investment tasks aiming to develop and modernize the grid infrastructure. Future operations will focus on the execution of projects focused on the fulfillment of statutory requirements to connect customers to the grid, aiming to develop the distribution network in terms of increasing the potential of connecting renewable energy sources to the grid and the construction of a smart power grid, the modernization, reconstruction and automation of lines and stations and the fulfillment of the statutory obligation to replace current meters with Remote Reading Meters. In the Distribution area, the Group identified an adverse impact of the political and economic situation in Ukraine on its operations and bottom line. This notwithstanding, the objectives and obligations set for the Company were fulfilled. The conflict in Ukraine caused disruptions in supply chains, including, in particular, difficulties in procuring specialized equipment and construction materials, and caused the problem of a shortage of human resources suffered by contractors, as some employees of Ukrainian nationality returned to their home country. These factors and the growing inflation rate caused a major increase in expenditures for the performance of new assignments, way above their historical levels. In parallel, contractors kept submitting claims for an increase in their fees and applications for an extension of time limits for the completion of their work. As a consequence, the amount of funds necessary for the execution of capital expenditure projects increased noticeably due to the soaring costs of completion of such projects, as unit costs kept growing significantly, while the challenges faced by the Distribution area meant that the scope of scheduled investments should also be greater than in earlier periods.

The Trading area posted EBITDA of PLN -76 million (up by PLN 166 million y/y). The increase in EBITDA was driven by a higher realized margin on the retail market. In parallel, provisions related to onerous contracts grew and the result on revaluation of CO₂ contracts deteriorated. In 2022, the Trading segment's EBITDA remained under constant pressure of rapid changes in electricity and gaseous fuel prices on the wholesale market, caused by the looming shortages of energy resources in Poland and across Europe, rising inflation and the existing geopolitical situation (war in Ukraine). At the end of 2022, the situation stabilized somewhat. Furthermore, the result on electricity sales in December 2022 was affected by the Act of 27 October 2022 on emergency measures to reduce electricity prices and support certain consumers in 2023. In 2023, the market will remain under constant pressure of rapid changes in the prices of CO₂ emission allowances, which may trigger price changes on the wholesale market and will largely depend on the consequences of the freeze on energy prices and the application of the maximum price mechanism.

10.3.2. Financial instruments used

ENEA S.A. pursues the interest rate risk hedging strategy, the main objective of which is to hedge cash flows resulting from concluded financing agreements. The adopted strategy assumes limiting the risk of impact on the financial result of changes in cash flows resulting from the risk of interest rate changes on the market within a specified time horizon. As at 31 December 2022, ENEA S.A.'s total bond and credit exposure hedged with IRS transactions amounted to PLN 3,133,291 thousand. Moreover, ENEA S.A. has fixed-rate credit agreements totaling PLN 426,113 thousand. As at 31 December 2022, the hedging rate of exposure was 80% for the ENEA Group and 80% for ENEA S.A. only.

In the reporting period ended 31 December 2022, ENEA S.A. did not enter into any FX forward transactions. Detailed information on the ENEA Group's hedging of currency risk is presented in section 38.4 of the Consolidated Financial Statements of the ENEA Group for the financial year ended 31 December 2022.

10.3.3. Managing financial resources

The ENEA Group manages financial resources both in the short and in the long term. Measures are taken in the organizational area as well as on the decision-making and control planes. The primary objective of financial resource management is to ensure financial liquidity in a manner enabling maximization of economic benefits. The actions taken focus chiefly on:

- shaping the optimal level and structure of assets and selecting the sources of its financing appropriately (taking the cost of obtaining them into account),
- implementing such an investment strategy for the cash held as allows for the directions and forms of investing,
- planning cash flows and monitoring the concentration of cash on bank accounts,
- controlling the financial situation, analyzing the execution of material and financial plans and cash flow plans,
- selecting and implementing mitigation measures for the risks involved in the pursued business activity.

Financial resources are managed on an ongoing basis using the Cash Pooling mechanism. The used real Cash Pooling services enable physical consolidation and balancing of the participants' accounts. The resulting shortages of cash of ENEA Group companies are covered with the use of the permitted intraday limits. In the case of insufficient cash balance to cover the shortages in the consolidated approach, the ENEA Group can use the available sources of external financing in the form of credits in current accounts. From the central level, the ENEA Group manages also financial surpluses by allocating them. The pursued actions are supplemented with quantitative analyses oriented towards preparing scenario analyses and an emergency funding plan. In order to unify the process of liquidity and financial liquidity risk management, ENEA Group companies have been covered by the regulation entitled "Liquidity Management and Liquidity Risk Management Policy of the ENEA Group". The actions taken as part of managing financial resources in the long-term perspective focus mainly on the identification of the demand for cash in the long term, obtainment of financing for the emerging cash needs and its distribution in accordance with the demand arising within the

Group. Financing is obtained in the ENEA Group by the central level, i.e. ENEA S.A., as part of the so-called central financing obtainment mechanism.

10.3.4. Entity authorized to audit financial statements

The Company's Supervisory Board appointed PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k. (hereinafter referred to as PwC) to carry out the financial audit activities for 2021 and 2022 referred to in the table below: The agreement with the said firm was signed on 19 March 2021. The agreement was entered into for a period of 2 years.

Signing the agreement with PwC continues the cooperation carried out since 26 January 2018 and regarding audits of annual standalone and consolidated financial statements of ENEA S.A. and its subsidiaries, reviews of interim standalone and consolidated financial statements of ENEA S.A. and its subsidiaries. Moreover, in 2021 and 2022, PwC provided ENEA S.A. and its subsidiaries with other services which involved: reviewing the regulatory report under Article 44 of the Energy Law, reviewing the consolidated report in XBRL format, reviewing the personnel compensation report, verifying the excise ratio, verifying the RAB and the RAB AMI, verifying compliance with the terms of loan agreements.

Information on the net fee due to entities performing financial audit activities for ENEA S.A. in the period 2021-2022 is presented in the table below:

Data in thousand PLN, including:	2021	2022
Fee for the audit of the annual standalone and consolidated financial statements of ENEA S.A.	229	229
Fee for the audit of the annual financial statements of subsidiaries	1,397	1,397
Fee for the audit of the interim financial statements and interim consolidated financial statements of ENEA S.A. and for the audit of interim financial statements of subsidiaries	262	262
Fee for other services	186	181
TOTAL	2,074	2,069

10.3.5. Sponsorship and charitable activity policy

The ENEA Group as a socially-responsible company, engages in sponsorship projects in the area of sports, culture and corporate social responsibility locally, regionally and nationally.

The key documents regulating sponsorship activity in the ENEA Group include:

- Rules for conducting sponsorship activities in the ENEA Group,
- Best Practices for conducting sponsorship activities in State Treasury-owned companies.

The portfolio of sponsorship projects assumes engagement in the areas of particular importance for the country and its inhabitants and the long-term comprehensive development of the selected area. Sponsorship projects serve to distinguish ENEA's image among other power industry groups. Through sponsorship, the ENEA Group achieves goals such as building a positive image, strengthening of the relationship with the brand, building brand recognition and support for commercial activities. Sponsorship activities and the social responsibility activities should provide the tools allowing us to reach current and prospective Clients and provide an image support for our business activities. For years, the ENEA Group has been taking part in significant initiatives aimed at integrating the principles of sustainable development into everyday business practices. The Group's operations are based on the principles of sustainable development, construed as minimizing our impact on the natural environment while maximizing benefits in terms of social and economic development, in accordance with which we make responsible and economically efficient decisions regarding our customers, employees, the natural environment and the broadly construed relationships with our economic environment.

The ENEA Group, as a socially responsible entity, executes a range of original projects in support of social campaigns and actions and, in the current situation that is exceptional for the region, country and world, namely Russia's aggression against Ukraine, the ENEA Group is actively involved in the pursuit of support activities. As part of its socially engaged activities, the ENEA Group pursues environmentally friendly actions, educational programs, including scholarship programs, social campaigns as well as educational, sports, recreational and cultural events. The ENEA Group delivers extensive support to refugees who have found their shelter in Poland, by providing accommodation to almost 300 people in ENEA-funded centers along with adaptation, legal and psychological support, and delivers assistance to Ukrainian citizens who have remained in their home country, through numerous aid campaigns carried out jointly with Caritas Polska and other charitable organizations.

Detailed information on the sponsorship and charitable activity may be found in section 12 hereof, entitled "Non-Financial Statement of ENEA Group for 2022".

10.3.6. Court and administrative proceedings

As at the date of this report, there are no pending proceedings regarding payables or receivables to which ENEA S.A. or any of its subsidiaries would be a party. A detailed description of pending proceedings is included in note 43 of the Consolidated Financial Statements of the ENEA Group for the financial year ended 31 December 2022.

10.3.7. Litigation related to actions for annulment or repealing of general meeting resolutions

During the reporting period, the Company was a party to two cases related to actions for annulment or repealing of general meeting resolutions. The following is a summary of information on each of these proceedings.

Plaintiff	Subject of the statement of claim (literal wording)	Status of the proceedings
Synergia Inter-Company Trade Union of ENEA Group Employees	Action for annulment of a resolution of the Company's general meeting or, alternatively, to repeal the resolution of the Company's general meeting ¹⁾	The proceedings were discontinued in the 1st instance (final and non-appealable) and on 16 September 2022, by decision of the Appellate Court in Poznań, a complaint regarding the decision on costs of proceedings was also dismissed.
Synergia Inter-Company Trade Union of ENEA Group Employees	Action to repeal a resolution of the Company's General Meeting ²⁾	The judgment of 25 January 2022 issued by the District Court in Poznań, the 9th Commercial Division, dismissed the action (the judgment is not final). On 7 March 2022, the Synergia Trade Union of ENEA Group Employees filed an appeal against the judgment of 25 January 2022, in the part dismissing the claim for repealing resolution no. 7 of the Ordinary General Meeting of ENEA S.A. of 30 July 2020 to grant a discharge to Mr. Mirosław Kowalik on the performance of his function of the Management Board President in 2019. On 21 April 2022, the Company's representative submitted a reply to this appeal. On 20 October 2022, the Court of Appeal in Poznań closed the hearing and deferred the judgment until 21 November. On 21 November 2022, the Court of Appeal in Poznań announced the judgment, in which it dismissed the appeal of the Synergia Trade Union in the ENEA Group and awarded costs of legal representation to ENEA S.A. The judgment is not final and non-appealable.

¹⁾ Concerns Resolution No. 3 of the Extraordinary General Meeting of ENEA S.A. of 24 September 2018 to express a directional consent to proceed with the Construction Stage under the Ostrołęka C project.

²⁾ Concerns Resolution Nos. 7, 8, 9 and 11 of the Ordinary General Meeting of ENEA S.A. of 30 July 2020 to grant a discharge to individual former Members of the Company's Management Board on the performance of their duties in 2019.

10.3.8. Collective disputes

As at the date of publication of this report, no collective disputes are in progress in the ENEA Group.

10.3.9. Projected financial results

The ENEA S.A. Management Board did not publish any projections of its financial results for 2022.

10.3.10. Rating

On 28 November 2022, Fitch Ratings issued a statement where it changed the ENEA S.A.'s rating outlook from negative to stable and affirmed the Company's long-term foreign- and local-currency issuer default ratings at BBB, of which the Company announced in Current Report No. 71/2022. The full wording of the statement in English is available on the agency's website at <https://www.fitchratings.com/research/corporate-finance/fitch-revises-enea-outlook-to-negative-affirms-idr-at-bbb-28-11-2022>.

10.3.11. Termination/rescission of property right purchase agreements by ENEA S.A.

On 28 October 2016, ENEA S.A. made a statement of termination or rescission of long-term property right purchase agreements resulting from the certificates of origin of energy from renewable sources (the so-called green certificates). These agreements were dissolved. The reason for the Company's termination/rescission of the individual agreements was exhaustion of all possibilities of restoring contract balance and equivalence of the parties' performances resulting from amendments to the law. The financial consequences of dissolving the abovementioned agreements will be the avoidance by the Company of the loss being the balance of the contractual prices and the market price of green certificates.

As a result of termination notices submitted by ENEA S.A., the agreements became terminated, according to ENEA S.A.'s assessment, generally as of the end of November 2016. The contractual date of termination of each agreement resulted from the pertinent contractual terms. The reason for the termination/rescission of these agreements by the Company was the absence of their renegotiation by means of adaptation clauses, which was justified by the need to restore the contractual balance between the parties and the equivalence of their performances in the light of the regulatory amendments introduced in the meantime.

ENEA S.A. is a party to litigation focused on contracts for the purchase of property rights resulting from certificates of origin for energy generated from renewable sources. In December 2022 and January 2023, ENEA S.A. signed arrangements with parties to the property rights purchase agreements, all of them PGE Group companies, on an amicable settlement of the disputes arisen in connection therewith.

Detailed information on this litigation is included in note 43.6 of the Consolidated Financial Statements of the ENEA Group for the financial year ended 31 December 2022.

10.3.12. Analyses of the transmission and collection of gaseous fuel from the transmission grid in the Kozienice Power Plant

On 11 February 2020, ENEA Wytwarzanie and GAZ-SYSTEM signed an agreement to design the connection of Kozienice Power Plant to the GAZ-SYSTEM transmission network and obtain all necessary administrative permits. The agreement will open the process of designing a gas service connection for the Kozienice Power Plant. Expansion of the transmission system by GAZ-SYSTEM will increase its capacity to supply higher volumes of natural gas throughout Poland. This will increase the capacity for connecting industrial plants as well as individual customers to the network. Currently, GAZ-SYSTEM is in the process of developing design documentation for the gas connection.

In ENEA Wytwarzanie, conceptual work on the selection of technological solutions and economic analyses for the “Restoration of generation capacity of 200 MW coal-fired units in ENEA Wytwarzanie based on the gaseous fuel combustion technology” has been completed. Corporate approvals have been obtained to launch Stage 1, which entails pre-investment work, i.e. preparation of the Terms of Reference (ToR), including a model contract and update of the project’s financial model (including an audit of the financial model).

On 16 March 2022 ENEA S.A. established a special-purpose vehicle ENEA ELKOGAZ with its registered office in Warsaw, in which it is the sole shareholder. The newly established company will replace the generation capacity of 200 MW power units with gaseous fuel combustion technology. This is one of the Group’s strategic investments in the process of the power company’s rational transition. CCGT power units will be a low emission source of energy strengthening energy security and providing support to the generation of energy from RES during the transition phase.

On 1 May 2022, all functions and tasks carried out by ENEA Wytwarzanie under the project entitled “Restoration of the generation capacity of 200 MW coal-fired units in ENEA Wytwarzanie based on gaseous fuel combustion technology” were transferred to ENEA ELKOGAZ. The transfer was confirmed by the execution, on 24 May 2022 by and between ENEA Wytwarzanie and ENEA ELKOGAZ, of an agreement for the purchase of project assets generated by 30 April 2022.

On 18 July 2022, a tender procedure was launched on the “e-zamówienia” [“e-procurement orders”] platform of the Public Procurement Authority to select the General Contractor for the investment project. Under the procedure, the prequalification process was carried out and contractors were invited to participate in a competitive dialogue.

On 30 September 2022, the meeting opening the Competitive Dialogue under the project entitled “Restoration of generation capacity of 200 MW coal-fired units in the Kozienice Power Plant based on the gaseous fuel combustion technology”. Competitive dialogue will be conducted in three stages split into general and industrial parts. According to the assumed schedule of the project, in Q4 2023, an agreement should be concluded with the General Contractor of the combined cycle units. The underlying concept for the construction of the CCGT power units calls for new low emission sources to stabilize RES as they develop in the initial phase of the ENEA Group’s efforts to achieve climate neutrality and will provide for the security of the electric power system.

10.3.13. Interest in ElectroMobility Poland S.A.

On 19 October 2016, PGE Polska Grupa Energetyczna S.A., Energa S.A., ENEA S.A. and Tauron Polska Energia S.A. founded a company by the name of ElectroMobility Poland S.A. The company’s business is intended to contribute to the execution of a program aimed at building a Polish electric vehicle, marketing it on a mass sale and creating an electromobility system in Poland.

On 19 August 2021, the Extraordinary General Meeting of ElectroMobility Poland S.A. adopted a resolution to reduce the company’s share capital by PLN 17,700,000.00 through a decrease in the par value of all its shares from the current amount of PLN 7,000.00 each to a new par value of PLN 5,230.05 per share. The decrease in the share capital was aimed at transferring funds from the share capital to supplementary capital. The General Meeting also adopted a resolution to increase the share capital by PLN 249,996,000.00 to PLN 302,296,890.00, for the total issue price of PLN 250,000,000.00, to be contributed exclusively in cash. The issue of the new shares was effected by way of a private placement. All the new shares are ordinary registered shares. The new shares were taken up and paid for by the State Treasury.

On 28 December 2022, the Extraordinary General Meeting of ElectroMobility Poland S.A. adopted a resolution to reduce the company’s share capital by PLN 17,557,328.00 thousand through a decrease in the par value of all its shares from the current amount of PLN 5,230.05 each to a new par value of PLN 4,926.29 per share. The reduction in the share capital is aimed at reducing the par value of the company’s shares in order to facilitate the acquisition of capital through new share issues. The General Meeting also adopted a resolution to increase the share capital by PLN 249,999,364.92 to PLN 534,738,926.92, for the total issue price of PLN 250,000,000.00, to be contributed exclusively in cash. The issue of the new shares was effected by way of a private placement. All the new shares are ordinary registered shares. The share premium (excess of the total issue price over the total par value) was transferred to supplementary capital. The new shares were taken up and paid for by the State Treasury. On 16 January 2023, the registration court registered the share capital increase. ENEA S.A. currently holds a 2.30% stake in the company’s share capital.

The State Treasury’s investment in the Company guarantees the development of the Polish Electric Car project and will, above all, enable the conduct of introductory activities necessary to prepare and launch the manufacture of electric cars.

10.3.14. Activity of ENEA Innowacje

ENEA Innowacje is a company dedicated to managing the area of innovation in the ENEA Group. The company is focused on the development of innovations through investments in third-party enterprises (start-ups), but is also involved in the internal development of innovative initiatives. The business of ENEA Innowacje is aimed at pursuing the concept of a zero-carbon transformation of the electricity market globally and in Poland, which is a major challenge and will be groundbreaking for a wide range of market players in the coming years. Over the next decade, what should be expected is not only a massive technological change, but also a change in philosophy regarding the operation of the electricity market that will affect customers' decisions and choices. The innovations to be deployed within the ENEA Group will play a crucial role in the accomplishment of the broadly construed energy transformation. The core interests of ENEA Innowacje include seeking and implementing technological solutions as well as new business models in such areas as e.g. circular economy, energy storage and new RES technologies, exploitation of hydrogen and other energy carriers, electromobility, Smart Cities, Internet of Things, artificial intelligence and automation of operating and manufacturing processes. In 2022, the company, acting on behalf of the ENEA Group, launched work on the deployment of SMR (small modular nuclear reactors) technology, which may be applied in electricity generation, but also in ensuring heat supplies for heating systems.

In the financial year 2022, the Company, among other endeavors:

- pursued activities based on the Company Strategic Development Plan for the years 2022-2027, supporting the implementation of the Development Strategy of the ENEA Group,
- conducted ongoing intense analyses and identification of the market and technology environment, the energy sector, its competitiveness, etc.; the purpose of these analyses was to support the directions of activities and management decisions on future investments in the company's innovations, which is shown by more than a dozen signed non-disclosure agreements serving as the basis for sharing information with the entities reviewed by the company,
- identified more than a dozen key innovation initiatives and ideas in the field of production and use of alternative fuels, energy storage, pursuit of the circular economy idea, and performed in-depth analyses and assessments focused on them taking into account the potential for development and competitiveness in the ENEA Group,
- commenced activities aimed at assessing the feasibility and building new sources of electricity and heat based on the use of small modular nuclear reactor technology,
- continued and extended cooperation with additional universities and companies on the basis of letters of intent or cooperation agreements.

10.3.15. Construction of a photovoltaic farm on land owned by LW Bogdanka

The photovoltaic farm project to be developed on the land owned by LW Bogdanka will enable proper development of the mine's land and may contribute to a significant reduction of the costs of electricity powering the LW Bogdanka's technical infrastructure, while protecting the environment and using renewable technologies.

In 2020, "Feasibility study for the construction of photovoltaic farms in the areas of LW Bogdanka" was completed. Based on that document, in 2021 a procedure was launched to select a contractor for the photovoltaic farm project for the needs of the field of Bogdanka, following which a contractor was selected and a contract was signed. In 2022, the design work was performed and the required permits and decisions were required and then a tender procedure was announced to build a photovoltaic farm. In December 2022, a contractor was selected as a result of the tender procedure. The time limit for the performance of the agreement was set for 30 July 2023.

10.3.16. Execution of the Ostrołęka C Power Plant construction project

Detailed information on the execution of the Ostrołęka C Power Plant construction project is provided in note 18 of the Consolidated Financial Statements of the ENEA Group for the financial year ended 31 December 2022.

10.3.17. National Energy Security Agency

On 1 March 2022, the Council of Ministers adopted the document "Transformation of the power sector in Poland. Spin-off of coal assets from companies with a State Treasury shareholding" ("Transformation Program"). The document was created in order to adapt power industry groups to the challenges of transformation in accordance with the directions laid down in "Poland's Energy Policy until 2040" (PEP2040). The Transformation Program presents a concept of spinning off, from the corporate groups of each utility company, assets associated with the generation of electricity in conventional coal-fired units ("coal assets"). The objectives of the Transformation Program envisage, among other outcomes, the integration of the coal assets within a single entity, specifically PGE Górnictwo i Energetyka Konwencjonalna S.A. ("PGE GiEK"), which is a subsidiary of PGE S.A. and will ultimately run its business under the name of Narodowa Agencja Bezpieczeństwa Energetycznego (National Energy Security Agency, "NABE"). The role of NABE will be to secure energy security through stable deliveries of power produced from coal. The spin-off of coal-fired generation assets will allow power industry groups to focus on accelerating investments in low- and zero-carbon energy sources and industrial infrastructure.

In 2022, the ENEA Group carried out tasks associated with demerging coal assets to the State Treasury in accordance with the updated schedule of establishment of NABE.

In 2022, the work of the strategic advisor acting on behalf of the PGE, ENEA and TAURON groups and PGE GiEK continued, including advice in the areas of strategy, financial model, transaction structure and development of the operating model and consulting as well as in the area of concentration and notification of potential state aid.

Moreover, in accordance with existing market practice, vendor due diligence (“VDD”) of the seller was carried out, involving the conduct of an independent audit by an outside party. The VDD covered the following three key areas: (1) legal, (2) tax and financial, and (3) technical and environmental.

In order to ensure the continuation of business by the spun-off companies after their incorporation into the NABE structures, negotiations with financial institutions in this area were initiated.

In 2022, the ENEA Group carried out work related to internal ownership and reorganization changes. One of such activities is the spin-off of ENEA Trading (under Article 529 §1(4)) of the Commercial Company Code), as a result of which, in accordance with the Demerger Plan of ENEA Trading of 29 July 2022, the demerger will be effected through a spin-off and transfer of certain assets and liabilities of ENEA Trading in the form of an Organized Part of the Enterprise to ENEA Power & Gas Trading.

In connection with the ongoing process of energy transformation, trade union organizations requested the signing of a social contract for the power sector, in particular in the area of employer status, employment guarantees after the coal asset spin-off process from companies with State Treasury shareholding, working conditions and wages. On 22 December 2022, the “Social contract on the transition of the power sector and the lignite mining industry, including on the spin-off of generating and mining coal assets from companies with State Treasury shareholding” was entered into by and between the Government, the Employers (power industry groups) and the Trade Unions.

10.3.18. Political and economic situation in Ukraine

On 24 February 2022, the army of the Russian Federation invaded Ukraine, starting a large-scale military conflict. The event has still had an enormous impact on the social, political and economic situation, not only in the region but also globally. The Group is analyzing consequences of the political and economic situation in Ukraine for the Group’s financial statements and current and future financial and operating results.

The commodity and financial markets have seen a high degree of volatility in the prices of commodities and financial instruments. The considerable volatility of the prices of electricity and emission allowances (EUAs) make it necessary to supplement margin deposits at the Exchange Clearing House (IRGIT) and on foreign markets (the ICE, EEX) organizing trade in greenhouse gas emission allowances and consequently generating a major increase in demand for working capital.

In connection with the introduction of third level CRP alert (CHARLIE-CRP) in the entire territory of Poland, the Group companies implemented the safeguards described in the Regulation of the Prime Minister of 25 July 2016 on the scope of measures taken during each alert and CRP alert level. Restrictions of access to IT systems resulting from the continuation of the CHARLIE-CRP alert level may cause delays in the performance of projects and implementations of IT systems.

In the Mining segment, exports of bituminous coal developed in recent years by LW Bogdanka S.A., mostly to Ukraine, represented 3.1% of the LWB Group’s consolidated revenue from sales in 2022. As a result of the ongoing military conflict, sales to Ukraine have been significantly hindered. Due to the strong demand for steam coal, the LWB Group redirected the coal originally intended for the Ukrainian market to domestic buyers. On 16 April 2022, the Act of 13 April 2022 on Special Solutions to Counteract the Provision of Support to Aggression against Ukraine and to Protect National Security entered into force. Article 8 of the said Act, in consideration of the existing threat to national security, imposed a ban on imports and/or transport of coal originating from Russia or Belarus to or through, as the case may be, the territory of the Republic of Poland. Moreover, the Act, in Article 13, requires entities marketing coal in the Republic of Poland (including domestic mines) to be in possession of documentation indicating the country of origin of such coal and to issue declarations for coal buyers indicating the country of its origin. The Act has directly translated into a further strengthening of demand for domestic coal. Given the above as well as recent developments, the event had no significant effect on the operating activity and financial performance of the Mining segment in 2022 and should not have such effect in the short term. Still, such impact may be felt in the longer term.

In the Trading segment – the situation caused an increase in the prices of gaseous fuel and electricity in the current year (the need to make purchases for the balancing needs) and into the prices charged to customers (for those who did not purchase energy at a guaranteed “fixed” price).

In the Generation segment – intervention support may be necessary in the electricity balance and, as a result, higher electricity production by conventional generation sources. At present, the Group does not identify any direct impact of the war in Ukraine on the execution of deliveries of bituminous coal to ENEA Group’s power generation units. Still, given the high demand for steam coal (lower production in Poland and difficulties with imports), the Group is considering the possibility that such difficulties may arise in this respect. The Group has identified constraints in the supply of biomass in the form of sunflower hull pellets from Ukraine. Suppliers have reported a reduction in the volume of biomass available for purchase in Ukraine and logistical problems related to biomass exports from Ukraine and the transit of biomass through the territory of Ukraine (e.g. from Moldova). In terms of biomass of agricultural origin, on 1 January 2023, which marked the end of the derogation period, the provisions of the RES Act regarding the required weight share of biomass of agricultural origin came into force, thereby affecting the demand side.

In connection with the termination of deliveries from Belarus after 4 June 2022 in connection with the Council Regulation (EU) 2022/355 of 2 March 2022 amending Regulation (EC) No 765/2006 concerning restrictive measures in view of the situation in Belarus, some supply shortages have been identified on the domestic wood/forest biomass market, resulting in persistently high biomass prices.

For the needs of electricity generation in units 2-7 of the ENEA Połaniec Power Plant, it is possible to replace biomass with coal. Heat production in the biomass cogeneration unit of ENEA Ciepło may be partially substituted with coal-fired generation in other generating units of ENEA Ciepło. In the Generation segment, difficulties have been identified in the procurement of high-alloy steels and non-ferrous metals produced in Ukraine and prices of these products are expected to continue to rise in the near future to a moderate degree. The above however has no effect on the continuity of operation of ENEA Group's generating units.

In the Distribution segment, at present, the Group does not identify any adverse effect of the political and economic situation in Ukraine on the segment's operations and financial results.

As at the date of these statements, it is impossible to predict how the situation caused by the military conflict in Ukraine will develop and what further negative effects that may exert on the ENEA Group's business.

As at the date of this report, the ENEA Group has not identified any risk regarding its capacity to continue as a going concern.

11. Representation on the application of corporate governance

11.1. Identification of applicable rules

One of the priorities of the ENEA Group is shareholder value creation, also by ensuring transparency of the Company. With that in mind, the Management Board of ENEA S.A. represents that in 2022 the Company applied the corporate governance rules forming an Attachment to Resolution No. 13/1834/2021 of the Supervisory Board of the Warsaw Stock Exchange of 29 October 2021, titled "Best Practice for WSE Listed Companies 2021" (DPSN 2021), published on the WSE website at <https://www.gpw.pl/dobre-praktyki2021>.

Since the Prime Minister has not yet defined the best corporate governance practices referred to in Article 7(3) of the Act on the Rules for Managing State Property, in 2022 the Company did not apply any best practices other than those specified in the Best Practices for WSE Listed Companies.

In connection with the obligation of the Management Board under § 11(4)(2) of the Company's Statute to submit a report to the Supervisory Board on the application of best practices defined by the Prime Minister and given that ENEA S.A. observes the DPSN, in 2022 the Company did not apply best practices other than the "Best Practice for WSE Listed Companies 2021", which were in effect as of 1 July 2021.

11.2. Waived corporate governance rules and recommendations

It is the intention of the ENEA S.A. Management Board to apply all corporate governance rules. However, due to the fact that some rules may impose excessive burden on the Company that may be disproportionate to benefits resulting from the needs of the market, in accordance with the above explanations, the Company does not apply rules 1.4.2., 2.1., 2.2., 4.1., 4.3., 4.8., 4.9.1. of the Best Practice for GPW Listed Companies 2021.

Information policy and investor communication

1.4.2. To ensure adequate communication with stakeholders, as regards its adopted business strategy, the Company publishes on its website relevant information on the assumptions of the strategy in place, measurable goals, including, without limitation, long-term goals, planned actions and the current progress towards its objectives, as expressed in financial and non-financial metrics. Information on ESG strategy should, among other things:

- indicate the value of the Company's equal pay ratio for salaries paid to employees, calculated as a percentage difference between average monthly salary (including bonuses, awards and other extra allowances) of women and men for the last year, and indicate information on the measures taken to eliminate any inequalities in this respect, along with the identification of any related risks and the time frame over which equality is planned to be ensured.

Company's comment: It is the Company's intention is to strive for equal rights for its employees in every aspect of their employment, including equal pay for women and men. In addition to the data included in this report in the Non-Financial Statement, the Company does not currently present separately any additional information on the equality of pay between women and men. The employment structure in the member companies of the ENEA Group tends to show a significant over-representation of men over women, while information on employment and employee remuneration is presented in the Company's periodic reports, which are published in accordance with the generally applicable provisions of law. Additionally, such data, augmented by a breakdown of jobs by gender or age, are published in this report in the Non-Financial Statement, and supplementary data on the type of employment contract, departures from the company and new hires are published online every year in the ENEA Group's ESG Reports. At the same time, the Company will endeavour to provide additional data, where appropriate, in accordance with the guidelines set out in this rule..

Management Board and Supervisory Board

2.1. The Company should have a diversity policy in place for its Management Board and Supervisory Board, adopted by the Supervisory Board or General Meeting, respectively. A diversity policy sets out diversity goals and criteria in areas including gender, field of education, expertise, age and professional experience as well as indicates the time frame and method for monitoring the achievement of those goals. As regards gender diversity, the condition for ensuring diversity in the Company's corporate bodies is for a minority to have a no less than 30% representation in a given corporate body.

Company's comment: The Company does not currently have in place a Diversity Policy adopted by the Supervisory Board or the General Meeting. However, diversity principles are applied within the Company. Currently, there are no women in the Company's Management Board. However, the Supervisory Board is composed of both women and men. The current gender mix in the Company's corporate bodies does not ensure differentiation at a level of at least 30%. However, it should be emphasized that the election of members for the Company's corporate bodies is based on the generally applicable provisions of law and the Company's Statute, in consideration of pertinent recruitment documents. Members of the Company's Management Board and Supervisory Board are selected based on a variety of criteria, including gender, education, age and professional experience. Recruitment activities are carried out by the Company's bodies authorized to appoint such individuals.

2.2. The individuals who make decisions on the selection of the Company's Management Board or Supervisory Board members should ensure these bodies are comprehensive by electing individuals that guarantee diversity, for example by making it possible to reach a target minimum minority representation of no less than 30%, in accordance with the goals set out in the diversity policy in place referred to in rule 2.1.

Company's comment: The Company applies the principles of diversity. However, it must be emphasized that members for the Company's corporate bodies are selected based on the generally applicable provisions of law and the Company's Statute, on the basis of recruitment documents received. Members of the Company's Management Board and Supervisory Board are selected

based on a variety of criteria, including gender, education, age and professional experience. Recruitment activities are carried out by the Company's bodies authorized to appoint such individuals.

General Meeting and shareholder relations

4.1. The Company should make it possible for shareholders to participate in the general meeting using electronic means of communication (e-general meeting), if the same is justified by shareholders' expectations communicated to the Company, as long as the technical infrastructure necessary to hold such a general meeting can be provided.

Company's comment: The Company does not conduct its General Meetings using electronic means of communication (e-general meeting). The Company has not received any relevant expectations in this respect from its shareholders. In the Company's opinion, certain risks of a technological and legal nature exist in the context of the conduct of General Meetings using electronic means of communication.

4.3. The Company provides generally available broadcast of the general meeting in real time.

Company's comment: Please be advised that the Company does not provide publicly available real-time broadcasts of its General Meetings. However, video and sound are recorded during the Company's General Meetings, and are subsequently uploaded to the Company's corporate website and made available for playback.

4.8. Draft resolutions of the general meeting on matters included in the general meeting agenda should be notified by shareholders no later than 3 days before the general meeting.

Company's comment: As regards the exercise of corporate rights by shareholders, the Company observes predominantly the principles arising from the generally applicable provisions of law, according to which a shareholder or shareholders representing at least one-twentieth of the share capital may submit to the Company, prior to the date of the General Meeting, draft resolutions on matters included in the agenda of the General Meeting or matters requested to be put on the agenda. Moreover, during the General Meeting, each shareholder may submit draft resolutions on matters included in the agenda. The Company may not influence any actions in this respect by its shareholders, yet it encourages shareholders to submit their draft resolutions well in advance, in compliance with this principle.

4.9.1. Candidates for the Supervisory Board members should be nominated within a time frame that makes it possible for shareholders present at the general meeting to make an informed decision, but no later than 3 days before the general meeting; candidates, along with the complete set of relevant materials, should be immediately published on the Company's website;

Company's comment: As regards the exercise of corporate rights by shareholders, the Company observes predominantly the principles arising from the generally applicable provisions of law, according to which a shareholder or shareholders representing at least one-twentieth of the share capital may submit to the Company, prior to the date of the General Meeting, draft resolutions on matters included in the agenda of the General Meeting or matters requested to be put on the agenda. Moreover, during the General Meeting, each shareholder may submit draft resolutions on matters included in the agenda. The Company may not influence any actions in this respect by its shareholders, yet it encourages shareholders to propose their candidates well in advance, in compliance with this principle.

11.3. A description of the main features of the issuer's internal control and risk management systems in relation to the consolidated financial reporting process

The rules and procedures for preparing financial statements are regulated, in particular, by the International Financial Reporting Standards, the Accounting Act and internal procedures in place at ENEA S.A.

The establishment of systems of internal control and risk management as regards the process of preparation of consolidated financial statements aims particularly at guaranteeing the completeness and correctness of financial information included in financial statements and periodic reports.

The ENEA S.A. Management Board is responsible for the ENEA Group's internal control system and its effectiveness in the process of preparing the financial statements and periodic reports. The purpose of an effective internal control system in the financial reporting process is to ensure completeness and correctness of financial information contained in financial statements and interim reports.

Financial statements and periodic reports as well as monthly management and operating reporting applied by Enea S.A. ("Company") are based on data derived from the Company's financial and bookkeeping system. After the performance of all the pre-determined ledger closing processes at the end of each month, detailed financial and operational managerial reports are prepared. These reports are drafted by the Group's Controlling Department with co-participation of middle and senior management of the individual organizational cells. With respect to closed reporting periods, not only the Company's financial results but also respective business areas are subject to detailed analysis. Annual reviews of strategies and economic and financial plans are carried out in the Company. Middle and senior management are particularly involved in the process of detailed planning and budgeting, which covers all areas of the ENEA Group's operations. The Company's Management Board adopts the material and financial plan prepared by the Group's Controlling Department, and the Supervisory Board approves the plan. During the year, the Company's Management Board oversees the pursuit of the objectives laid down in the adopted material and financial plan. The management cockpit developed by the Group's Controlling Department in cooperation with other Departments constitutes a valuable source of information for the Supervisory Board on the current financial situation, environment and the level of attainment of objectives in critical areas.

The Company continuously employs cohesive accounting rules to present financial data in the financial statements, periodic reports and other reports conveyed to shareholders.

The ENEA Group regularly assesses the quality of its internal control and risk management systems with regard to the process of drawing up financial statements. Based on the assessment conducted, the Management Board of ENEA S.A. concludes that as at

31 December 2022 there were no irregularities which could have significantly affected the effectiveness of internal control as regards financial reporting.

As part of risk management with respect to the financial statement preparation process, an independent statutory auditor's review of the financial statements is one of the key elements of external control. Auditor's tasks include, without limitation: reviewing semi-annual financial statements and auditing the annual standalone and consolidated financial statements. The independent auditor is selected by the Supervisory Board. After the auditor completes the audit of financial statements, they are sent to Supervisory Board members and the Supervisory Board assesses the compliance of the standalone and consolidated financial statements with the ledgers and documents and with the factual status. Pursuant to the Accounting Act, the Management Board and the Supervisory Board members are required to ensure that the financial statements satisfy the requirements provided for in the Accounting Act.

Another important element of the internal control system is the internal audit function performed by the Audit Management Division. Internal Audit at ENEA Group is independent and reports to the Audit Committee operating within the Supervisory Board. The main tasks of internal audit are, without limitation, to support the effectiveness of the internal control, risk management and compliance systems by: providing an independent assessment of the above-mentioned systems, auditing and evaluating relevant controls in processes performed by ENEA Group companies, recommending improvements, for example as regards corporate governance, and monitoring the efficient implementation of the recommendations issued. The inspection activities and process monitoring undertaken by the Company result in a low likelihood of the risk of an untimely or incorrect preparation of information on the Company's financial performance.

11.4. Information about shares and shareholders

The detailed description of the structure of the share capital, shareholding structure, changes in its structure in 2021 and potential changes within its structure is presented in Section 8 "Shares and shareholding".

11.5. Securities with special control rights

Until the date of these financial statements, ENEA S.A. has not issued any securities that would give special rights of control over the Issuer.

11.6. Restrictions on the exercise of voting rights

As at the date of these financial statements, there are no restrictions at the Company regarding the exercise of voting rights, except for those arising from generally applicable laws.

11.7. Restrictions on free transferability of securities

As at the date of preparation of this report, the Company has no limitations concerning transfer of the title to securities of the Issuer other than those resulting from the generally applicable regulations, including the Act of 16 December 2016 on the Rules for Managing State Property, which stipulates that the shares of ENEA S.A. held by the State Treasury may not be sold.

11.8. Procedure and main powers of the General Meeting, description of shareholders' rights and procedure of exercising them

The General Meetings of ENEA S.A. are held based on the Commercial Company Code, ENEA S.A.'s Statute and Rules and Regulations of the General Meeting, taking into account the principles adopted by the Company through the application of the "Best Practice for WSE Listed Companies".

In accordance with the Statute of ENEA S.A., the Company's Management Board convenes the General Meeting in cases provided for in relevant laws and regulations and in the Statute as well as when requested in writing by the main shareholder, i.e. State Treasury, which, for as long as it remains the Company's shareholder, irrespective of its shareholding, may require, pursuant to Article 400(1) of the Commercial Company Code, that an Extraordinary General Meeting should be convened and that specific matters should be included in the agenda of the upcoming General Meeting.

Such request should be submitted in writing to the Management Board no later than one month before the proposed date of the General Meeting. If the request is submitted after the General Meeting has been convened, it will be deemed a request for convening a subsequent Extraordinary General Meeting.

As stipulated by Article 29(3) of the Statute, where the General Meeting has not been convened within two weeks of relevant request being submitted, the State Treasury shareholder may obtain the right to convene the General Meeting in accordance with Article 354(1) of the Commercial Company Code.

In addition to the matters specified in mandatory provisions of law and in other provisions of the Statute, the powers of the General Meeting include:

- the power to appoint and dismiss Supervisory Board members, subject to the provisions of the Statute authorizing the State Treasury shareholder to appoint and recall one Supervisory Board member (in accordance with Article 354(1) of the Commercial Company Code) where the State Treasury has ceased to be the Company's sole shareholder.
- the power to adopt General Meeting bylaws defining detailed principles of conducting meetings and adopting resolutions,
- the power to issue convertible or exchangeable bonds and other instruments carrying the right to purchase or subscribe for the Company's shares.

11.8.1. Right to participate in the General Meeting

Pursuant to Article 406¹ § 1 of the Commercial Company Code, only those who have been the Company's shareholders sixteen days prior to the date of the General Meeting (date of registration for the General Meeting) have the right to participate in the Company's General Meeting. Moreover, Management Board and Supervisory Board members may participate in the General

Meeting of ENEA S.A. where the participant composition makes it possible to provide substantive answers to the questions asked at the General Meeting.

11.8.2. Right to participate in the General Meeting by proxy

A shareholder may participate in the General Meeting of ENEA S.A. and exercise his/her/its right to vote in person or by proxy.

11.8.3. Shareholder rights

The company's shareholder(s) representing at least one-twentieth of the share capital may request the inclusion of specific business in the agenda of the General Meeting of ENEA S.A. Such request containing the reasons or a draft resolution concerning the proposed agenda item should be submitted to the ENEA S.A. Management Board not later than 21 days prior to the date of the meeting.

The company's shareholder(s) representing at least one-twentieth of the share capital may, before the date of the General Meeting of ENEA S.A., propose draft resolutions regarding items introduced or to be introduced in the agenda of the General Meeting.

During the General Meeting, each shareholder may submit draft resolutions concerning matters included in the agenda. Such drafts should be presented in Polish.

Shareholders participating in the Extraordinary General Meeting of ENEA S.A. have the right to ask questions regarding matters included in the agenda of the General Meeting.

11.8.4. Rules for amending the Company's Statute

In accordance with the provisions of the Commercial Company Code, an amendment to the Company's Statute requires a resolution adopted by a specific majority of votes and a relevant entry in the register. The Company's Statute does not contain any provisions different from the provisions of the Commercial Company Code governing amendments to the Statute.

11.8.5. Diversity policy

In 2022, no formalized diversity policy was implemented by ENEA S.A. with respect to the Company's governing bodies (Management Board or Supervisory Board Members) and its key managers. The Company endeavors to ensure that the appointment of its governing bodies and key managers is each time conducted pursuant to the commonly binding legal regulations and preceded by a thorough analysis of the experience, competence, skills and substantive preparation of each candidates, regardless of other non-substantive criteria, including, without limitation, sex or age. In the Company's opinion, the assessment criteria applicable to candidates for the said positions enable the selection of candidates who warrant the ability to pursue the Company's strategy and grow its business.

11.9. Management Board of ENEA S.A.

11.9.1. Composition

In accordance with the Company's Statute, the Company's Management Board is composed of between 3 and 8 Members, including the President of the Management Board. The number of Management Board Members is defined by the Supervisory Board. Currently, the ENEA S.A. Management Board is composed of five members. The composition of the Company's Management Board as at the date of preparation of this report is presented in Section 9 "Governing bodies".

11.9.2. Rules for appointing and dismissing members of managing bodies

In accordance with the Company's Statute, Management Board Members or the entire Management Board are appointed and dismissed by the Supervisory Board, subject to the option to elect one person by the Company employees pursuant to § 14 of the Company's Statute. § 14 of Company's Statute provides that if the annual average employment in the Company is more than 500 employees (there is no such situation in ENEA S.A. at present), the Supervisory Board appoints one person elected by the Company employees as a Management Board Member for the term of office of the Management Board. When appointing Management Board Members, the Supervisory Board complies with the rules set forth in § 13(8) and (9) of the Company's Statute and the principles resulting from the provisions of generally binding laws. The rules and procedure for electing a Management Board Member elected by the employees have been described in § 14(7) of the Company's Statute.

11.9.3. Competences and powers of the Management Board

The Management Board runs the Company's day-to-day business and represents it. The powers, organization and principles of operation of the Management Board are defined by the provisions of the Commercial Companies Code, the Company's Statute and the Rules and Regulations of the Management Board. Resolutions of the Management Board are required for all matters exceeding the scope of the Company's ordinary activities, in particular:

- adopting the Company's organizational rules and regulations, subject to their approval by the Supervisory Board
- establishing and liquidating branches,
- appointing a commercial proxy and an attorney-in-fact, save an attorney for litigation purposes, with the appointment of a commercial proxy requiring the consent of all Management Board Members,
- taking out loans and borrowings,
- adopting annual material and financial plans, including investment plans, and strategic multiannual plans, subject to their approval by the Supervisory Board,
- incurring contingent liabilities, including granting warranties and sureties and issuing bills of exchange by the Company,

- acquiring, disposing of, or encumbering real property, perpetual usufruct or real property interest on the basis of one or more legal acts during twelve consecutive months with a value of the equivalent of PLN 200,000 or more,
- granting the leasing, renting, hiring, lending, usufruct or any other use of the Company's real property,
- assuming the leasing, renting, hiring, usufruct or any other use of the real property, on the basis of one or more legal acts during twelve consecutive months, with the value of the rent for the twelve consecutive months equivalent to PLN 200,000 or more,
- acquiring, selling or encumbering non-current assets, with the exception of real property, perpetual usufruct or real property interests, on the basis of one or more legal acts during twelve consecutive months, with a value equivalent to PLN 200,000 or more,
- granting the leasing, renting, hiring, lending, usufruct or any other use of non-current assets, except for real property,
- assuming the leasing, renting, hiring, usufruct or any other use of non-current assets, except for real property, on the basis of one or more legal acts, during twelve consecutive months, with the value of the rent for twelve consecutive months equivalent to PLN 200,000 or more,
- matters the resolution of which is requested by the Management Board from the Supervisory Board or General Meeting,
- determining the method of exercising the voting right by the Company at the General Meeting or Shareholder Meeting of Material Subsidiaries,
- adopting rules and procedures aimed at implementing the common economic interest of the group, including those based on the group's business segments (business areas) and shaping: organizational, information-related and decision-making structures within the group as well as procedures for managing business activities and joint ventures within the group in order to ensure the functional and economic efficiency of the group's business.

The Company's Management Board does not have any special rights to issue or redeem shares.

11.9.4. Management Board's principles of operation

The Management Board operates on the basis of the provisions of the Commercial Company Code, the Company's Statute and the Rules and Regulations of the ENEA S.A. Management Board. The Rules and Regulations of the Management Board are adopted by a resolution of the Management Board and approved by the Supervisory Board. The current version of the Rules and Regulations of the ENEA S.A. Management Board was approved by a resolution of the Supervisory Board on 26 January 2022.

Two Members of the Management Board acting jointly or one Member of the Management Board acting jointly with a commercial proxy are required to make declarations of will on behalf of the Company.

In accordance with the Rules and Regulations of the Management Board, meetings of the Management Board are held on Tuesdays at the Company's registered office unless the President of the Management Board or a Management Board Member appointed by the President decides otherwise.

Meetings of the Management Board of the Company are convened by the President of the Management Board or by a Management Board Member appointed by the President at his/her own initiative or at the request of two Management Board Members. The participation in meetings of the Management Board is obligatory. A Management Board Member gives reasons for his/her absence at a meeting of the Management Board in writing or using means of remote communication. Absence at a meeting of the Management Board is excused by the Chairperson of the meeting. Company employees, experts and external advisors may be invited to meetings of the Management Board. The agenda and necessary documents for a meeting of the Management Board are delivered by the Service Office for the Company's Bodies at least two business days prior to the meeting of the Management Board. For important reasons, a meeting may be convened with immediate effect and without delivering any materials. A condition for holding an ad-hoc meeting is an effective notice of the meeting to all Management Board Members.

Management Board decisions relating to the management of the Company affairs as referred to in § 11 item 2 of the Company's Statute require a resolution of the Management Board. The Management Board adopts resolutions if at least a half of its Members are present at a meeting and all Members have been duly notified of the meeting. In the event of a tie vote when adopting a resolution by the Management Board, the President of the Management Board has the casting vote.

The Management Board may adopt resolutions using means of direct remote communication or in writing with the adoption of a resolution in accordance with this procedure requires substantiation and a prior presentation of the draft resolution to all Management Board Members. Resolutions adopted in writing or by means of direct remote communication will be presented at the next meeting of the Management Board with the outcome of the voting.

The full text of the Statute and the Rules and Regulations of the ENEA S.A. Management Board containing a detailed presentation of the activities of the Management Board is available at www.enea.pl in the "Investor Relations" -> "Corporate Governance" tab.

11.10. ENEA S.A. Supervisory Board

11.10.1. Composition

In accordance with the Company's Statute, the Supervisory Board is composed of between 6 and 15 Members appointed by: (i) the General Meeting, (ii) the Company employees and (iii) the State Treasury. The Supervisory Board should be as a minimum composed of two persons nominated by the General Meeting from among the persons satisfying the independence criterion specified in the corporate governance rules adopted by the Supervisory Board of the Warsaw Stock Exchange. At present, the ENEA S.A. Supervisory Board is composed of ten Members and is the Supervisory Board of the 11th term of office. The composition of the Company's Supervisory Board as at the date of publication of this report, including the information about changes in 2022, and until the day of preparation of the report is presented in Section 9 "Governing bodies."

11.10.2. Principles of operation

In 2022, the Supervisory Board operated on the basis of the provisions of the Commercial Company Code, the Company's Statute and the Rules and Regulations of the ENEA S.A. Supervisory Board adopted by a resolution of the Supervisory Board of 15 December 2009 as amended. The Rules and Regulations of the ENEA S.A. Supervisory Board adopted by the Supervisory Board on 23 February 2023 is currently in force. The Supervisory Board exercises permanent supervision over the Company's activity in all areas of its activity. Special duties of the Supervisory Board include evaluation of the Management Board's report on the Company's activity and the financial statements for the previous financial year in terms of their compliance with the books, documents and facts.

Additionally, the competences of the Supervisory Board include evaluation of the motions of the Management Board regarding distribution of profit or coverage of loss as well as preparation and submission to the General Meeting of an annual written report for the previous financial year covering the following items in particular:

1. evaluation of the Management Board's report on the activity of the Company and the Group and the Company's standalone financial statements and consolidated statements of the Group for the previous financial year for compliance with the ledgers, documents and facts,
2. evaluation of Management Board's motion on the distribution of profit or coverage of loss,
3. evaluation of the Company's situation, in consideration of the adequacy and effectiveness of the Company's internal control systems, risk management, compliance of operations with standards or applicable practices and internal audit,
4. evaluation of the fulfillment by the Management Board of the information obligations to the Supervisory Board as referred to in Article 380¹ of the Commercial Company Code,
5. evaluation of the method of preparation or submission, to the Supervisory Board by the Management Board, of information, documents, reports or clarifications requested in the manner provided for in Article 382 § 4 of the Commercial Company Code,
6. information on the total fees due from the Company for all audits commissioned by the Supervisory Board during the financial year in the manner specified in Article 382¹ of the Commercial Company Code.

The Supervisory Board holds meetings at least once every two months. Meetings of the Supervisory Board are convened by the Chairperson or Deputy Chairperson of the Supervisory Board while presenting a detailed agenda. A meeting of the Supervisory Board should be convened at request of each Supervisory Board Member or under a motion of the Management Board. A Supervisory Board Member is obliged to participate in a meeting of the Supervisory Board. A Supervisory Board Member presents the reasons for his/her absence in writing. Excusing the absence of a Supervisory Board Member requires a resolution of the Supervisory Board.

11.10.3. Operation of the ENEA S.A. Supervisory Board

In 2022, the ENEA S.A. Supervisory Board pursued its operations on the basis of e.g. the Rules and Regulations of the ENEA S.A. Supervisory Board adopted by a resolution of the Supervisory Board of 15 December 2009 as amended. The description presented below regards 2022.

A meeting of the Supervisory Boards is convened within two weeks of the date of receiving a motion. The convening of a meeting of the Supervisory Board requires a written invitation to all Supervisory Board Members at least 7 days prior to the meeting of the Supervisory Board. The Chairperson of the Supervisory Board may shorten the time-limit to 2 days for important reasons and determine the invitation delivery method. In the invitation to a meeting of the Supervisory Board, the Chairperson sets the date of the meeting, place of the session and a detailed draft agenda. Materials concerning the matters included in the agenda are sent along with the invitation.

In cases indicated in the Rules and Regulations of the Supervisory Board, meetings of the Supervisory Board may also be held without being formally convened.

Meetings of the Board are conducted by the Chairperson of the Supervisory Board or, in his/her absence, by the Deputy Chairperson or another Supervisory Board Member selected at the meeting.

The Chairperson of the Supervisory Board, and in his/her absence the Deputy Chairperson or another Supervisory Board Member chairing the meeting, ensures that meetings of the Supervisory Board are conducted efficiently and correctly, in accordance with the adopted agenda, legal regulations, the Statute and the Rules and Regulations of the ENEA S.A. Supervisory Board, and, in particular, has an exclusive right to:

- open, conduct and close meetings of the Supervisory Board,
- give the floor to and take the floor away from Supervisory Board Members,

- issue standing orders,
- order voting, ensure that it is held properly and announce its outcome,
- resolve procedural issues,
- order recess in meetings of the Supervisory Board,
- give instructions to the minute-taker at the meeting of the Supervisory Board,
- distribute written resolutions of the Supervisory Board,
- take any other actions required for an efficient operation of the Supervisory Board.

When considering each tabled matter, the Supervisory Board Members have the right to evaluate draft resolutions by way of a discussion or put forward amendments to them. The discussion should be held in accordance with the following rules:

- a Supervisory Board Member may take the floor exclusively in matters included in the agenda and as regards the currently considered item on the agenda,
- when considering each issue on the agenda, depending on its subject, the Chairperson may set a time-limit per speaker,
- the Chairperson may instruct the speaker who diverges from the topic, exceeds the permitted time-limit, or makes prohibited utterances,
- the Chairperson has the right to take the floor away from the speakers who do not abide by the Chairperson's instructions or who take the floor in breach of the Rules and Regulations,
- the Chairperson decides on termination of the discussion after hearing the Supervisory Board Members who have requested to speak.

The proposed agenda may be changed if all Supervisory Board Members are present at a meeting and no one objects to the proposed change in the agenda. A matter not included in the agenda is included to the agenda of the next meeting.

The Supervisory Board adopts resolutions if at least a half of its Members are present at a meeting and all Members have been duly invited. The Supervisory Board adopts resolutions by an absolute majority of votes.

In the event of a tie vote when adopting a resolution by the Supervisory Board, the Chairperson has the casting vote.

Subject to the events described in the Commercial Company Code, the Supervisory Board may adopt resolutions without holding a meeting: 1) by affixing signatures on the same copy (copies) of the draft resolution or on separate documents containing the same text or 2) using a telephone or other means of remote communication in a manner enabling direct communication of all participating Members.

The adoption of a resolution in accordance with the procedure provided in item 1) requires its prior substantiation and presentation of the draft resolution to all Supervisory Board Members along with the substantiation. Resolutions adopted in writing or by means of direct remote communication are presented at the next meeting of the Supervisory Board with the outcome of the voting. The Supervisory Board may adopt resolutions in writing or by means of direct remote communication also in matters for which the company's Statute provides for a secret ballot unless an objection is made by any Supervisory Board Member. Supervisory Board Members may participate in adopting resolutions of the Supervisory Board by casting votes in writing through another Supervisory Board Member (subject to Article 388 § 2 of the Commercial Company Code).

The full text of the Statute and the valid Rules and Regulations of the ENEA S.A. Supervisory Board containing a detailed description of the activities of the Supervisory Board is available at www.enea.pl in the "Investor Relations" -> "Corporate Governance" tab.

11.10.4. Supervisory Board's Committees

In accordance with the provisions of the Rules and Regulations of the Supervisory Board (applicable in 2022, described in Section 11.10.3. and applicable as at the report publication date), the following standing committees operate within the Supervisory Board:

- Audit Committee,
- Nominations and Remuneration Committee,
- Strategy and Investment Committee.

Each Committee is composed of at least three Members appointed and dismissed by the Supervisory Board from among its Members for the period equal to the term of office of the Supervisory Board. Members of the Committee elect the Chairperson of the Committee from among themselves. The Chairperson of a Committee manages the works performed by the Committee, in particular the organization and meetings of the Committee.

11.10.4.1. Audit Committee

As at the day of publication of this report, the Audit Committee operates in the following composition:

Audit Committee	
Name	Position
Tomasz Lis ¹⁾²⁾³⁾	Chairperson
Aneta Kordowska ¹⁾²⁾	Member
Roman Stryjski ¹⁾	Member
Mariusz Damasiewicz ¹⁾³⁾	Member
Mariusz Pliszka ^{1) 3)}	Member

¹⁾ An independent member within the meaning of Article 129(3) of the Act of 11 May 2017 on Certified Auditors, Audit Firms and Public Oversight and within the meaning of the corporate governance principles included in the Best Practice for WSE Listed Companies 2021.

²⁾ Member with knowledge and skills in accounting or audit of financial statements, based on his/her education and previous professional experience.

³⁾ Member with knowledge and skills in the industry in which the issuer operates, based on his/her education and previous professional experience.

11.10.4.1.1. Activity of the Audit Committee

A detailed description of the powers of the Committee is included in the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Oversight and the Rules and Regulations of the ENEA S.A. Supervisory Board Audit Committee adopted by the Supervisory Board's resolution of 23 February 2023.

In 2022, the Audit Committee pursued its operations on the basis of e.g. the Rules and Regulations of the ENEA S.A. Supervisory Board adopted by a resolution of the Supervisory Board of 15 December 2009 as amended. The description presented below regards 2022.

Most Audit Committee Members, including the Chairperson of the Audit Committee, should satisfy the independence criterion within the meaning of Article 129(3) of the Act of 11 May 2017 on Certified Auditors, Audit Firms and Public Oversight, and the Audit Committee should be composed of at least one Member who has knowledge and skills in accounting or auditing of financial statements. Audit Committee Members have knowledge and skills in the industry in which the Issuer operates. This condition is considered satisfied if at least one Audit Committee Member has the knowledge and skills in the industry or individual Members have the knowledge and skills in the industry in specific fields.

The task of the Audit Committee is to advise the Supervisory Board about the internal policy and budgetary procedures adopted by the Company and control them as well as provide consultancy about the Company's relationship with a statutory auditor, including in particular:

- 1) monitoring:
 - a) the Company's financial reporting process,
 - b) the effectiveness of internal control systems and risk management system as well as internal audit, including financial reporting,
 - c) the performance of financial audit operations, in particular the performance of an audit by an audit firm, taking into account any requests and findings of the Polish Audit Oversight Committee arising from the control carried out in the audit firm;
- 2) controlling and monitoring the independence of a certified auditor and an audit firm, in particular where the audit firm performs services other than audit to the Company;
- 3) notifying the Supervisory Board of the results of an audit and explaining how the audit contributed to the reliability of financial reporting in the Company and the role of the Audit Committee in the auditing process;
- 4) assessing the independence of a certified auditor and giving consent to the auditor to provide permitted services other than audit in the Company;
- 5) developing the policy for the selection of an audit firm to conduct an audit;
- 6) developing the policy for the provision of permitted services other than audit by the audit firm conducting an audit, the audit firm's affiliates and a member of the audit firm chain;
- 7) determining the procedure for the selection of an audit firm by a public interest entity;
- 8) presenting recommendation on the appointment of certified auditors or audit firms to the Supervisory Board in accordance with the policies referred to in Sections 5 and 6;
- 9) making recommendations aimed to ensure reliability of the financial reporting process in the Company;
- 10) monitoring the reliability of the financial information presented by the Company, in particular by way of reviewing the appropriateness and consequences of applying the accounting methods adopted by the Company and its group (including the criteria for consolidation of financial statements of group companies);
- 11) evaluating and submitting an internal audit plan to the Supervisory Board for approval;
- 12) evaluating and submitting an annual budget of the Group's Audit and Internal Control Department to the Supervisory Board for approval;
- 13) evaluating and submitting any changes in the scope of activities of the Group's Audit and Internal Control Department to the Supervisory Board for approval;
- 14) discussing any problems or concerns that may result from an audit of financial statements;

- 15) discussing the nature and scope of the audit with the Company's certified auditors prior to any audit of the annual financial statements and coordinating the operations of the Company's certified auditors;
- 16) reviewing the Company's periodic and annual financial statements (standalone and consolidated);
- 17) analyzing letters to the Management Board prepared by the Company's certified auditor, independence and objectivity of the audit conducted by the auditor and the Management Board's replies;
- 18) reviewing, at least once a year, internal control and risk management systems in view of ensuring that the main risks (including those related to the compliance with the applicable laws and regulations) are correctly identified, managed and disclosed;
- 19) ensuring the effectiveness of the internal audit by expressing an opinion on the election, appointment or recall of the Director of the Group's Audit and Internal Control Department as well as monitoring the reaction of the Management Board of the Company to its findings and recommendations;
- 20) issuing an opinion on withdrawing from the payment conditions (reducing the remuneration) of the Director of the Group's Audit and Internal Control Department;
- 21) analyzing the reports of the Company's internal auditors, the key conclusions of other internal analysts, and the Management Board's response to those conclusions, as well as examining the degree of independence of internal auditors;
- 22) controlling the nature and scope of services other than auditor services, in particular based on the external auditor's disclosure of the sum of all fees contributed by the Company and its Group to the audit firm and its chain, in view of preventing a significant conflict of interest in this regard;
- 23) reviewing the effectiveness of the external control process and monitoring the Company Management Board's reaction to the recommendations presented by the external auditors in a letter to the Management Board;
- 24) investigating the reasons for not using the services of an external auditor and issuing recommendations regarding the required actions;
- 25) cooperating with the Group's Audit and Internal Control Department and periodically assessing their work;
- 26) reviewing the Company's management accounting system;
- 27) considering any and all other issues related to the Company's audit, pointed out by the Committee or the Supervisory Board,
- 28) notifying the Supervisory Board of any and all issues of significance regarding the activity of the Audit Committee.

11.10.4.1.2. Cooperation with an audit company

Main assumptions of the prepared policy for the selection of an audit firm to conduct an audit in ENEA S.A.

The policy for the selection of an audit firm in place at ENEA S.A. provides, above all, for avoiding conflicts of interest by obtaining a declaration of the audit firm, before it accepts or continues the audit contract, that requirements regarding independence (both with reference to the audit firm and the certified auditor) are met, and in particular that there are no risks to independence towards ENEA S.A. Each year, the audit firm confirms its independence to the Audit Committee and presents the risks to its independence as well as the safeguards applied to mitigate said risks. Furthermore, the selection of an audit firm takes into account above all the audit team's experience in the field of audit, its expertise, the financial criterion and the human resources. An audit firm is selected in compliance with the principle of impartiality and independence of audit firms, in accordance with the laws related to the mandatory regular replacement of audit firms and key certified auditors, mandatory grace periods and results of audit firm controls presented in the annual report published by the Polish Audit Oversight Committee.

The policy for the selection of an audit firm provides also for the principles of regular replacement of audit firms and certified auditors in accordance with the provisions of the Act of 11 May 2017 on Certified Auditors, Audit Firms and Public Oversight. (Journal of Laws of 2017, item 1089, as amended; hereinafter referred to as the Act on Auditors).

Main assumptions of the Policy on the provision of acceptable services other than audit by an audit firm

ENEA S.A. and its subsidiaries are allowed to use acceptable services (defined pursuant to Article 136 of the Act on Auditors), which are provided by an audit firm that conducts the audit of ENEA S.A.

The policy for the provision of acceptable services other than audit by an audit firm contains a closed catalog of acceptable services, the provision of which is allowed only to the extent that is unrelated to the tax policy of the ENEA Group companies. An acceptable service other than audit may be provided by an audit firm that conducts the audit of ENEA S.A. provided that the firm was approved by the Audit Committee beforehand, upon an assessment of risks and safeguards of independence of the audit firm, the key certified auditor and other audit team members. In addition, where the audit firm that conducts an audit of ENEA S.A. provides acceptable services other than audit for the period of at least three consecutive financial years, the remuneration for the provision of said services is limited to 70% of the average remuneration of the three past consecutive financial years paid in respect of the statutory audit of ENEA S.A. and, as applicable, its subsidiaries and consolidated financial statements of this Group. In the case of prohibited services, i.e. services other than acceptable services, their direct and indirect provision at ENEA S.A. and its subsidiaries by the audit firm that conducts an audit of ENEA S.A. is prohibited in the period from commencement of the audited period to the issue of an audit report.

In 2022, acceptable services other than audit were provided to the ENEA Group by an audit firm auditing the financial statements, and the ENEA S.A. Supervisory Board Audit Committee approved the acceptable services other than audit upon an assessment of risks and safeguards of independence.

In December 2022, ENEA S.A. amended the document “Policy for the selection of an audit firm to conduct an audit in ENEA S.A., Policy for the provision of acceptable services other than audit by an audit firm and Procedure for the selection of an audit firm.” The amendments introduced to the aforementioned regulation concerned in particular:

1. the possibility to continue cooperation with a given audit firm by way of concluding an annex to the agreement,
2. the necessity to allow for the guidelines/recommendations of the Office of the Polish Financial Supervision Authority as regards development of effective and efficient solutions in case the audit firm forfeits its license or other circumstances preventing it from carrying out an audit arise,
3. the update of the provisions under the amendment to the Act on Certified Auditors, Audit Firms and Public Oversight, which has been applicable since 1 January 2022.

11.10.4.1.3. Activity of the Audit Committee in 2022

Audit Committee

In 2022, the Audit Committee held 6 meetings and adopted 15 Resolutions on the following topics, among others:

- provision of an opinion on the amended “Internal Audit Policy of the ENEA Group” and submission of the above document to the ENEA S.A. Supervisory Board for approval,
- approval of the scope of the scheduled audit titled “Assessment of the function of internal audit at the ENEA Group” in connection with the necessity to outsource the service,
- approval of information for the Supervisory Board on the results of the audit of the financial statements of ENEA S.A. and the ENEA Group for the financial year ended 31 December 2021,
- approval, by the ENEA S.A. Supervisory Board Audit Committee, of final report no. 1/2022 on the audit, entitled “General assessment of the internal control system at ENEA S.A.” and provision of management information on the assessment of the internal control system at ENEA S.A. to the ENEA S.A. Supervisory Board,
- approval of the selection of the contractor for carrying out internal audit titled “Assessment of the function of internal audit at the ENEA Group” and consent to commissioning the audit to the selected contractor,
- adoption of the Report of the ENEA S.A. Supervisory Board Audit Committee on its activities in 2021,
- election of the Chairperson of the ENEA S.A. Supervisory Board Audit Committee for the 11th joint term of office,
- evaluation of the methods of auditing the Condensed Interim Standalone Financial Statements of ENEA S.A. for the period from 1 January 2022 to 30 June 2022 and the Condensed Interim Consolidated Financial Statements of the ENEA Group for the period from 1 January 2022 to 30 June 2022,
- adoption of the Report of the ENEA S.A. Supervisory Board Audit Committee on its activities in H1 2022,
- consent to the provision of an acceptable service other than audit by PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt Sp.k. to Lubelski Węgiel “Bogdanka” S.A.,
- an opinion on the Annual Audit Plan for 2023 and submission thereof to the ENEA S.A. Supervisory Board for approval,
- an opinion on the Budget of the Group’s Audit and Control Department for 2023 and submission thereof together with an opinion to the ENEA S.A. Supervisory Board for approval.

11.10.4.2. Nominations and Remuneration Committee

As at the date of publication of this report, the Nominations and Remuneration Committee operates in the following composition:

Nominations and Remuneration Committee	
Name	Position
Roman Stryjski ¹⁾	Chairperson
Łukasz Ciołko	Member
Mariusz Romańczuk ¹⁾	Member
Piotr Zborowski ¹⁾	Member

¹⁾ An independent member within the meaning of the corporate governance principles included in the Best Practice for WSE Listed Companies 2021.

11.10.4.2.1. Activity of the Nominations and Remuneration Committee

Currently, the Nominations and Remuneration Committee operates on the basis of the Rules and Regulations of the ENEA S.A. Supervisory Board Nominations and Remuneration Committee adopted by a resolution of the ENEA S.A. Supervisory Board of 23 February 2023.

In 2022, the Nominations and Remuneration Committee pursued its operations on the basis of e.g. the Rules and Regulations of the ENEA S.A. Supervisory Board adopted by a resolution of the Supervisory Board of 15 December 2009 as amended. The description presented below regards 2022.

The Nominations and Remuneration Committee should include at least one independent member within the meaning of the European Commission Recommendation, and if more than one person meeting the above mentioned independence criteria are appointed to the Supervisory Board, such a committee should include the highest possible number of independent members.

The Nominations and Remuneration Committee is tasked with supporting the achievement of the Company’s strategic objectives by providing the Board with opinions and conclusions regarding the Company’s staff employment and remuneration structure, in particular in relation to the management staff. The responsibilities of the Nominations and Remuneration Committee are described in the Rules and Regulations of the ENEA S.A. Supervisory Board.

In particular, the Committee’s responsibilities include:

- analyzing the Management Board’s policy regarding nomination, selection and appointment of senior management staff;
- providing the Board with proposals regarding remuneration and forms of employment of Management Board members taking into account their hitherto achievements;
- providing the Supervisory Board with opinions regarding substantiation for awarding performance-based remuneration and incentives in the context of assessment of the degree to which specific Company’s tasks and goals are achieved, and with proposals in this regard;
- assessing the human resource management system in the Company;

- performing periodical appraisal of the skills, knowledge and experience of individual members of the Management Board and management staff and presenting the appraisal results to the Board.

11.10.4.2.2. Activity of the Nominations and Remuneration Committee in 2022

Nominations and Remuneration Committee

In 2022, the Nominations and Remuneration Committee held 6 meetings and adopted 22 resolutions. The Committee's meetings focused, among others, on drafting recommendations for the Supervisory Board regarding:

- proposals for Management Objectives for the ENEA S.A. Management Board Members for 2022,
- adoption of the Report of the ENEA S.A. Supervisory Board Nominations and Remuneration Committee on its activities in 2021,
- election of the Chairperson of the ENEA S.A. Supervisory Board Nominations and Remuneration Committee for the 11th joint term of office,
- execution of management contracts with the ENEA S.A. Management Board Members and annexes to management contracts with the ENEA S.A. Management Board Members,
- achievement of Management Objectives in 2021 and setting the amount of the due Variable Remuneration to be paid out to the ENEA S.A. Management Board,
- resolutions on setting remuneration of ENEA S.A. Management Board Members.

11.10.4.3. Strategy and Investment Committee

The Strategy and Investment Committee is composed of:

Strategy and Investment Committee	
Name	Position
Łukasz Ciołko	Member
Mariusz Damasiewicz	Member
Tomasz Lis	Member
Mariusz Pliszka	Member
Mariusz Romańczuk	Member
Piotr Zborowski	Member

11.10.4.3.1. Activity of the Strategy and Investment Committee

Currently, the Strategy and Investment Committee operates on the basis of the Rules and Regulations of the ENEA S.A. Supervisory Board Strategy and Investment Committee adopted by a resolution of the ENEA S.A. Supervisory Board of 23 February 2023.

In 2022, the Strategy and Investment Committee pursued its operations on the basis of e.g. the Rules and Regulations of the ENEA S.A. Supervisory Board adopted by a resolution of the Supervisory Board of 15 December 2009 as amended. The description presented below regards 2022.

The purpose of the Strategy and Investment Committee is to issue opinions and submit recommendations to the Supervisory Board on planned investments and divestments which exert a significant impact on the Company's assets. In particular, the Committee's responsibilities include:

- assessment of the impact of planned and undertaken investments and divestments on the Company's assets;
- assessment of activities, contracts, letters of intent and other documents related to activities aimed at the acquisition, disposition, encumbrance or other distribution of the Company's material assets,
- issuing opinions on any and all strategic documents submitted to the Supervisory Board by the Management Board,
- issuing opinions on the Company's development strategy, including long-term financial plans,
- monitoring the pursuit of the Company's development strategy and investment projects.

11.10.4.3.2. Activity of the Strategy and Investment Committee in 2022

Strategy and Investment Committee

In 2022, the Strategy and Investment Committee held 4 meetings and adopted 4 Resolutions, regarding, without limitation, the following:

- adoption of the Report of the ENEA S.A. Supervisory Board Strategy and Investment Committee on its activities in 2021;
- election of the Chairperson of the ENEA S.A. Supervisory Board Strategy and Investment Committee for the 11th joint term of office.

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1. Non-financial reporting of the ENEA Group

Management Board Report on the activity of ENEA S.A. and the ENEA Group The publication of this statement (hereinafter referred to as the “Statement”), which forms a separate part of the document entitled *Management Board Report on the Activity of ENEA S.A. and the ENEA Group in 2022* fulfills the obligation arising from Article 49b and Article 55 of the *Accounting Act of 29 September 1994* (Journal of Laws of 2023, item 120), implementing into the Polish legal system *Directive 2014/95/EU of the European Parliament and of the Council as regards disclosure of non-financial and diversity information by certain large undertakings and groups*. Moreover, it provides the response of the ENEA Group to the expectations laid down in the *Supplement on reporting climate-related information* (2019/C 209/01) to that Directive, the *Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment*, the public view of the European Securities and Markets Authority (ESMA) entitled *European common enforcement priorities for 2022 annual reports*, the Task Force on Climate-related Financial Disclosures (TCFD) recommendations on climate-related financial disclosures and the *ESG reporting guidelines* of the Warsaw Stock Exchange.

The Statement, concerning the period from 1 January to 31 December 2022, pertains to non-financial data of ENEA S.A. as the parent company and all subsidiaries covered by the *Consolidated Financial Statements of the ENEA Group for the financial year ended 31 December 2022*. It is devoted to the matters referred to in Article 49b(2) of the Accounting Act. In relation to the statement for 2021, the values of the greenhouse gas intensity index for 2020-2022 have been adjusted due to the availability of more accurate data.

This document has been prepared by the ESG Team, which is part of the Group’s Controlling Department, itself a unit of ENEA S.A., in cooperation with external expert firms. It has not been subjected to any additional vetting by an independent party. The data presented herein have been developed based on the latest versions of the Core option of the (non-financial) Global Reporting Initiative (GRI) Standards.

Information on the ENEA Group’s corporate governance and its impact on society and the natural environment, collected for the purpose of preparing the Statement, will be presented more comprehensively in the form of the *ENEA Group’s ESG Report for 2022*. Its publication in the form of an online platform, to be made available at <https://raport2022.esg.enea.pl/>, is scheduled for mid-2023.

Detailed information on the non-financial aspects of operation of the Lubelski Węgiel Bogdanka Group, which part of the ENEA Group, will be provided in the Lubelski Węgiel Bogdanka Group’s non-financial report for 2022 to be published before the end of the first half of 2023 at <https://lw.com.pl/raporty-esg>. The report will be prepared in line with Global Reporting Initiative standards and in consideration of additional guidelines established for the mining industry as well as in accordance with the International Integrated Reporting <IR> Framework.

2. Business model

2.1. Line of business

The ENEA Group conducts its business in four core areas, tapping into the coordinated collaboration of specialized companies, which are autonomous undertakings in the civil law sense. These areas are as follows:

- **electricity and heat generation** (ENEA Bioenergia, ENEA Ciepło, ENEA Elektrownia Połaniec, ENEA ELKOGAZ, ENEA Nowa Energia, ENEA Wytwarzanie, Miejska Energetyka Ciepła Piła, Przedsiębiorstwo Energetyki Ciepłej in Oborniki),
- **electricity and gaseous fuel trading** (ENEA S.A. – retail, ENEA Trading – wholesale),
- **electricity distribution** (ENEA Operator, ENEA Logistyka, ENEA Pomiar, ENEA Serwis),
- **heat distribution** (ENEA Ciepło, Miejska Energetyka Ciepła Piła, Przedsiębiorstwo Energetyki Ciepłej in Oborniki).

The Group’s leading members are ENEA S.A., ENEA Operator, ENEA Wytwarzanie, ENEA Elektrownia Połaniec, ENEA Trading and Lubelski Węgiel Bogdanka. The other companies provide them with auxiliary services¹⁾.

Lubelski Węgiel Bogdanka, a company controlled by ENEA S.A. (holding a total of 64.57% of votes at the company’s General Meeting), is a leader on the domestic market of bituminous coal producers, standing out due to its financial performance, mining efficiency and plans to access new deposits. The buyers of the company’s products are for the most part entities operating in the power sector, including electricity generation companies of the ENEA Group.

Electricity is generated in the power plants in Kozienice (11 high-efficiency upgraded power units) and Połaniec (7 coal-fired units and the world’s largest biomass-fired unit), in the CHP plants in Białystok, Piła and Oborniki, in the wind farms in Bardy, Darżyno and Baczyna, and in 21 hydro power plants, a photovoltaic farm in Jastrowie, Likowo, Lubno I, Lubno II and biogas plants in Gorzelań and Liszków.

¹⁾ A detailed description of the Group’s structure is presented in the chapter entitled *Structure of the ENEA Group in this Report*.

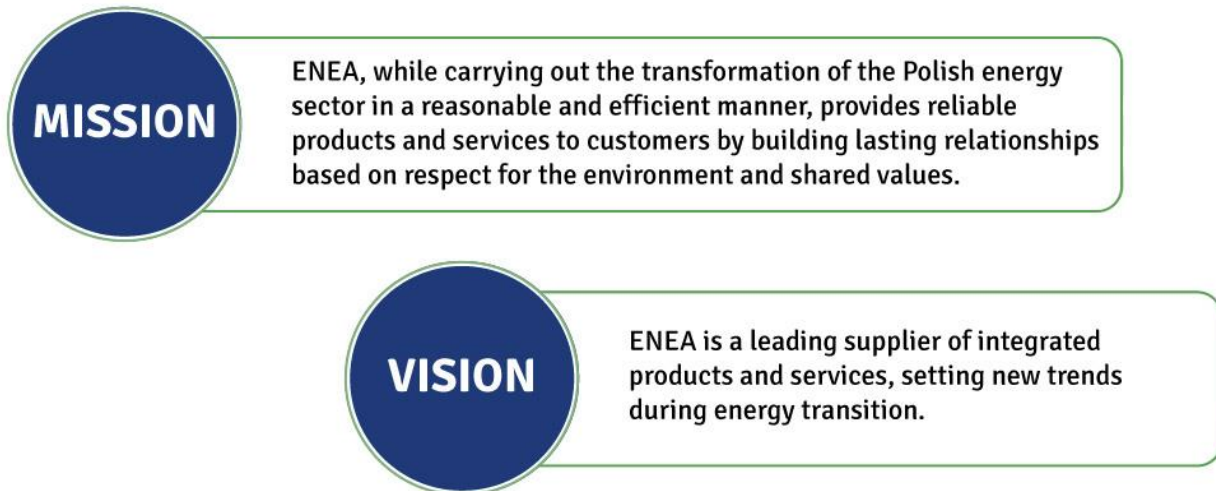
ENEA Operator serves as the power distribution system operator (hereinafter: DSO). The company's primary line of business is the distribution of electricity to its customers, construed as its transport through distribution networks, comprising high, medium and low voltage grids. The company is responsible for ensuring energy security in the area of its operation, that is for maintaining continuous and reliable electricity supply based on appropriate quality parameters.

Retail sales of electricity and gaseous fuel are carried out by ENEA S.A. through Account Managers and trade partners across Poland and through ENEA Centrum on behalf of ENEA S.A., consisting of 31 modern Customer Service Offices, the Showroom, the mobile Customer Service Office (mBOK) and the Electronic Customer Service Center (eBOK). In total, ENEA S.A. provides products and services to approx. 2.7 million individual and institutional customers.

2.2. Creation of shareholder value

The ENEA Group develops its market position based on a collection of benefits offered to its customers. The acquisition of customers and the maintenance of their satisfaction level are pursued, among others, by combining the Group's products and services into attractive bundles and persistently striving to ensure failure-free supplies of energy. In order to improve the governance of each area of its business, the Group takes into consideration the expectations of its key stakeholders, which it finds out about through social dialogue. Moreover, the Group cares about transparency, in particular in the context of counteracting unfair business practices. The Group's partnership cooperation with contractors is based on a dependable development of its offering and adherence to the provisions of executed contracts.

Both the adopted model of increasing the Group's value and the manner in which the Group creates value for its customers are derived directly from the mission and vision adopted by the company.

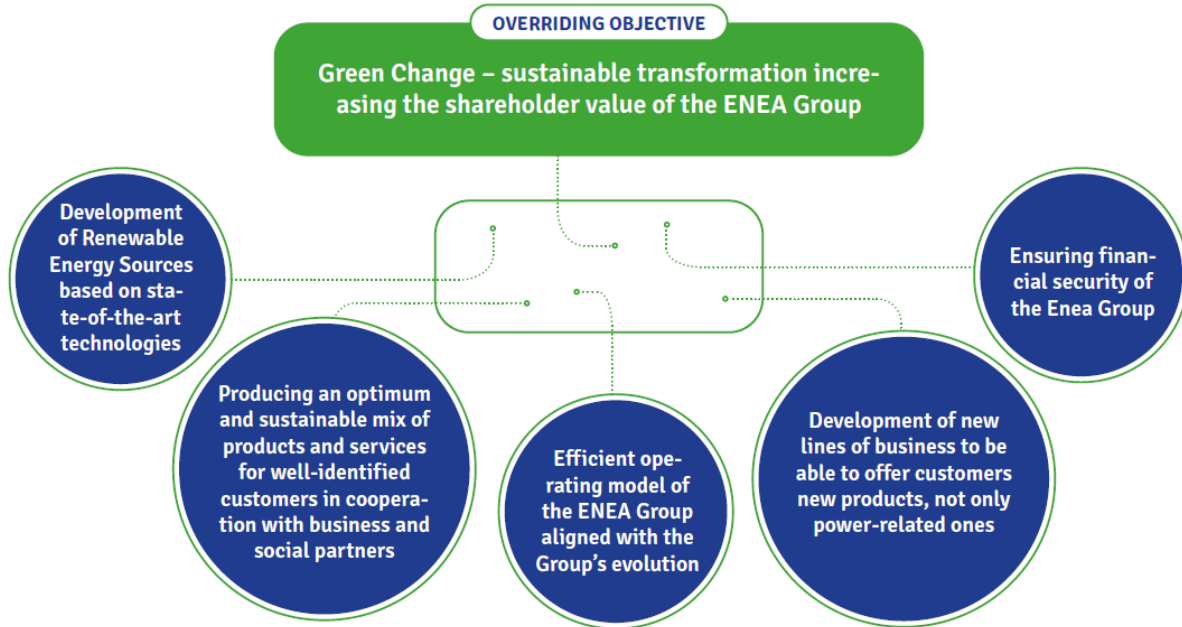


According to its development strategy, in the coming years the ENEA Group will largely focus on building its value by increasing the capacity installed in renewable energy sources based on modern technologies. Moreover, it intends to specialize in the construction of energy storage facilities and the provision of energy storage services for the needs of its own networks and external customers.

Due to the continuously increasing expectations in the area of sustainable development, the Group pursues an ambition not only to adjust the profile of its business accordingly, but also to educate its stakeholders in solutions and behaviors beneficial to the environment. Additional information on the creation of corporate value is included in the *New lines of business*.

3. Development strategy until 2030

Implementation of the *ENEA Group Development Strategy until 2030 with an outlook to 2040*, announced in December 2021, will allow the ENEA Group to adapt its activity to the challenges facing the Polish power industry in a reliable and efficient manner. The primary objective stated in the aforementioned document is the *Green Change*, understood as a sustainable transition of the Group leading to an increase in its value, while pursuing a long-term goal of achieving climate neutrality by 2050.



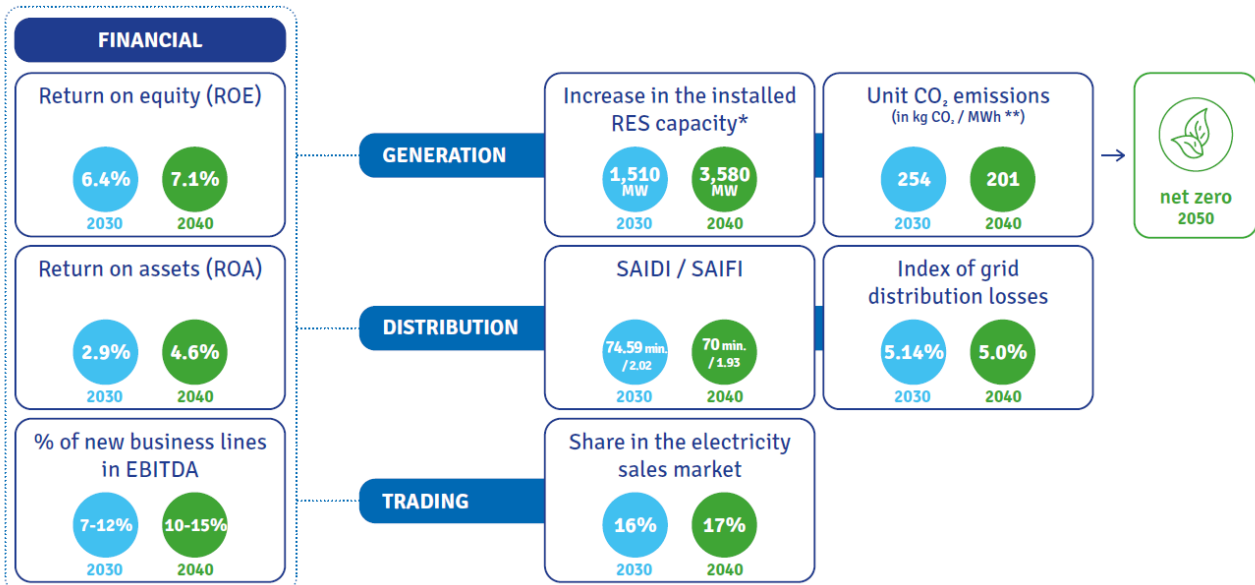
The ENEA Group intends to achieve climate neutrality by developing renewable energy sources (RES). The increase in the installed RES capacity will be achieved through acquisitions, the development of own projects (mostly in rural areas) and in collaboration with business partners. At the same time, we continue action to spin off assets related to electricity generation in conventional coal- and lignite-fired units from the Group structure to the National Energy Security Agency (NABE)¹⁾. Nevertheless, in the initial phase of its efforts aimed at reaching climate neutrality, the Group intends to use gas as a low-carbon transition fuel in order to maintain Poland's energy security. Investments in this area will be confined to the replacement of some generation capacities (approx. 1.9 GW) based on the existing infrastructure. Conventional low-carbon sources will stabilize the developing RES capacity.

The Strategy identifies 13 key development directions of the ENEA Group, which are as follows:

1. Development of energy storage projects and provision of services to third parties;
2. Involvement in offshore wind energy generation;
3. Intensification of activities aimed at gaining access to green energy through the execution of projects included in the ENEA Group's RES portfolio;
4. Development of hybrid installations;
5. Conventional energy generation based on low-carbon sources (gas – as a transition fuel; biomass; RDF);
6. Development of a smart power grid;
7. Changed operation of the DSO in the new power market model;
8. Development of the ENEA Group's wholesale trade area (prop-trading, origination);
9. Construction of multi-energy products, including supply chain management;
10. Expansion of sales and enhancing customer loyalty;
11. Development of new business lines;
12. Development of energy micro- and macro-clusters;
13. Development of a modern offering for prosumers, including cooperation with local governments and urban development NGOs, and participation in the creation and management of energy islands (energy clusters);

¹⁾ On 1 March 2022, the Council of Ministers adopted the document "Transformation of the power sector in Poland. Spin-off of coal assets from companies with a State Treasury shareholding", which includes a concept of spinning off, from the corporate groups of each utility company, assets associated with the generation of electricity in conventional coal-fired units and their transfer to NABE.

The following key outcomes were assumed:



¹⁾ Increase in installed RES capacity (gross) counted in relation to 2020, excluding the Green Unit of Polaniec Power Plant and energy storage.
²⁾ Excluding the bituminous coal fired generation capacities (without the Green Unit of Polaniec Power Plant).

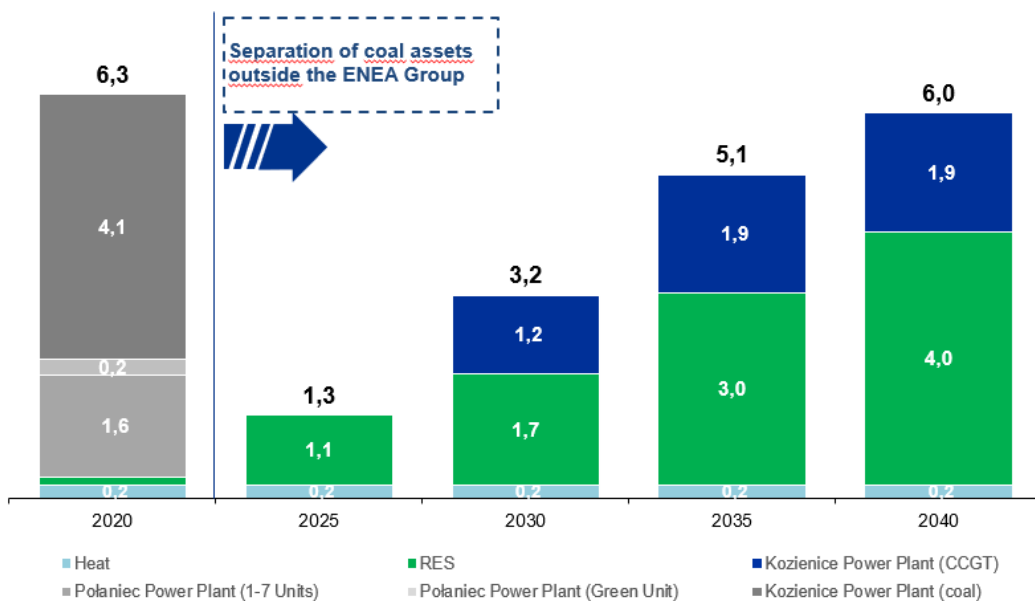
In November 2022, strategies for each of the Group’s business areas were developed and adopted with a view to clarifying and operationalizing the development strategy.

The ENEA Group’s development strategy is in keeping with the assumptions of Poland’s energy transition, the guidelines for which are set in *Poland’s Energy Policy until 2040 prepared by the Ministry of Climate and Environment* in line with the revised assumptions of the common climate and energy policy until 2030, contained in particular in the document entitled *European Green Deal*, setting the European Union the goal of achieving net zero emissions by 2050. The Russian Federation’s aggression in Ukraine, which among others triggered the formulation of the REPowerEU plan, described in more detail in Section 3.4.. *Development strategy* of this Report, has had a significant impact on the European and Polish energy transition

The aforementioned changes in the ENEA Group’s environment significantly affect the strategic goals and development directions adopted by the Group. Therefore, any potential update of its development strategy will adequately address the above issues.

Planned evolution of the ENEA Group’s energy generation structure

Development of installed capacity in the ENEA Group

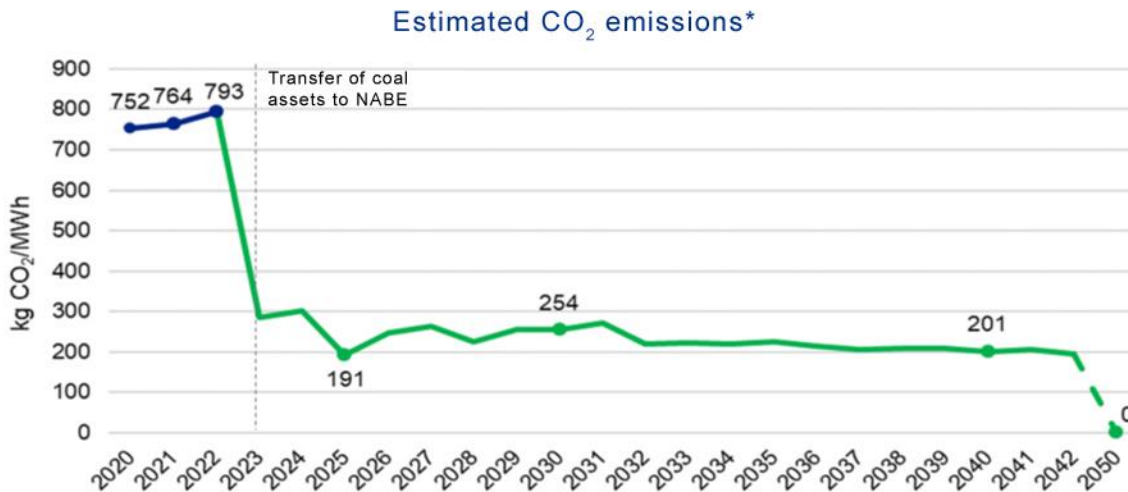


Information on the planned dates of shutdown of individual units in the Koźienice Power Plant and Połaniec Power Plant powered by bituminous coal and conventional sources of ENEA Ciepło is presented in Section 3.3.2.2. *Generation – installed capacity* of this Report.

The process of strategy developing and the related opportunities and risks in the area of sustainable development are described in Chapter 5. *Non-financial risk management* in this Statement.

3.1. Roadmap to climate neutrality

While preparing an update of the strategy, the following reduction of CO₂ emission intensity was assumed, taking into account both the planned spin-off of selected bituminous coal based generation assets to NABE and the investments in new RES installations and combined cycle power units in Koźienice Power Plant:



* Actual values were presented for 2020 and 2022 (CO₂ emissions directly linked to electricity production) and estimates starting from 2023.

Unit CO₂ emission indicator [kg CO₂/MWh] arising from the ENEA Group's development strategy:



3.2. Model of transfer of conventional assets to NABE

The main assumption of the ENEA Group's reorganization is to allocate coal-fired power plants to the National Energy Security Agency, at the same time retaining district heating and cogeneration units in the Group's structure, which will be gradually replaced with gas fired units that are suited to be supplied with low- and zero-emission fuels in the future. The objectives of the transformation of the Polish power companies include, among other outcomes, the integration of the bituminous coal assets within a single entity, specifically PGE Górnictwo i Energetyka Konwencjonalna S.A., a subsidiary of PGE S.A., which will ultimately run its business under the name of NABE.

As part of the 2022 reorganization process, the work of the strategic advisor acting on behalf of the PGE, ENEA and TAURON groups as well as PGE GiEK continued, including advice in the areas of strategy, financial model, transaction structure and development of the operating model, as well as in the area of concentration and notification of potential state aid. Concurrently, the Group carried out work related to internal ownership and reorganization changes, including among others the adoption of the demerger plan with respect to ENEA Trading. In accordance with the plan, a portion of the company's assets (assets and liabilities) in the form of an organized part of the enterprise will be transferred to ENEA Power&Gas Trading sp. z o.o., which was registered on 23 May 2022.

In 2022, the ENEA Group carried out tasks associated with demerging coal assets to the State Treasury in accordance with the updated schedule of establishment of NABE.

3.3. Disposal of mining assets

Simultaneously to the process of separating bituminous coal generation assets, steps are being taken to spin off Lubelski Węgiel Bogdanka from the ENEA Group's structure. On 7 June 2022, ENEA Wytwarzanie completed the process of selling all shares it held in LWB. On 18 June 2022, a letter of intent was signed, in effect until 31 December 2023, for the potential acquisition by the State Treasury of all shares in LWB held by ENEA S.A. In 2022, an advisor was selected to prepare a comprehensive analysis of possible transaction scenarios and make appropriate recommendations, including with regard to the time schedule (which depends on the date of transfer of coal-based generation assets to NABE).

On 3 August 2022, the conditional share purchase agreement was executed, pursuant to which ENEA S.A. would sell to the State Treasury all shares held by it in Polska Grupa Górnicza S.A. On 25 October 2022, ENEA S.A. disposed of all shares it held in Polska Grupa Górnicza S.A. to the State Treasury.

3.4. Offshore wind farm construction

At the beginning of 2022, the SPVs being a joint venture with PGE applied for a permit (location decision) for the construction and use of artificial islands. On 3 August 2022, ENEA S.A. acquired shares in these companies, i.e. Baltica-4 Wind Power Plant, Baltica-5 Wind Power Plant and Baltica-6 Wind Power Plant, from PGE, and became their co-owner. In February 2023, the Minister of Infrastructure announced the results of one of the award proceedings, stating that the Baltica-5 Wind Power Plant received the highest number of points, which increases the company's prospects of receiving the permit.

3.5. CCGT unit construction

Starting from 1 May 2022, the project entitled "Restoration of generation capacity of 200 MW coal-fired units in the Koziencice Power Plant based on the gaseous fuel combustion technology" has been implemented by ENEA ELKOGAZ, a company established by ENEA S.A. on 16 March 2022 (previously, from 2019 to April 2022, the project was carried out by ENEA Wytwarzanie, performing, among others, technical and economic analyses along with a feasibility study). On 24 May 2022, ENEA Wytwarzanie and ENEA ELKOGAZ concluded an agreement on the sale of the project assets developed before 30 April 2022. On 18 July 2022, tender procedure for the selection of a general contractor for the investment were launched. It is assumed that the agreement would be concluded in Q4 2023. More information on this investment project is provided in Section 10.3.12. *Analyses of the transmission and collection of gaseous fuel from the transmission grid in Koziencice Power Plant* in this Report.

3.6. New business lines

The development strategy underway provides for implementation of new lines of business, not only based on own resources but also in cooperation with partners from other industries. Actions are being taken with a view to developing new product and service bundles and on introducing them to the Group's trade offer.

A key new line of business will be energy storage facilities as a necessary technology for ensuring RES stability and solidifying Poland's energy security. Subsequent new lines of business will be related to management of components left after worn out RES installations and energy storage facilities. The ENEA Group intends also to become even more involved in management of combustion by-products coming from the industry, including in particular conventional power generation and district heating, both from the ongoing activity and from the existing landfill sites. The plans provide also for expansion of the offering for prosumers, including cooperation with local governments and urban development NGOs, and participation in the creation and management of energy islands (energy clusters). The Group is also interested in construction of SMR (small modular reactors) and MMR (micro modular reactors).

In 2022, the ENEA Group conducted in-depth analyses of business prospects of a number of innovative initiatives and ideas, including in the area of energy storage, production and use of alternative fuels, and circular economy.

Energy storage

In 2022, ENEA Operator continued to participate in the project entitled "*DRES2Market: Technical, business and regulatory approaches to enhance the renewable energy capabilities to take part actively in the electricity and ancillary services markets*", financed with the funds under the EU Horizon 2020 program. The primary goal of the project is to prepare a comprehensive and cost-efficient approach to facilitate the effective participation of distributed generation based on renewable energy in electricity markets and to enable the provision of balancing and storage services in accordance with market criteria. Moreover, in 2022 ENEA S.A. and Jenox Akumulatory signed a letter of intent to conduct joint research and development projects in the area of energy storage, including solutions for prosumers.

Nuclear power

In 2022, ENEA Innowacje and a US-based company, Last Energy, signed a letter of intent to build small modular nuclear reactors in Poland, which could be used to generate electricity, but also to produce heat for district heating systems.

3.7. Strategic actions in the distribution area

In line with the Group's development strategy, ENEA Operator will focus on the following:

1. Ensuring energy security in the geographic area of its operation, which will fulfill the statutory obligation to ensure the current and long-term operational security of the power and distribution system.
2. Ensuring continuous and reliable supply and offtake of electricity with appropriate quality parameters, which is in line with the statutory obligation to ensure continuous and reliable supply of electricity with appropriate quality parameters.
3. Development of a smart distribution grid, including, in particular, a full-scale implementation of smart metering, development of SCADA systems, development of tools to support network management processes, including communication and data transmission systems, as well as grid automation, taking into account cybersecurity considerations.
4. A change in the model of operation of DSOs, resulting from the dynamic increase in the number and capacity of distributed sources, which leads to major changes in the functioning of the energy market and the roles of its participants. ENEA Operator as a DSO will ultimately serve as an active, neutral market support, enabling grid users to benefit from many services that go beyond energy supply. For this purpose, the company will, in particular, adapt the power grid to operate in conditions of high volatility of generation sources, including converting it from a passive (one-way) grid to an active (two-way) grid.

In 2022, ENEA Operator carried out a number of investments in line with the strategic actions indicated above, that is, aimed at ensuring continuous and reliable supplies of electricity of appropriate quality parameters in the area of its operations (including construction and modernization of high-voltage, medium-voltage and low-voltage lines and substations, as well as grid automation), achieving the smart grid standard (including installing modern remote-reading meters at end users, in accordance with the requirements of Energy Law), and changing its operation as a DSO. This change is being enforced by, among others, the rapid increase in the number of decentralized generation facilities, new obligations to support the development of local energy markets, and emergence of energy communities (energy clusters and cooperatives, local balancing areas, owners of energy storage facilities, electric vehicles and charging stations).

On 7 November 2022, ENEA Operator and the four other largest electricity distributors in Poland signed the *Charter for the Effective Transformation of Distribution Grids of the Polish Power Industry*, developed under the direction of the President of the Energy Regulatory Office. The aim of the document is to effectively carry out a true transformation of the energy distribution industry by 2030, which will be key to the successful transformation of the entire power industry, and requires significant additional financial resources and the appropriate regulatory environment.

3.8. Development strategy of the ENEA Group in the context of climate change

The departure from coal-fired power generation and the intention to ultimately hold only zero-emission generation assets is driven equally by business factors, regulatory factors (primarily the implementation of the *European Green Deal*) and the Group's commitment to sustainable development.

In 2022, the *ENEA Group's Climate Policy* was being developed, and the related works included scenario analyses regarding resilience of the company's business model and strategy in terms of climate change, taking into account different increases in global average temperatures. The works are scheduled to be completed and the document is to be adopted in 2023.

3.9. Green Change and employees

One of the key components of the ENEA Group's transition will be preparation and implementation of an end-to-end human resource management program. The aim will be to manage the generation gap and the expertise gap as well as to create such conditions that are beneficial to the development of expertise in the whole organization and increase the employee engagement and alignment with its objectives. The program provides for both support of development of the present employees by training and retraining and acquisition of new staff, in cooperation with secondary schools and universities.

In response to the current and anticipated demographic changes and the resulting implications for the labor market, we are already providing our employees with a safe and attractive work environment, as well as actively supporting their development and investing in improving their skills, regardless of their age. Furthermore, the vocational education of future employees is one of our priorities. Actions taken in this area include, inter alia:

- 1) dual education (practical university studies), i.e. providing instruction to students;
- 2) patronage programs for trade and technical schools in the area of operation of the Group's companies, as a form of promoting work in the power sector and supporting students in their education and development;
- 3) traineeships and apprenticeships;
- 4) organization of a nationwide conference for teachers and students of schools participating in patronage programs;
- 5) participation in education fairs,

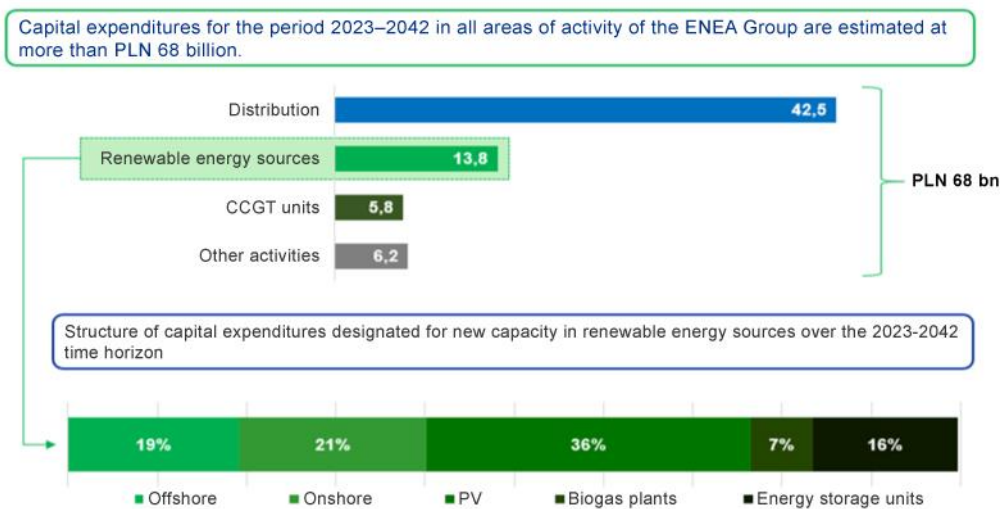
- 6) "Power to start" scholarship competition, promoting the ENEA Group as an attractive employer and supporting students' research interest in electricity and advanced technologies;
- 7) partnership in the organization of scientific conferences, including the Energy Academy (jointly with the Lesław A. Paga Foundation);
- 8) profiles on social media and recruitment portals (LinkedIn, pracuj.pl),
- 9) vocational counseling.

The entire process of the Group's transition will be carried out in dialog with representatives of the employees, in consideration of interests of both parties.

3.10. Necessary capital expenditures and their financing

Capital expenditures related to the strategy implementation in the years 2023-2042 in all areas of activity of the ENEA Group are

Planned capital expenditures in the coming years



estimated at more than PLN 68 billion.

¹⁾ In the structure of capital expenditures for renewable sources, about 0.03% will be designated for hydro power plants; due to rounding error, the capital expenditures for individual technologies may not add up to 100%.

It will be possible to finance the planned investments with both Group's own funds and with capital raised by the Group companies from external sources, while preserving the safe value of the net debt/EBITDA ratio. Refundable and non-refundable public funds, both from the EU and Poland, will be a significant source of financing:

- Cohesion Policy,
- Recovery and Resilience Facility,
- Just Transition Fund,
- ReactEU,
- InvestEU Program,
- funds supporting the energy system transition in Poland, such as Modernization Fund for 2021-2030 and Energy Transition Fund,
- other instruments (e.g. priority programs of the National Fund for Environmental Protection and Water Management and Common Agricultural Policy funds).

The development strategy assumes that about 50% of the RES investments will be financed using the joint venture structures and 50% on ENEA Group's balance sheet (other than offshore projects, which will be implemented entirely in the joint venture formula).

Pursuant to the European Commission's Climate, Energy and Environmental State aid guidelines, public support of natural gas fired generation units with EU and national funds was possible only in the short term and moreover with a considerable limitation of the scope of costs eligible for financing.

On 2 February 2022, the European Commission approved a proposal for a delegated act to include certain nuclear and gas power activities in the list of economic activities recognized by the European Union as environmentally sustainable, which is critical in terms of the possibility of obtaining financing for such projects.

More information on the Group's growth strategy is provided in Section 3.4. *Development strategy* of this Report.

4. Sustainable development management in the ENEA Group

4.1. Setting objectives, policies and methods of updating them

In the ENEA Group, the ENEA S.A. Management Board is in charge of creating, adopting and updating the mission, vision, values, strategies, policies and objectives related to sustainable development. The most significant directional document for the Group is its development strategy and as such it is reviewed by the Strategy and Investment Committee of the ENEA S.A. Supervisory Board and then finally approved by the ENEA S.A. Supervisory Board.

4.2. Operational management of sustainable development

In managing various specific aspects of sustainable development, the ENEA S.A. Management Board obtains support from the Company's competent departments and the following ENEA Group committees:

1. ENEA Group Investment Committee – in managing tangible and capital investments of the ENEA Group.
2. ENEA Group Management Committee – in exercising corporate governance of subsidiaries.
3. ENEA Group Finance and IT Committee – in making decisions regarding financial and IT management within the ENEA Group.
4. ENEA Group Commerce and Promotion Committee – in managing activities carried out in the areas of commerce, promotion and fuel trading.
5. ENEA Group Risk Committee – in managing corporate risks, business continuity, compliance and insurance policy issues.

In accordance with the Group's internal rules and regulations, the powers vested in these committees consist are focused on making decisions or issuing recommendations for the ENEA S.A. Management Board.

At the level of distinct companies, issues relevant to sustainability are managed by their respective units. Distinct departments within ENEA S.A. oversee and manage individual areas of the ENEA Group's operation based on formalized standards of cooperation with pertinent units. A formal communication channel between each department and corresponding units in the subsidiaries is ensured by the management divisions.

There are five management divisions operating in the ENEA Group:

1. Communications Management Division whose goals include:
 - supporting the ENEA S.A. Management Board in making decisions of key and long-term significance for shaping the ENEA Group's image and communication policy within and without the organization,
 - deployment of a uniform method of communication management within the ENEA Group,
 - development of competences in the area of communication within the ENEA Group,
 - optimization of the costs of communication and promotional procurement in the ENEA Group.
2. Security Management Division whose goal is to manage processes and to establish, implement and improve standards and optimize costs related to security in the ENEA Group and its subsidiaries.
3. Compliance and Legal Services Management Division whose goal is to manage processes and to establish, implement and improve standards and optimize costs related to compliance and legal services in the ENEA Group and its subsidiaries.
4. Procurement Management Division whose goal is to conduct a uniform purchasing policy through:
 - setting procurement standards for the ENEA Group,
 - analyzing procurement processes in the ENEA Group;
 - optimizing procurement processes in the ENEA Group.
5. HR Management Division whose goals include:
 - supporting the ENEA S.A. Management Board in making strategic decisions of key significance for the shaping and pursuit of HR policy in the ENEA Group,
 - increasing the effectiveness of HR management in the ENEA Group,
 - improving HR communication in the ENEA Group,
 - optimizing costs related to the deployment of new HR solutions in the ENEA Group,
 - overseeing the standardization of processes and the consistency of deployed HR solutions.

In 2022, efforts were continued aimed at developing the sustainable development expertise of management board members in both ENEA S.A. and its subsidiaries.

4.3. Audit and internal control

The Group's Audit and Control Department is responsible for discharging the internal audit function, conducting scheduled and unscheduled audits and internal inspections, and for coordinating the flow of information concerning activities carried out within the Group by external audit and regulatory institutions. In addition to these tasks, the unit also monitors on an ongoing basis the implementation of recommendations issued as a result of completed audits and inspections, keeps informing Group companies about the status of such implementation and participates in the dissemination of information regarding the risks identified within the Group and any compliance-related irregularities.

The effectiveness of implementation of such recommendations is evaluated from the perspective of the degree of implementation of suggested corrective actions and the impact of such actions and specific elements of the internal control system in terms of the COSO I and COSO II risk management models.

Twice a year, the Department Director provides information on the status of implementation of pertinent recommendations, including possible departures from them, and a summary of the progress towards the achievement of management objectives, specifically the attained values of key performance indicators (KPIs). Such information is provided to:

- members of the ENEA S.A. Management Board,
- department directors at ENEA S.A.,
- management board members of the ENEA Group's subsidiaries.

5. Management of non-financial risks

The ENEA Group regularly identifies enterprise risks, including non-financial risks related to its operations and manages them accordingly, making sure that the organization is well-prepared for the potential consequences should they materialize. In the coming years, it intends to pay special attention to risks related to climate change.

The enterprise risk management (ERM) system, which covers the key companies, is coordinated by the Group Risk Management Department, which is a unit within the ENEA S.A. structure consisting of the teams responsible for financial risk and management of business risk, business continuity and insurance. The companies covered by the system have units within their structures that are in charge of this area and cooperate with the Group Risk Management Department.

The aforementioned system is augmented by the Group's business continuity management system. Within its confines, the Group's key companies identify critical processes and resources necessary for their deployment and roll out mechanisms and procedures to ensure the continuity of operation of these processes in emergency situations. Risks whose materialization might pose a threat to the continuity of critical processes are identified and managed within the enterprise risk management system.

Risk management at the ENEA Group is governed by the respective policies, procedures and methodologies. The overriding document governing the whole risk management area is the *ENEA Group Enterprise Risk Management Policy*.

The reliability of the enterprise risk management is ensured by observing the guidelines defined in the policies, procedures and methodologies governing the management of specific risk areas, in particular:

- ongoing identification and assessment of risks at the level of the Group's key companies,
- monitoring of and reporting on existing risks,
- operational management of distinct risks by individual companies within the assigned limits (in terms of financial risks), in line with the terms laid down in the documents approved by the ENEA Group Risk Committee.

The cyclical assessment of enterprise risks is carried out in accordance with the requirements of the *ENEA Group Enterprise Risk Management Methodology* by risk owners in consultation with risk managers. It involves updating the assessment of the likelihood of risk materialization and the potential implications in the financial and reputational dimensions, in terms of health and safety impact, as well as environmental impact.

The estimation of the likelihood of risk materialization and the assessment of potential implications enable the classification of risks as critical, key, medium and low. Risk owners define mitigating actions aimed at reducing the likelihood of their occurrence and of the effects of risk materialization, and response plans in the event of risk materialization.

All identified and assessed risks related to the operations of the respective Group company are entered in the so-called Risk Register. Members of the companies' management boards are notified of new and archived risks, material changes in risks and potential operational events related to the identified risks. Moreover, these management boards and the ENEA S.A. Management Board receive periodic reports on the status of enterprise risks.

Regardless of the periodic risk assessment, monitoring and reporting, the following measures were taken in the enterprise risk management area in 2022:

- risk owners verified and identified risks in the context of the geopolitical situation caused by Russia's military invasion on Ukraine and in connection with the sanctions imposed on Russia,
- the *ENEA Group Enterprise Risk Management Policy* and the *ENEA Group Enterprise Risk Management Methodology* were updated,
- the enterprise risk management process was audited as part of the periodic assessment of the internal control system at ENEA S.A.

5.1. Non-financial risks

Based on the information acquired in the ERM process, the Group Risk Management Department analyzed the enterprise risks¹⁾ in consultation with the relevant companies in terms of an adverse impact on the labor, social, environmental, human rights or anti-corruption areas. It was decided that such enterprise risks would be regarded as non-financial risks of material importance to the ENEA Group's operations that were assessed as key or critical risks for any of the companies, and assessed as low or medium risks within a company but which might refer to more than one company. As a result of the analysis, material non-financial risks were identified in the labor, social, environmental and human rights areas. However, the enterprise risk registers of the ENEA Group companies do not include any risks at present that could be assigned to the anti-corruption area.

¹⁾ According to the definition adopted in the regulations concerning the ERM process, such risks whose likelihood of materialization was assessed by the organizational units as greater than 10% are regarded as enterprise risks.

Labor area

Risk	Risk management methods
Risk of a generation gap	<ul style="list-style-type: none"> - ensuring a motivational remuneration system, - activities in the area of employer branding aiming to win the best candidates for work, including actions addressed to students and graduates, - patronage programs in technical and industry schools
Risk of a loss of competence	<ul style="list-style-type: none"> - recruitment processes, - training and other forms of employee education, - ongoing monitoring of turnover rate, - ensuring a motivational remuneration system
Risk of accidents at work or occupational diseases	<ul style="list-style-type: none"> - comprehensive and ongoing OHS inspections, - raising employees' awareness during initial and periodic training and competitions, - taking technical and organizational preventive measures and equipping employees with personal and collective protective equipment in order to reduce exposure to work environment factors that are harmful for health, - monitoring the work environment through measurements of harmful factors at workplaces
Risk of unavailability of employees as a result of an epidemic	<ul style="list-style-type: none"> - complying with the recommendations of the Ministry of Health and the Chief Sanitary Inspectorate
Risk of information leaks by unauthorized employees	<ul style="list-style-type: none"> - cooperating closely with the unit responsible for the investor relations at the ENEA Group, - training in the field of obligations of the Issuer and persons having access to confidential information, - actions in the PR and CSR areas performed only by authorized persons

Social area

Risk	Risk management methods
Risk of improper management of information in a crisis situation (failure to adapt the content of the message and communication channels to stakeholders, provision of false information) Reputational risk	<ul style="list-style-type: none"> - applying such communication procedures in crises that mitigate the risk of provision of incomplete or delayed information, - maintaining efficient communication channels with key business units - maintaining proper communication with stakeholders, - taking pro-environment initiatives
Risk of social turmoil, deterioration of relations with social partners associated with the pursuit of significant organizational or business changes	<ul style="list-style-type: none"> - active and open dialog with the social stakeholder in respect to information about the company's activity
Risk of imposition of penalties as a consequence of establishing or maintaining cooperation with a sanctioned entity	<ul style="list-style-type: none"> - verifying customers on a sanction list in sales processes, - verifying the concluded contracts / amending annexes in terms of the sanction list - updating the sanction list on an ongoing basis

Environmental area

Risk	Risk management methods
Risk of malfunction of FGD, SCR and/or electrostatic precipitators due to a failure of these units, which may cause an increase in emissions of pollution into the atmosphere	<ul style="list-style-type: none"> - monitoring the emissions level as regards environmental pollution on a continuous basis, - inspecting the installations on an ongoing basis, - maintaining strategic stocks of spare parts on a continuous basis, - carrying out tests
Risk of reducing or ceasing the activity due to a failure to obtain valid environmental decisions and permits	<ul style="list-style-type: none"> - monitoring the laws on an ongoing basis and participating in training in the field of environmental protection laws periodically, - monitoring decision validity on an ongoing basis, - ongoing supervision over the manner of implementation and compliance with the conditions specified in the decisions held
Risk of failure to conform to the terms and conditions of the applicable permissions with respect to: <ul style="list-style-type: none"> - water and sewage management (including the instream flow requirements and the permitted temperature of spent cooling water), - waste management, including sludge from flue-gas desulfurization installations (hereinafter referred to as "FGD"), - atmospheric emissions, including NO_x, SO₂ and particles 	<ul style="list-style-type: none"> - controlling the level and temperature of the Vistula River water on an ongoing basis and taking relevant measures in the case of, among others, very low or very high water levels or an increase in water temperature, - monitoring the emissions level as regards environmental pollution on a continuous basis and performing tests
Risk of causing damage to elements of natural environment in connection with the operation of or execution of investment projects in the electricity distribution area	<ul style="list-style-type: none"> - monitoring the power grid on a continuous basis and inspecting the transformers periodically, - equipping new/upgraded facilities with tight oil sumps
Risk of improper management of hazardous waste	<ul style="list-style-type: none"> - inspecting and updating storage spaces and monitoring waste storage times, - verifying potential waste consignees and as a consequence concluding contracts on hazardous waste management with entities that hold competencies necessary for the final waste treatment, - including such provisions in contracts on waste collection that guarantee the provision of such information to the company that is necessary for complying with the obligation to monitor the path of the waste until the moment of their final recovery or neutralization
Risk of biomass fire	<ul style="list-style-type: none"> - ensuring biomass transport equipment has automatic dust removal devices, which prevent excessive dust concentrations at locations with excessive dust production (dump stations), - performing periodic inspections of ventilation systems in areas with biomass dust explosion hazard, - supervising the biomass unloading, storage and transport facilities in the CHP plant on an ongoing basis, - inspecting the protective systems on a regular basis, upgrading and replacing fire detectors in biomass systems, - complying strictly with the approved operating procedures and instructions, ensuring the operability of devices and systems that protect people and installations, performing ongoing inspections, training the employees periodically, raising awareness of potential risk, organizing joint exercises with the State Fire Service, and performing periodic interdisciplinary OHS inspections
Risk of the spontaneous combustion of coal due to oxidation	<ul style="list-style-type: none"> - measuring coal temperature on storage yards, - replacing coal which was stored longer on yards, - compacting the rolled coal layers on storage yards and the lateral slopes on yards
Risk of limitation of electricity generation from bituminous coal due the radical reduction of atmospheric emissions of pollution planned by the European Commission	<ul style="list-style-type: none"> - incorporating combined cycle power units to replace the currently operating 8x200 MW units in ENEA Wytwarzanie, - developing and implementing a CO₂ emissions reduction concept by incorporating CCS (Carbon Capture Storage) and/or CCU (Carbon Capture and Utilisation) installations

Human rights area

Risk	Risk management methods
Risk of breaching personal data protection laws and internal regulations	<ul style="list-style-type: none"> - delivering initial and periodic training to employees and associates, - regular periodic reviews and assessment of personal data processing systems with regard to their security, - securing personal data processing systems through system security measures (forcing changes of passwords, firewall, antivirus software), - streamlining processes based on identified incidents, - ensuring the availability of a Data Protection Officer
Risk related to violation of competition and consumer protection regulations	<ul style="list-style-type: none"> - introducing measures to improve communication with the consumer (at the stage of sale and offer presentation), - giving legal and accounting opinions on templates of contracts and terms of contracts as well as marketing materials, - periodic monitoring and reporting as regards cases of unfair competition and taking corrective measures

5.2. Opportunities and risks related to sustainable development

As part of the works on the applicable development strategy, a SWOT (strengths, weaknesses, opportunities, risks/threats) analysis related also to the issues of sustainable development was performed.

Selected identified opportunities related to sustainable development:

- Increased electricity demand,
- Possibility to enter the regulated district heating market thanks to construction of cogeneration units (taking into account the development of small polygeneration technologies with the use of clean coal technologies),
- Development of energy storage projects,
- Possibility to enter the market of local balancing areas and energy microclusters or similar solutions in urban areas (energy cooperatives, virtual prosumer), thanks to the use of experiences in grid management,
- Possibility to build a competitive advantage based on introduction of innovative solutions in power generation, including by achieving the position of a change leader,
- Development of smart power grids,
- Development of communication and ICT technologies,
- Development of electromobility,
- Possibility to spin-off coal-fired generating assets to NABE.

Selected identified risks related to sustainable development:

- Destabilization of the power system due to a high demand for electricity, with simultaneous weather conditions that have an adverse impact on the level of RES energy generation (wind energy, PV),
- Gradual reduction of industry energy intensity and increasing deep energy retrofit trend,
- Loss of customers and decrease in overall volume of energy sales to end customers,
- Regulatory instability resulting in additional investment risk,
- Increasing environmental restrictions for the operation of energy companies arising from the EU regulations,
- Increasing EU preferences for RES development over conventional generating sources,
- Growing level of costs – of labor, materials, power devices,
- Growing prices of CO₂ emission allowances,
- Maintaining permanent import of electricity to Poland (development of cross-border connections),
- Maintaining permanent import of steam coal to Poland (coal supply from Polish deposits unbalanced with domestic demand).

The strategy was established among others in response to the aforementioned opportunities and risks.

At present, climate change and the geopolitical situation are ones of the primary sources of risks related to the social, environmental and corporate governance areas. Such changes and the energy transition aimed to slow them down might create new opportunities and threats to the ENEA Group's operations, which is why it analyzes possible scenarios on a continuous basis. If the goals and solutions included in the applicable strategy prove insufficient given the changes occurring in the enterprise's environment, it will consider to update the strategy.

5.3. Climate-related risks and opportunities

The methodology of identification and assessment of enterprise risks in the ENEA Group is not focused directly on assessing the company's climate impact or the impact of climate on the company's business. Climate-related risks are selected from the pool of enterprise risks that are identified, prioritized and periodically assessed by their owners within the framework of the enterprise risk management process, in compliance with the assumptions of the *ENEA Group Enterprise Risk Management Policy* and the *ENEA Group Enterprise Risk Management Methodology*. These risks, like other types of enterprise risks, are subject to ongoing and cyclical monitoring and reporting for the benefit of both the parent company and the ENEA Group as a whole. Mitigating measures are taken for all risk categories.

As at the publication date of this Statement, the ENEA Group has not defined any goals for the purpose of managing climate-related risks and opportunities. Such opportunities and risks will be comprehensively identified and a management plan will be prepared in the course of the current works on the Group's climate policy.

Under the non-financial reporting process for 2022, the Group updated the initial list of risks and opportunities arising from climate change that might bring about major changes in its operations, revenues or costs, prepared for the purposes of the reporting of 2021. The reviews covered the short term (until the end of 2024), the medium term (until the end of 2027) and the long term (until the end of 2036).

For the purpose of this Statement, climate-related risks were assigned to the categories applied in the *ESG Reporting Guidelines*, a guide published by the Warsaw Stock Exchange, which have identified the following types of risk:

Transition risk: Resulting from the transition towards a low-carbon economy, including: legal and regulatory risk (resulting from current or upcoming regulations), technological risk (the need to invest in innovative technologies), market risk (resulting from changing consumer behaviors, increasing prices of raw materials, etc.), reputational risk.

Physical risk: Resulting from the changing climate, including acute risk (from extreme weather phenomena such as droughts, floods and fires) and chronic risk (from long-term processes such as changes in temperature and rising ocean levels).

It should be pointed out that the risk management model described in the Statement identifies risk categories other than those specified in the said guidelines.

As at the publication of the Statement, works were in progress on the *ENEA Group Climate Policy*, for the purpose of which a comprehensive analysis of risks and opportunities arising from climate change will be performed. The works are expected to be finished in 2023.

Business area of the ENEA Group	Climate related risk	Description of the risk factor	How the risk affects the ENEA Group	Methods applied in risk management
DISTRIBUTION	Risk of catastrophic damage to elements of infrastructure as a result of extreme weather phenomena that cause an increase in costs of operations Risk category: physical Perspective: long term.	Increased frequency of extreme weather phenomena	Physical damage to elements of grid infrastructure as a result of extreme weather phenomena	<ol style="list-style-type: none"> 1. Visual inspections, check-ups and operational procedures in compliance with the due dates specified in the annual Maintenance Procedure Plans. 2. Ongoing removal of the effects of failures and damage to power lines and devices. 3. Capital expenditure endeavors related to the restoration of grid assets in compliance with the Capital Expenditure Plan.
	Risk of the consolidation of a strong upward trend on the EUA market, with simultaneous disproportionate increases in electricity prices Risk category: transition Perspective: short, medium and long term	High prices of CO ₂ emission allowances may result in a low or negative value of the clean dark spread (CDS)	Decline in or loss of profitability in electricity generation	<ol style="list-style-type: none"> 1. Substitution of coal with low-carbon fuels, including a greater share of biomass co-firing. 2. Project of incorporation of combined cycle power units in ENEA Wytwarzanie to replace the currently operating 8x200 MW units by ENEA ELKOGAZ.
	Risks related to extreme weather phenomena Risk category: physical Perspective: short, medium and long term	An increased frequency of extreme weather phenomena (droughts, floods affecting the water level on the Vistula River, heavy snowfalls, frosts, icing, hurricanes) may disrupt energy generation	Interruption of business continuity, loss of revenue and significant additional costs	<ol style="list-style-type: none"> 1. Vistula River water level monitoring system. 2. Annual assessment of the technical condition of power plant facilities. 3. Continuous supervision of staff over the operation of the power plant. 4. Flood protection system in the event of an increase in the water level on the Vistula River (stoplogs). 5. Ongoing supervision of devices and optimal overhaul management. 6. Monitoring of and supervision over water level in rivers by hydro power plants (close control in order not to exceed the parameters specified in the water permits). 7. Wind farm weather conditions monitoring system adapting the generation parameters to current conditions.
GENERATION	Risk of construction disasters in hydro power plants Risk category: physical Perspective: medium to long term	Factors such as torrential rains may increase the adverse impact of water on hydrotechnical facilities	Partial or complete damage to hydrotechnical equipment	<ol style="list-style-type: none"> 1. Inspections of the technical condition and safety of buildings in accordance with legal requirements. 2. Execution of the required renovation and capital expenditure tasks to ensure that hydrotechnical equipment is kept in at least good technical condition.

Business area of the ENEA Group	Climate related risk	Description of the risk factor	How the risk affects the ENEA Group	Methods applied in risk management
	<p>Risk of construction disasters on wind farms</p> <p>Risk category: physical</p> <p>Perspective: medium to long term</p>	<p>Extreme weather phenomena, such as strong winds, hurricanes and tornadoes, may pose a threat to selected elements of farm infrastructure</p>	<p>Partial or complete damage to generation facilities</p>	<ol style="list-style-type: none"> 1. Inspections of the technical condition and safety of buildings in accordance with legal requirements.
	<p>Risk of construction disasters in cogeneration plants</p> <p>Risk category: physical</p> <p>Perspective: medium to long term</p>	<p>Changing weather conditions throughout the year necessitate the transport of fuel on belt conveyors in cogeneration plants in 'covered' technological facilities (tunnels, galleries, etc.), thereby increasing the risk of an explosion of coal dust or biomass</p>	<p>Partial or complete damage to generation facilities</p>	<ol style="list-style-type: none"> 1. Inspections of the technical condition and safety of buildings in accordance with legal requirements – maintaining a positive evaluation of the technical condition. 2. Execution of required maintenance, repairs and capital expenditure tasks to ensure that facilities are kept in at least good technical condition. 3. Ongoing supervision over fuel unloading, storage and feed facilities, in particular in areas with coal or biomass explosion hazard.
	<p>Risk related to uncertainty of the legislative environment, including risk of limitation of electricity generation from bituminous coal due the radical tightening of the regulations concerning atmospheric emissions of pollution planned by the European Commission</p> <p>Risk category: transition</p> <p>Perspective: medium to long term</p>	<p>Amendments to EU or national regulations, for example resulting from the non-recognition of biomass as a zero-emission energy source.</p>	<p>Loss of revenue or increased costs related to changing the company's business context</p>	<ol style="list-style-type: none"> 1. Monitoring of and participation in legislative work. 2. Lobbying in the European Commission for changing/mitigating the current climate policy, removing or postponing the adopted deadlines of abandonment of fossil fuels through domestic industry organizations. 3. Incorporation of combined cycle power units in ENEA Wytwarzanie to replace the currently operating 8x200 MW units by ENEA ELKOGAZ. 4. Developing and implementing a CO₂ emissions reduction concept by incorporating CCS (Carbon Capture Storage) and/or CCU (Carbon Capture and Utilisation) installations.
	<p>Risk of a decrease in revenues from sales of heat</p> <p>Risk category: physical</p> <p>Perspective: short, medium and long term</p>	<p>The trend of an increase in average temperatures during the heating season may lead to a significant decline in demand for heat</p>	<p>Lower revenue from sales of heat</p>	<ol style="list-style-type: none"> 1. Diversification of revenue sources through the development of cogeneration.

Business area of the ENEA Group	Climate related risk	Description of the risk factor	How the risk affects the ENEA Group	Methods applied in risk management
	Risk of an increase in environmental fees, in particular, in the cost of CO ₂ emission allowances Risk category: transition Perspective: short term	Due to ongoing climate change, environmental regulations are tightened, resulting in increased fees and penalties	Increase in environmental fees resulting in higher costs of generation processes	<ol style="list-style-type: none"> 1. Ongoing monitoring of regulations. 2. Ongoing monitoring of the validity of decisions held, thereby enabling an early preparation of requests for changes. 3. Ongoing supervision over the manner of implementation and compliance with the conditions specified in the decisions held.
	Risk of suspension of electricity/heat generation as a result of technological misalignment with the requirements of environmental protection regulations Risk category: transition Perspective: short term	Need to adapt generation units to the applicable legal requirements, including the IED	Suspension of electricity/heat generation as a result of technological misalignment	<ol style="list-style-type: none"> 1. Regular upgrades of and investments in: <ul style="list-style-type: none"> – units for generation of energy from renewable sources, – heat accumulation systems, – flue gas heat recovery units, – flue gas desulfurization units, – boilers. 2. Upgrade of transmission infrastructure and heating nodes, gradual extension of the extent of application of telemetric systems. 3. Use of proper cooling systems in electricity and heat generation. 4. Taking care of the proper technical condition of equipment using fluorinated gases.
	Risk of non-continuity of fuel supplies Risk category: transition Perspective: short, medium and long term	<ol style="list-style-type: none"> 1. Natural disasters such as hurricanes, floods, droughts or freezing conditions may result in a limited availability or lack of biomass 2. Natural disasters in the mining sector or in the supply process may cause a limited availability or lack of coal 	Interruption or curtailment of the continuity of fuel supplies and the related loss of revenue.	<ol style="list-style-type: none"> 1. Optimization of fuel supplies. 2. Diversification of the fuel portfolio. 3. Emergency fuel purchases. 4. Gradual shift of all or part of the fuel shipment process to the supplier. 5. Performance monitoring with deviation analysis and update of plans for the performance of contracts for the supply of generation fuels and logistics services.
	Risk of an increase in biogas production expenses Risk category: physical Perspective: medium term	Hydrological drought might affect the availability and prices of corn silage, which is the key input substrate in biogas production	Deterioration of the economic profitability of biogas production from plant-based substrates	<ol style="list-style-type: none"> 1. Adoption of and early preparation for a comprehensive substrate procurement action. 2. Ongoing monitoring of the substrate market.

Business area of the ENEA Group	Climate related risk	Description of the risk factor	How the risk affects the ENEA Group	Methods applied in risk management
	<p>Risk of an increase in the cost of raising capital and/or property insurance</p> <p>Risk category: transition</p> <p>Perspective: short, medium and long term</p>	<p>Global climate crisis making it increasingly difficult for fossil fuel-based businesses to access finance, insurance undertakings treating the coal-fired energy sector as a high-risk industry</p>	<p>Increase in operating costs associated with higher cost of raising capital and/or property insurance</p>	<ol style="list-style-type: none"> 1. Use of the Group's transformation strategy in consultations with the reinsurance market. 2. Search for new methods of securing assets. 3. Spin-off of coal-fired generation assets from the ENEA Group's structures
	<p>Risks associated with the activities of environmental organizations</p> <p>Risk category: transition</p> <p>Perspective: short, medium and long term</p>	<p>Activities of environmental organizations conducting aggressive campaigns against power plants by:</p> <ul style="list-style-type: none"> – appealing against and demanding the cancellation of integrated permits or environmental decisions held by them, – referring to the public interest and joining proceedings aimed at amending integrated permits, thereby delaying or preventing the issue of favorable decisions 	<p>Reducing or ceasing the operation of power plants due to difficulties in obtaining or maintaining valid environmental decisions and permits.</p>	<ol style="list-style-type: none"> 1. Cooperation with leading law firms. 2. Cooperation with environmental organizations.
	<p>Risk of losses in capacity caused by hydrologic conditions</p> <p>Risk category: physical</p> <p>Perspective: short, medium and long term</p>	<p>The country's unfavorable hydrological or meteorological translates into a deterioration in the hydrological conditions for the operation of power plants</p>	<p>Low surface levels and high water temperatures of the Vistula River may cause power losses due to problems with the provision of the necessary amount of cooling water (resulting from the need to maintain its uninterrupted flow) or abiding by the permissible temperature of the discharged cooling water</p>	<ol style="list-style-type: none"> 1. A concept of dismantling of the temporary check dam and reconstruction of the Vistula River bottom was prepared in order to ensure an appropriate water level during a low-water period. The project was initially approved by the State Water Holding Polish Waters. Furthermore, hydraulic structures redirecting the majority of the river stream towards the power plant bank were altered.
TRADING	<p>Risk of adopting outdated assumptions for long-term financial projections</p> <p>Risk category: transition</p> <p>Perspective: medium to long term</p>	<p>The progressing climate change affecting the climate policy of various countries and organizations may potentially shape the operating principles of the system and the price of CO₂ emission allowances</p>	<p>Occurrence of unexpected costs caused by wrong assumptions for long-term financial projections</p> <p>Losses or higher financial performance related to underestimation/overestimation of the assumptions of price paths.</p>	<ol style="list-style-type: none"> 1. Periodic updates of price paths.

Business area of the ENEA Group	Climate related risk	Description of the risk factor	How the risk affects the ENEA Group	Methods applied in risk management
	<p>Risk of additional costs or losses resulting from commodity price volatility on the futures market</p> <p>Risk category: transition</p> <p>Perspective: short, medium and long term</p>	<p>If the actual temperatures in the summer and winter seasons are different from the forecasts, this may cause deviations in electricity and gas prices on the Polish Power Exchange compared to the prices contracted in the previous months</p>	<p>Additional costs and/or lower revenue as a result of the volatility in commodity prices on the forward market</p> <p>Losses or higher financial performance related to underestimation/overestimation of the trade assumptions.</p>	<ol style="list-style-type: none"> 1. Maintaining and developing risk management competences in the ENEA Group. 2. Internal risk optimization procedures. 3. Monitoring and analysis of factors affecting prices on the Polish Power Exchange. 4. Adjustment of orders placed, both in terms of price and volumes, to the current market situation.
	<p>Risk of commodity price volatility on the SPOT market</p> <p>Risk category: transition</p> <p>Perspective: short, medium and long term</p>	<p>Meteorological conditions:</p> <ul style="list-style-type: none"> - in the winter season (December-February), monthly average temperatures above the long-term norm, - in the summer season (June-August), monthly average temperatures above the long-term norm, may generate financial losses on open positions 	<p>Additional costs and/or lower revenue as a result of the volatility in commodity prices on the SPOT market</p> <p>Losses or higher financial performance related to underestimation/overestimation of the trade assumptions.</p>	<ol style="list-style-type: none"> 1. Maintaining and developing competence within the company to manage this risk. 2. Internal procedures governing optimization on the SPOT market. 3. Ongoing analysis of factors affecting prices. 4. Monitoring and forecasting of factors affecting prices. 5. Adjustment of orders placed, both in terms of price and volumes, to the current market situation.
	<p>Risk of disturbances/failures in energy generation</p> <p>Risk category: physical</p> <p>Perspective: short, medium and long term</p>	<p>Climate change may cause:</p> <p>a) in the winter season:</p> <ul style="list-style-type: none"> - lower wind generation due to lower wind speeds, - very low photovoltaic generation due to heavy clouds, - lower generation in hydro power plants due to low water levels; <p>b) in the summer season:</p> <ul style="list-style-type: none"> - lower wind generation due to lower wind speeds, - low levels of surface/ground waters resulting in the inability to use them for technological purposes in power plants, <p>- extreme weather phenomena (violent storms, gusty winds, flash floods), resulting in limited access to energy over a large area</p>	<p>Additional costs associated with disturbance/failure management</p> <p>Generation of financial losses related to the financial expenditure on repairs of infrastructure, upgrade of grid (to achieve more resistance to considerably higher temperatures)</p>	<ol style="list-style-type: none"> 1. Maintaining and developing competence within the company to manage this risk. 2. Internal procedures governing optimization on the SPOT market. 3. Ongoing analysis of factors affecting prices. 4. Monitoring and forecasting of factors affecting prices. 5. Adjustment of orders placed, both in terms of price and volumes, to the current market situation.

Business area of the ENEA Group	Climate related risk	Description of the risk factor	How the risk affects the ENEA Group	Methods applied in risk management
MINING	Risks related to the need to change the company's operations are run, which would entail additional capital expenditures	Climate change causing an increasingly restrictive EU climate policy, directly and indirectly translating into a number of more stringent environmental standards imposed on mines	Additional costs associated with increasing environmental standards	<ol style="list-style-type: none"> 1. Ongoing supervision over compliance with environmental standards. 2. Continuous monitoring of changes in the EU's climate policy and the resulting amendments to national regulations. 3. Active participation in consultations on new regulations. 4. Continuous search for technical and organizational solutions minimizing the company's impact on the climate, e.g. by energy efficiency improvements.
	Risk category: transition			
	Perspective: medium to long term			
	Risk of a decline in demand for steam coal in Poland and globally	Changes in the country's energy mix, including the ENEA Group's energy mix, and from a decrease in demand for electricity generated from coal (e.g. as a result of measures favoring energy efficiency, elimination of retail customers from the portfolio, more frequent switching to own sources of energy and heat generation, higher average atmospheric temperatures in winter) is likely to cause a gradual decrease in demand for the products offered to date	Restricting the possibility to sell mined coal	<ol style="list-style-type: none"> 1. Seeking new coal consumers in Poland. 2. Seeking new, foreign coal outlet markets. 3. Implementation of a new business strategy, including through diversification of revenues towards the extraction of coking coal, which is a strategic commodity in the EU. 4. Taking into account the forecasts of climate models in determining the scope of contracts with customers.
Risk category: transition				
Perspective: medium to long term				
Risk of an increase in operating costs due to the need to pay greater compensations for losses in grasslands and agricultural land caused by the need to repair of mining damage to the environment	The conduct of mining activities is associated with the occurrence of mining damage and may lead to the formation of subsidence basins and disruption of local water relations, thus causing occasional local flooding	Increase in operating costs due to the need to pay greater compensations for losses in grasslands and land caused by the need to repair of mining damage to the environment	<ol style="list-style-type: none"> 1. Effective mining damage management policy. Ongoing dialog with local communities. 2. Continuous monitoring of rock mass movements using of modern measurement methods. 3. Monitoring of environmental aspects through the Integrated Quality, Environment and Safety Management System. 4. Ongoing reclamation of areas adversely affected by mining activities. 	
Risk category: physical				
Perspective: short, medium and long term				
Risk of an increase in the cost of raising capital and/or property insurance	Global climate crisis making it increasingly difficult for fossil fuel-based businesses to access finance, insurance undertakings treating the mining sector as a high-risk industry	Increase in operating costs associated with higher cost of raising capital and/or property insurance	<ol style="list-style-type: none"> 1. Use of the Group's transformation strategy in consultations with the reinsurance market. 2. Search for new methods of securing assets - the attitude of banks to providing financing to the company is monitored on an ongoing basis. 	
Risk category: transition				
Perspective: short, medium and long term				

Business area of the ENEA Group	Climate related risks	Description of the risk factor	How the risk affects the ENEA Group	Methods applied in risk management
	<p>Risks associated with the activities of non-governmental environmental organizations</p> <p>Risk category: transition</p> <p>Perspective: medium to long term</p>	<p>The activities of environmental organizations, including potential protests related to investment and development activities, may affect the social acceptance of the company</p>	<p>Obstruction in the progress of various administrative procedures conducted with the participation of environmental organizations</p>	<ol style="list-style-type: none"> 1. Execution of project activities in partnership with environmental organizations. 2. Ongoing communication of activities aimed at improving environmental safety. 3. Increasing the company's environmental efficiency, e.g. through investments. 4. Respecting state-imposed forms of nature protection (e.g. no mining and no future mining plans under the Polesie National Park).
	<p>Reputation risk related to the conduct of business in the fossil fuel industry</p> <p>Risk category: transition</p> <p>Perspective: medium to long term</p>	<p>Due to the climate crisis, the EU's policy and the activities of environmental organizations, the mining industry may be perceived as the perpetrator of climate change</p>	<p>Damage to the image</p>	<ol style="list-style-type: none"> 1. Participation in business initiatives. 2. Involvement in local socio-economic development initiatives. 3. Intensive communication activities, focusing chiefly on demonstrating the role played by the company in the Lublin region along with its environmental efficiency and openness to change.

Business area of the ENEA Group	Sphere of activity	Source of development opportunity	How the opportunity affects the ENEA Group
TRADING	<p>Wholesale and retail energy trading</p> <p>Opportunity category: market/technology</p> <p>Perspective: short, medium and long term</p>	<p>Implementation by the ENEA Group and its environment, of modern technological solutions supporting the fight against climate change</p>	<p>Possibility to trade in "green energy" including in foreign markets.</p> <p>Increased liquidity in the market, with a wide range of generators, prosumers, and virtual asset management players, allowing for optimization of own assets, better hedging of the product portfolio, and generation of more stable and better financial results.</p> <p>Possibility to prepare advanced, low-carbon products and services, including multi-product and customized offers for business or individual customers (e.g. electricity, CO₂, fuels, portfolio management).</p> <p>Possibility to build competitive edge and/or customer loyalty by creating an offer of participation in pro-environmental investments carried out by them, e.g. modernization of industrial CHP plants and expansion and modernization of connections or plant networks.</p> <p>Multidimensional benefits of installing and managing energy storage facilities, e.g. price arbitrage, time-shifting of peaks and valleys of demand, load balancing, balancing market services, contingency power supply and offtake, support and stabilization of a system saturated with RES and prosumers, system reserves, emergency power supply, compensation for losses in power plants and CHP plants, balancing of island grids and energy clusters, support for the use of industrial waste energy.</p> <p>The need to recycle used and damaged photovoltaic panels and used traction batteries from electric cars.</p> <p>The possibility of utilizing the blades of used windmills in new projects, in line with the circular economy concept. They can find application, among others, as parts of power line poles and emergency housing roofs, in the production of polymer fibers and low-cost housing from materials containing polymer granules, and in co-processing cement and making pellets or boards.</p> <p>Developing cooperation with local communities and building modern, comprehensive solutions, e.g. in connection with the implementation of the concept of energy clusters (energy cooperatives, self-sufficient energy communities).</p>

Business area of the ENEA Group	Sphere of activity	Source of development opportunity	How the opportunity affects the ENEA Group
DISTRIBUTION	Distribution of electricity	Implementation, by the ENEA Group and its environment, of modern technological solutions supporting the fight against climate change	Gradual transformation of the passive (unidirectional) network into a more flexible active (bidirectional) one, in order to increase its flexibility to allow for the development of distributed energy and the popularization of prosumer energy and the installation of charging points and energy storage.
	Opportunity category: market/technology		Implementation of smart grid solutions, including smart meters, control and automatic reconfiguration elements, network operation diagnostic and analysis devices, electricity quality monitoring and management.
	Perspective: medium to long term		Development of cooperation between DSOs and TSOs in order to ensure security and reliability of the Polish Power System taking into account distributed generation from RES.
			Development of cooperation between DSOs and local governments to ensure that the correlation of the expansion and modernization of the power grid with the environmental needs and plans of the townships.
GENERATION	Production of electricity and heat	Investments in own renewable energy sources	Reduction of energy production costs and ensuring business continuity while reducing greenhouse gas emissions.
			Adaptation of conventional energy sources to blend coal with zero- or low-carbon fuels.
			Replacement of coal-fired energy sources with gas-fired, alternative fuel and biomass sources.
			Development of offshore wind energy.
			Reduction of raw material (e.g. water) consumption, greenhouse gas emissions and waste production.
			Securing access to land and infrastructure so that the ENEA Group can build gas-steam units or other generation assets not based on coal in place of coal-fired units.
			The possibility of using waste to produce heat and electricity.
Possibility of using combustion by-products (fly ash, FGD gypsum, slag, ash-slag mixture) for road construction and production of construction materials.			
MINING	Coal mining	Investments in own renewable energy sources	Securing post-mining sites for future RES development.
	Opportunity category: market/technology		
GENERATION, TRADING, DISTRIBUTION	R&D&I	Implementation, by the ENEA Group and its environment, of modern technological solutions supporting the fight against climate change	Development of energy technologies and R&D investments, including energy storage technologies, smart metering and energy management systems, electromobility, alternative fuels, hydrogen technologies, participation in the development and operation of energy islands.
	Opportunity category: technology		
	Perspective: short, medium and long term		

6. Environmental issues – description of due diligence policies and procedures and their results

Generation and supply of electricity and heat to customers in a way that is safe for the environment and compliant with the law is one of the main priorities for the ENEA Group. It also strives to rationally manage natural resources and to ensure biodiversity and sustainability of environmental processes in its surroundings.

The Group has in place a number of policies and procedures referring to environmental matters. The *ENEA Group Code of Ethics* states, among other things, that the Group:

- takes environmental factors into account when developing new services and products,
- invests in solutions satisfying stringent environmental standards,
- works on technological solutions to increase production of energy from renewable sources,
- makes rational use of energy and natural resources and strives to reduce generated waste and pollution,
- initiates and actively participates in educational campaigns for environmental protection and building environmental awareness,
- prevents any breakdowns that may be dangerous for the environment.

The commitment to sustainable development and natural environment is also embedded in the *Code of Ethics for LW Bogdanka Group* and *ENEA Group Compliance Policy*, which among others requires the Group to:

- take actions to minimize emissions of pollutants and to ensure reasonable management of natural resources,
- undertake initiatives to retain the balance between the Group's operations and the natural environment,
- carry out capital expenditures using environmentally friendly technologies,
- support renewable energy sources,
- cooperate with environmental organizations.

The *ENEA Group Procurement Policy* contains a rule that, when selecting suppliers of products and services, non-price criteria should be taken into account, including environmental factors such as energy efficiency of the subject of contract. However, bid evaluation criteria are defined individually for each tender procedure and selected environmental aspects are included only when deemed suitable for the subject of contract. At the same time, contracts with all suppliers contain an undertaking to observe the provisions of the *ENEA Group's Code of Conduct for Contractors*, which contains the Group's expectations, among others in respect to environmental protection.

The *ENEA Group Communication Policy* contains provisions stating that the Group's communication is conducted in a manner that promotes environmentally friendly values and that the Group's sponsorship activities will focus, without limitation, on the domain of environmental protection.

The individual companies have and update on an ongoing basis their own policies, procedures, instructions and regulations, which are suitable to their unique character, obligating them to protect the environment and use it in a sustainable way. In addition, some of the principles, e.g. the ones setting out the requirements for handling the waste produced, must be observed by external entities performing work on the sites of and for Group companies. Additionally, the Group companies apply methodologies for monitoring and documenting specific environmental impacts and effects of their pro-environmental activities.

Selected due diligence policies, standards and procedures in the area of environmental management in selected ENEA Group companies

ENEA S.A.	- ENEA S.A. Environmental Policy
ENEA Wytwarzanie	<ul style="list-style-type: none"> - Policy of Integrated Quality, Environmental and OHS Management System at ENEA Wytwarzanie Sp. z o.o. - Book of the Integrated Quality, Environmental and OHS Management System consistent with the requirements of the standards PN-EN ISO 9001:2015, PN-EN ISO 14001:2015 and PN-ISO 45001:2018 - Procedure "Supervision over legal and other requirements" - Procedure "Periodic evaluation of compliance with legal and other requirements" - Procedure "Identification and evaluation of environmental aspects" - Procedure "Monitoring of environmental effects of the activity" - Procedure "Identification of potential emergencies and responding to their occurrence at ENEA Wytwarzanie sp. z o.o." - Rescue plan in case of a threat to life and human health and property or the environment at ENEA Wytwarzanie sp. z o.o. in Świerże Górne (Kozienice Power Plant) - Procedure "Goal management" - Procedure "Management review, analysis and improvement" and Other detailed procedures and instructions governing conduct setting out the principles of performing operations that impact the environment, monitoring, performing measurements and exercising metrological oversight over devices used to monitor the effects of environmental activity
ENEA Ciepło, ENEA Ciepło Serwis	<ul style="list-style-type: none"> - Environmental Management System Policy and the following procedures based on this policy: <ul style="list-style-type: none"> >Supervision over documentation (SZŚ) >Supervision over records (SZŚ) >Process monitoring (SZŚ) >Goal management (SZŚ) >Internal audits (SZŚ) >Handling non-compliance – corrective actions (SZŚ) >Periodic evaluation of compliance with legal and other requirements (SZŚ) >Management review (SZŚ) - Procedure PŚ-4.3-01 "Identification of environmental aspects" - Procedure PŚ-4.4-01 "Responding to danger and failure" - Procedure PŚ-4.4-02 "Waste management" - Procedure PŚ-4.5-01 "System of monitoring and measuring parameters affecting the environment" - Quality instruction QI-7.5-11 "Program for prevention of severe industrial accidents relating to the storage and use of hazardous substances and materials at the Zachód Heat Plant" - Internal instructions on monitoring and reporting CO₂ emissions: <ul style="list-style-type: none"> > Instruction I-OŚ-01 "Management of records and documentation" > Instruction I-OŚ-02 "Determination of changes affecting the allocation of emission allowances for installations" > Instruction I-OŚ-03 "Calculation of CO₂ emissions" > Instruction I-OŚ-04 "Quality of the information system used for data flow activities" > Instruction I-OŚ-05 "Estimation of fuel consumption during a belt weigher and gas flow meter breakdown" > Instruction I-OŚ-06 "Monitoring of outsourced processes" > Instruction I-OŚ-07 "Identification of installed devices used to determine data values" > Instruction I-OŚ-08 "Staff management for ETS purposes" > Instruction I-OŚ-09 "Evaluation of the adequacy of the monitoring methodology plan/Evaluation of the adequacy of the monitoring plan" > Instruction I-OŚ-10 "Management of data flow activities" > Instruction I-OŚ-11 "Implementing corrections and rectifying measures" > Instruction I-OŚ-12 "Supervision over metering equipment for monitoring CO₂ emissions" > Instruction I-OŚ-13 "Internal reviews and validation of data" > Instruction I-OŚ-14 "Uncertainty assessment" > Instruction I-OŚ-15 "Analysis of CO₂ emission monitoring risk" > Instruction I-OŚ-16 "Analysis of the risk of the PMM monitoring methodology plan" > Instruction I-OŚ-17 "Monitoring of basic data and audit activities related to the application for free allocation of CO₂ emission allowances"
ENEA Ciepło – Białystok Division	<ul style="list-style-type: none"> - Biomass purchasing policy - Sustainable Development Criteria System Book (SDC) - Environmental Management System Policy and the following procedures based on this policy: <ul style="list-style-type: none"> ▪ Supervision over documentation (SZŚ) ▪ Supervision over records (SZŚ) ▪ Process monitoring (SZŚ) ▪ Goal management (SZŚ)

	<ul style="list-style-type: none"> ▪ Internal audits (SZŚ) ▪ Handling non-compliance – corrective actions (SZŚ) ▪ Periodic evaluation of compliance with legal and other requirements (SZŚ) ▪ Management review (SZŚ) - Procedure "Identification of threats and determining how to respond to environmental emergencies at ENEA Ciepło sp. z o.o. – Białystok CHP Plant Division" - Procedure "Prevention and reduction of the impact of emergencies on the environment at ENEA Ciepło sp. z o.o. – Białystok CHP Plant Division" - Procedure "Conduct in the event of environmental emergencies at the Białystok CHP Plant" - Procedure "Monitoring CO₂ emissions in the Białystok CHP Plant" - Instruction on the organization of rescue operations at the site of ENEA Ciepło sp. z o.o. – Białystok CHP Plant Division - Instruction on managing dangerous and hazardous substances and mixtures - Instruction on handling waste at the Białystok CHP Plant
Miejska Energetyka Ciepła Piła	<ul style="list-style-type: none"> - Instruction "Waste management" - Procedures referred to in the CO₂ emissions monitoring plan - Procedures referred to in the CO₂ monitoring methodology plan
Przedsiębiorstwo Energetyki Ciepłej w Obornikach	<ul style="list-style-type: none"> - Environmental Policy
ENEA Operator	<ul style="list-style-type: none"> - Company Environmental Pollution Bank Program SOZAT - Procedure for registering power devices containing at least 6 kg of SF₆ gas and operations performed on them - Procedure for management of dismantling materials and waste in ENEA Operator sp. z o.o.
ENEA Oświetlenie	<ul style="list-style-type: none"> - Waste management at ENEA Oświetlenie sp. z o.o.
ENEA Elektrownia Połaniec	<ul style="list-style-type: none"> - Procedure for identification and evaluation of environmental aspects - Environmental monitoring procedure - Environmental Management Program
Lubelski Węgiel "Bogdanka"	<ul style="list-style-type: none"> - Policy of the Integrated Quality, Environmental and OHS Management System with related environmental procedures

In 2022, ENEA Group companies recorded no significant non-financial penalties or sanctions for non-compliance with environmental protection laws or regulations.

6.1. Climate policy and oversight of climate-related issues

The individuals responsible in the ENEA Group for managing its climate impact is the Vice-President of the Management Board for Operational Affairs, Mr. Marcin Pawlicki and the Vice-President of the Management Board for Strategy and Development, Mr. Lech Żak. By the publication date of the Statement, the method of oversight of the Supervisory Board over climate matters has not been agreed upon. Also, no committees have been established to monitor and supervise over the progress in the implementation of climate-related goals and tasks. The unit monitoring the Group's climate-related activities is the Climate Transition Office at the Group Strategy and Development Management Department.

Work is currently underway to prepare a comprehensive climate policy to be pursued by all ENEA Group companies. The document will identify the directions, in which the Group will develop in order to minimize climate change as much as possible. It will clarify the goals in this regard (along with indicators for their fulfillment) and systematize the measures to achieve them. It will detail the roles and responsibilities of individual organizational units and Group employees in the area of climate impact management and adaptation to climate change. It will be a tool used to build and consolidate awareness of climate responsibility within the Group. The work on the policy is slated for completion in 2023.

6.2. ENEA Group's products with a positive environmental impact

The ENEA Group offers the following products with a positive environmental impact to its individual customers:

Photovoltaics+: an offer launched in 2022 featuring devices to generate, store and efficiently use electricity, for example photovoltaic installations, heat pumps, energy storage, as well as an analysis of the customer's needs and technical capabilities, assistance in selecting devices, support in connecting photovoltaic installations to the grid and in obtaining government grants and modernization tax relief;

Enea Smart: electricity as part of the package of solutions which will, depending on the option selected, allow for more effective management of electricity consumption and heating in individual rooms and secure a house against fire, flooding or burglary;

EKO Oferta and the EKO option of the ENERGIA+ Fachowiec offering: launched in 2022, this offer for households entails a purchase of guarantees of origin of electricity certifying renewable origin of energy renewable sources;

Offering for G12as tariff group customers: offering of lower rates for electricity used at night provided it is used for the purpose of ecological heating of the home or charging an electric car;

The offering for business customers includes:

ENERGIA+ Professional: electricity as part of a package with professional consulting services making it possible to optimize its consumption; including energy audit. Through this product, ENEA S.A. offers its business customers the service of reactive power compensation, which is aimed at: diagnosing the reasons for above-contractual consumption of reactive power, selecting, supplying and installing a device to reduce the excessive consumption of reactive power by the end-user installation and consequently reducing or eliminating additional charges for energy distribution services. The environmental effect is derived from increasing the efficiency of electricity use and reducing the likelihood of overloading distribution networks.

Enea Optima – cloud-based software that helps companies use electricity rationally through effective and efficient controlling of power flows and by optimizing quality and cost parameters of electricity. The user with an Internet-enabled computer, laptop or smartphone is able to create a mobile energy management center, reducing the environmental impact through the ability to curb consumption.

Enea Smart Biznes: electricity in a package with smart devices that allow users to manage its consumption more efficiently and control heating and additionally protect a business against fire, flooding or burglary.

Guarantee of origin: an offer to purchase a guarantee that electricity came from renewable sources.

6.3. Environmental impact of the ENEA Group

The company does not exert environmental impact entailing above-average use of resources shared with local communities, or influence on shared resources.

All environmental impacts of the Group are monitored and minimized by the units responsible for environmental protection within companies. They are mitigated also through Circular Economy activities promoting optimization of resource consumption. However, even though all legal requirements are met and due diligence exercised, it is still impossible to completely eliminate the impacts of mining and generation activities on the environment; therefore, corrective measures are taken and/or compensation is paid as necessary. The Group also runs a number of diverse social projects targeted at local communities.

ENEA Group's operations may expose local communities to e.g.:

- restrictions in access to water,
- destruction of biodiversity in places where mining and generating units are located,
- production of combustion waste (ash, slag),
- production of large quantities of mining waste,
- withdrawal and discharge of considerable quantities of water from the Vistula river for cooling purposes,
- subsidence of land caused by coal mining using the top coal caving method, which may lead to degradation of arable land,
- impact of the mining operations on water management (among others discharge of mineralized mine water to the Świnka river),
- impact of linear construction projects on the landscape of the neighboring agricultural and forest areas
- disruption of the morphological continuity of rivers through the use of damming of water for hydroelectric purposes,
- emission of dust and gas pollution from fuel combustion installations (Kozienice Power Plant, Połaniec Power Plant, Białystok CHP Plant),
- impact related to the transportation (exhaust fumes, noise, dust).

6.4. Environmental activity in 2022

In 2022, the ENEA Group conducted numerous activities aimed at reducing its negative impact on the environment. They included large capital expenditures and minor changes in daily operations in individual companies. Continuous efforts were also made to increase environmental awareness of our employees. It also executed environmental education projects in its communities and executed projects to actively protect the nature.

In 2022, the companies allocated a total of PLN 80.0 million for investments in the area of environmental protection.

ENEA Group's environmental investments in 2022

Item [PLN m]	Actuals Q4 2022	Actuals 2022
Adaptation to BAT conclusions (Połaniec Power Plant)	0.0	51.8
Other	19.7	28.2
Total environmental investments	19.7	80.0

Information on selected environmental projects implemented by the ENEA Group in 2022, including investments and educational activities, will be published in the ESG report for the aforementioned year.

6.5. Effects of the implemented environmental protection policies

According to the development strategy, the key environmental indicators for the ENEA Group include:

- increase of the installed RES capacity¹⁾,
- unit CO₂ emissions²⁾,
- index of grid losses in the distribution area³⁾.

¹⁾ See chapter *2030 Development Strategy*

²⁾ See section *Schedule of achievement of climate neutrality*.

³⁾ See section *Security of electricity supply*.

Selected figures reflecting the effects of the pursued environmental protection policies are presented below.

Greenhouse gas emissions in the ENEA Group in 2022

Company	Scope 1 [tons of CO ₂ e]	Scope 2 location-based method [tons of CO ₂ e]	Scope 3 [tons of CO ₂ e]
ENEA S.A.	500	Data not available	Data not available
ENEA Ciepło – Head Office	13,018	3,132	2,957
ENEA Ciepło – Białystok Division	282,020	126	83,167
ENEA Elektrownia Połaniec	7,089,617	Data not available	Data not available
ENEA Bioenergia	Data not available	Data not available	Data not available
ENEA Nowa Energia	6,250	983	83
ENEA Wytwarzanie	15,537,632	37,029	32,014
PEC Oborniki	15,516	Data not available	Data not available
MEC Piła	84,230	Data not available	Data not available
ENEA Połaniec Serwis	Data not available	Data not available	Data not available
ENEA Ciepło Serwis	Data not available	Data not available	Data not available
ENEA Operator	7,973	Data not available	Data not available
ENEA Trading	Data not available	Data not available	Data not available
ENEA Innowacje	Data not available	Data not available	Data not available
ENEA Serwis	Data not available	Data not available	Data not available
ENEA Centrum	Data not available	Data not available	Data not available
ENEA Pomiar	45	121	Data not available
ENEA Logistyka	929	423 ⁴⁾	Data not available
ENEA Oświetlenie	20	238	0
Lubelski Węgiel „Bogdanka” Group	46,275	228,192	19,176,537
Total	23,084,025	270,244	19,294,758

⁴⁾ Calculated using the market-based method.

Biogenic CO₂ emissions in the ENEA Group in 2022

Company	Biogenic CO ₂ emissions [tons]
ENEA Elektrownia Połaniec	1,620,595
Lubelski Węgiel „Bogdanka” Group	202
ENEA Ciepło – Białystok Division	26,743
Total	1,647,537

Intensity of greenhouse gas emissions from ENEA Group's generation units

Unit CO ₂ emissions related to electricity generation [kg/MWh] ¹⁾	2020	2021	2022
Total intensity of greenhouse gas emissions from ENEA Group's generation units	752	764	793

¹⁾ Ratio of CO₂ emissions related to electricity generation to total gross electricity generation. In the case of the power plants in Koźienice and Polaniec, the calculations are based on total CO₂ emissions for sources that generate only electricity or cogenerate electricity and trace quantities of heat, because for the latter type of installations, it is not possible to separate emissions into those related to the production of individual energy types. In the case of MEC Pila and ENEA Ciepło, the presented data concern only CO₂ emissions related directly to the generation of electricity, i.e. they do not include emissions related to the generation of heat. Unit emissions for 2020 and 2021 were adjusted in relation to the values published earlier, thanks to the access to more precise data for MEC Pila and ENEA Ciepło.

Consumption of electricity by the ENEA Group in 2022

Consumption of electricity [MWh] ¹⁾	2020	2021	2022
Total consumption of electricity by the ENEA Group	2,415,110	2,893,177	2,819,327
including from renewable sources	Data not available	67,776	72,463

¹⁾ Real properties for which there are no detailed data on electricity consumption (e.g. because the respective companies settle their accounts with administrators on a lump sum basis) and the network needs of ENEA Operator have not been taken into account.

Water withdrawal by the ENEA Group in 2022

Water withdrawal [MJ] ^{1) 2)}	2020	2021	2022
Total water withdrawal by ENEA Group companies	2,521,563	3,582,082	2,942,127

¹⁾ Real properties for which there are no detailed data on water consumption (e.g. because the respective companies settle their accounts with administrators on a lump sum basis) have not been taken into account.

²⁾ 99% of the water withdrawal by the Koźienice Power Plant and the Polaniec Power Plant is the intake/return of water from the Vistula river for cooling purposes.

Waste generated by the ENEA Group in 2022

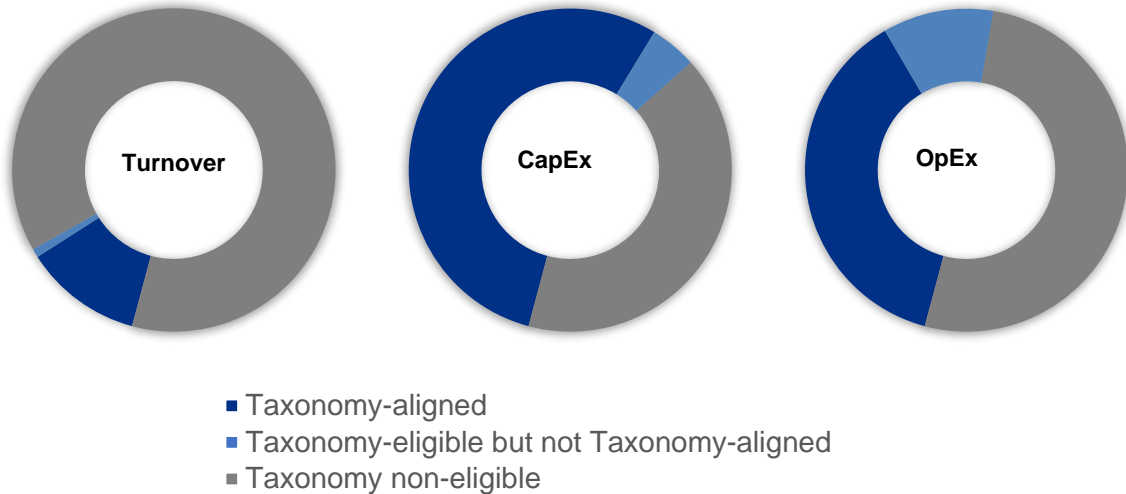
Generated waste [Mg] ¹⁾	2020	2021	2022
Total mass of waste generated in the ENEA Group:	6,328,559	5,973,745	6,028,435
of which: hazardous waste	833	976	951
of which: non-hazardous waste	6,327,726	5,972,769	6,027,484

¹⁾ Real properties for which there are no detailed data on generated waste (e.g. because the respective companies settle their accounts with administrators on a lump sum basis) have not been taken into account.

Additional environmental data are provided in sections 3.3.2. Generation, 3.5.1. Environmental investment projects and 10.2. Natural environment in this Report.

6.6. Alignment of environmentally sustainable activities with EU Taxonomy

Categories of activity of the ENEA Group	Turnover	CapEx	OpEx
Taxonomy-aligned	11.80%	54.54%	37.41%
Taxonomy-eligible but not Taxonomy-aligned	0.88%	4.69%	11.10%
Taxonomy non-eligible	87.32%	40.77%	51.49%



Assumptions related to climate goals

In response to the assumptions for the European Union's climate targets, in March 2018, the European Commission announced the Action Plan on financing sustainable growth, with the following three main goals:

1. reorienting capital flows towards a more sustainable economy,
2. mainstreaming sustainability into risk management,
3. fostering transparency in economic and financial activities by using a "common language" in defining what is "green".

One of the main tools to support the reorientation of capital flows towards more sustainable investments is a classification system establishing a list of environmentally sustainable economic activities, commonly referred to as the EU Taxonomy, which was implemented into European law by Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020.

Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment, along with Commission Delegated Regulation (EU) 2021/2139, Commission Delegated Regulation (EU) 2022/1214 and Commission Delegated Regulation (EU) 2021/2178, establishes a classification of environmentally sustainable economic activities, defining which categories of economic activity, provided that they fulfill certain additional criteria, including in the technical and social domains, may be considered environmentally friendly. These activities must considerably contribute to the achievement of at least one of the following six environmental goals set forth in Article 9 of Regulation (EU) 2020/852 of the European Parliament and of the Council:

1. Climate change mitigation;
2. Climate change adaptation;
3. Sustainable use and protection of water and marine resources;
4. Transition to a circular economy;
5. Pollution prevention and control;
6. The protection and restoration of biodiversity and ecosystems.

An activity makes a significant contribution to one of the above goals if certain technical classification criteria set out for respective types of activity are satisfied. These criteria are used to define the conditions, which must be satisfied for an economic activity to qualify as one making a substantial contribution to one or more of the six environmental objectives. Also, an environmentally sustainable activity must not cause any serious harm to any other objective (the “do no significant harm” principle), and must be conducted in accordance with the minimum safeguards, meaning that the company’s procedures must ensure compliance with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the ILO Declaration on Fundamental Principles and Rights at Work and the principles and rights set out in the International Bill of Human Rights. If these requirements are met, an economic activity may be viewed as Taxonomy-aligned.

Any company that is required to disclose its non-financial information under Directive 2014/95/EU of the European Parliament and the Council must also disclose in its Non-Financial Statement how and to what extent its activities are associated with economic activities that are Taxonomy-aligned. An analysis of Taxonomy alignment is required by the regulator for the 2022 disclosures in accordance with Article 10 of Commission Delegated Regulation (EU) 2021/2178. The mandatory disclosures of non-financial companies pertain to key performance indicators and accompanying information, as defined in Annexes I, II and XII of the Regulation. Key performance indicators refer to the percentage of economic activities that are Taxonomy-aligned, Taxonomy-eligible¹⁾ and Taxonomy non-eligible in terms of three indicators:

- turnover,
- capital expenditures (CapEx),
- operational expenditures (OpEx).

Accompanying information include: accounting policy, assessment of compliance with Regulation (EU) 2020/852 and context information.

The disclosures for 2022 refer solely to the two first environmental goals: climate change mitigation and climate change adaptation. This is due to the published in Commission Delegated Regulation (EU) 2021/2139 establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as substantially contributing to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives. As at the date of publication of the Statement, the delegated regulation referring to the four remaining environmental goals has not been published.

¹⁾ Economic activity described in the delegated regulations adopted pursuant to Article 10(3), Article 11(3), Article 12(2), Article 13(2), Article 14(2) and Article 15(2) of Regulation (EU) 2020/852, irrespective of whether such economic activity satisfies any or all technical eligibility criteria set forth in those delegated regulations.

Accounting policy

The entities belonging to the Group keep their accounts in accordance with the International Accounting Standards and the International Financial Reporting Standards (IAS/IFRS) approved by the European Union, which has allowed them to identify all the amounts (expressed in monetary units) associated with the identified activities satisfying first the definitions included in Commission Delegated Regulation (EU) 2021/2178 concerning key performance indicators, i.e.:

- turnover,
- capital expenditures (CapEx),
- operational expenditures (OpEx),

which constituted the **denominator** of each of the three indicators, and then, to allocate the amounts (expressed in monetary units) of all three figures between the groups deemed to be Taxonomy non-eligible, Taxonomy-eligible but not Taxonomy-aligned, and Taxonomy-aligned (which then constitute the **numerator** of each of the three indicators).

These definition from the Commission Delegated Regulation (EU) 2021/2178 are as follows:

Turnover

Net turnover recognized in accordance with IAS 1 item 82(a), as defined in Article 2(5) of Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013:

'net turnover' means the amounts derived from the sale of products and the provision of services after deducting sales rebates and value added tax and other taxes directly linked to turnover.

Accordingly, this included consolidated net turnover, including revenue recognized under IFRS 16 (ENEA Group identifies itself as a lessor) and compensation due to the Group under the Act of 27 October 2022 on emergency measures to reduce electricity prices and support certain consumers in 2023. The ENEA Group recognizes that these compensations fall within the definition contained in Directive 2013/34/EU of the European Parliament and the Council.

The relevant amounts can be found in the Group's Consolidated Financial Statements for 2022, in the Revenue from sales and other income line item (which consists of Net revenue from sales, Compensation and Revenue from leases and operating subleases) and in Note 8 to the Consolidated Statement of Comprehensive Income.

Capital expenditures (CapEx)

Capital expenditures defined as increases in property, plant and equipment and intangible assets, right-of-use assets and investment properties, including those resulting from business combinations, as defined in the relevant IAS/IFRSs:

- a) IAS 16 Property, Plant and Equipment;
- b) IAS 38 Intangible Assets;
- c) IAS 40 Investment Property;
- d) IFRS 16 Leases;

This included consolidated increases in property, plant and equipment, intangible assets and right-of-use assets. In 2022, the ENEA Group did not acquire any investment properties.

The relevant amounts are included in the Group's Consolidated Financial Statements in the Notes to the Consolidated Statement of Financial Position, similar to the items indicated above:

- a) note 14. Property, plant and equipment – row named Additions
- b) note 15. Intangible assets and goodwill
(where goodwill has been omitted for the purposes of the key performance indicator) – row named Additions;
- c) note 17. Investment properties (while there were no additions in 2022);
- d) note 16. Right-of-use asset – row named Additions.

Operational expenditures (OpEx)

Operational expenditures understood as one of the five categories of direct, uncanceled costs:

- a) related to research and development work;
- b) related to building renovation activities;
- c) related to short-term leases;
- d) related to maintenance and repair work;
- e) any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment by the undertaking or third party to whom activities are outsourced that are necessary to ensure the continued and effective functioning of such assets.

This way, the consolidated amounts of costs incurred by the Group in 2022 relating to each of the above categories were taken into account.

As regards the OpEx ratio, given to its specific definition in the EU Taxonomy, it was not possible to make a direct reference to the consolidated financial statements. In this context, it should be noted that the denominator of the OpEx ratio for the purposes of the EU Taxonomy is not equal to the sum of operating expenses incurred by the Group. The denominator of the OpEx ratio calculated for EU Taxonomy purposes was about PLN 648 million, while the Group's operating expenses were almost PLN 29 billion (as specified in note 9 to the Group's Consolidated Financial Statements), which means that the basis for calculating the OpEx ratio for EU Taxonomy purposes was only 2.2% of all operating expenses (without taking any other operating activities into account).

The most important operational expenditures (OpEx) in the Group include mainly: repair and maintenance costs (both as consumption of repair and maintenance materials and third-party repair and maintenance services) due to the extensive range of property, plant and equipment owned by the Group, including high-voltage lines, substations, switching stations (owned by ENEA

Operator), power units with boilers and auxiliary equipment, including the Green Unit (Enea Elektrownia Połaniec), mining pits and world-class machinery at LW Bogdanka or lighting assets such as road lighting (Enea Oświetlenie).

The Group performed an analysis of the various categories included in the definition of operational expenditures, observing the disclosure requirements set forth in the Commission Delegated Regulation (EU) 2021/2178, on the basis of which, within the category of “other expenditures relating to the day-to-day servicing of assets of property, plant and equipment”, it included in the denominator and the numerator, among others, costs from the following categories: fire protection services and other fire prevention measures, cleaning services, mandatory specialized training for employees whose professional duties include solely the maintenance of power poles.

Identification of numerators of the key performance indicators

The base of three monetary quantities (turnover, capital expenditures (CapEx) and operational expenditures (OpEx)) established in such a manner was further analyzed for Taxonomy eligibility and then for Taxonomy alignment. Accordingly, the KPIs have the following **numerators**:

- for the turnover KPI: the net revenues that are included in the denominator and that are associated with Taxonomy-aligned activities, including enabling activities pursuant to Article 11(1)(b) of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020;
- for the CapEx KPI: the capital expenditures that are included in the denominator and that are associated with assets or processes related to Taxonomy-aligned economic activities;
- for the OpEx KPI: the operational expenditures that are included in the denominator and that are associated with assets or processes related to Taxonomy-aligned economic activities, including training and other needs related to the adaptation of human resources and direct uncapitalized costs of research and development.

The economic activities that contribute to the KPIs, both in their numerators and in their denominators, are stated in the consolidated form, i.e. including transactions carried out exclusively with entities from outside of the Group. Additionally, all the activities treated as Taxonomy-aligned were matched to only one of the two announced environmental objectives, i.e. Climate Change Mitigation or Climate Change Adaptation. In other words, no economic activities were identified that would contribute to several environmental objectives at the same time. This ensures that double counting at any stage was avoided when the monetary values were calculated for the KPIs.

Evaluation of compliance with Regulation (EU) 2020/852 of the European Parliament and of the Council

Mandatory disclosures for the EU Taxonomy are applicable to companies that meet the criteria set forth in Article 19a or Article 29a of Directive 2013/34/EU of the European Parliament and of the Council. The ENEA Group, as an entity subject to the obligations arising under the above Directive, which prepares the Statement on Non-Financial Information in accordance with the amended Accounting Act, is obligated to make Taxonomy-related disclosures for 2022. The Group’s Taxonomy-related reporting is compliant with Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 and Commission Delegated Regulation (EU) 2021/2139 and Commission Delegated Regulation (EU) 2021/2178, because it meets the regulator’s requirements for non-financial corporations regarding key performance indicators and accompanying information as defined within Annex I, II and XII of Commission Delegated Regulation (EU) 2021/2178.

Analysis of ENEA Group’s activities in terms of Taxonomy alignment

In the process of assessing its activities for Taxonomy alignment, the ENEA Group used its experience acquired during the preparation of last year’s Management Board Activity Report. For its last year’s Statement, the Group was obliged to make eligibility disclosures in accordance with Article 10 of Commission Delegated Regulation (EU) 2021/2178. For the ENEA Group, these were disclosures for the period from 1 January to 31 December 2021. At that time, simplified rules for reviewing activities in terms of disclosure requirements for non-financial companies were in effect, and only with respect to EU Taxonomy eligibility; these disclosure activities were carried out by the Group’s Controlling Department.

In order to fulfill the obligations under Commission Delegated Regulation (EU) 2021/2178 with respect to the 2022 disclosures, all ENEA Group entities were engaged in the process of evaluating their business activities. A number of internal training workshops and consultations were conducted to familiarize representatives of the companies with the applicable regulatory requirements, to make sure that they are able to analyze in depth their companies’ activities to assess their Taxonomy alignment.

Data for specific companies for the purpose of the 2022 disclosures were analyzed by the departments and business units responsible for reporting data by activity types within the Group entities. Industry experts were also involved to support the analysis of the technical classification criteria and “do no significant harm” principles. The Group’s Controlling Department was responsible for the collection and aggregation of data.

Analysis of technical classification criteria and “do no significant harm” principles

The analysis of the technical classification criteria and the “do no significant harm” principles was carried out by the departments and business units responsible for reporting data of those companies in the ENEA Group that, in a preliminary analysis, established Taxonomy eligibility of their economic activities. We have engaged industry experts responsible for technical aspects related to revenue-generating infrastructure, our investments or expenses to confirm the requirements set forth in Commission Delegated Regulation (EU) 2021/2139 and Commission Delegated Regulation (EU) 2022/1214.

Assessment of physical climate risks for the “do no significant harm” analysis

In the case of the economic activities assessed for their substantial contribution to climate change mitigation, we had to conduct an assessment of climate risk and exposure to that risk in order to satisfy the “do no significant harm” requirement. In the case of economic activities assessed for their substantial contribution to climate change adaptation, the condition for satisfying the significant contribution condition is to conduct an assessment of climate risk and exposure to that risk.

The risk and exposure assessment was carried out by the departments and business units responsible for data reporting in the following entities: ENEA S.A., ENEA Elektrownia Połaniec, ENEA Nowa Energia, ENEA Pomiary, LW Bogdanka Group, PEC Oborniki, ENEA Operator and ENEA Serwis. Other ENEA Group companies did not report Taxonomy-aligned economic activities. Each of the economic activities reviewed in terms of Taxonomy alignment for climate change mitigation as well as climate change adaptation goals, was assessed in the context of the twenty-eight physical climate-related hazards listed in the classification in Appendix A to Commission Delegated Regulation (EU) 2021/2139. In the first step of our climate risk assessment, we excluded those climate-related hazards that have no effect on the activity subject to the review since the hazards do not exist in the locations where the activities are conducted, or since there is no causal link between the harmful effects and the activities subject to the assessment. After the initial analysis of climate-related hazards, we produced a list of risks identified as relevant to the activities subject to the assessment. In the second stage of the risk and exposure assessment process, the companies assessed the effects if each relevant risk materializes, for the economic activities subject to the assessment. The analysis of the identified risks was performed for two time horizons required by the Regulation: up to 10 years and from 10 to 30 years. In the analysis process, no risks were assessed as “high” or significant. The majority of risks were assessed as “low”, with few risks with a “medium” rating.

In the case of ENEA Nowa Energia, activity 7.2 *Renovation of existing buildings*, which was identified as making a substantial contribution to climate change adaptation, climate risk and exposure to climate risk was assessed similarly as in the case of the “do no significant harm” analysis, and adaptation solutions to mitigate the identified risks by adjusting the damming built in the past for hydroelectric power plants in such a way as to ensure that these plants operate safely and do not generate risks have already been implemented in accordance with the requirements of substantial contribution to climate change adaptation.

All other activities considered to be Taxonomy-aligned have demonstrated a substantial contribution to the environmental objective of climate change mitigation. In their case, as mentioned earlier, the assessment of climate risk and exposure to this risk was limited to “do no significant harm” requirements.

Analysis of minimum safeguards

We have also carried out an analysis of compliance of economic activities carried out in 2022 with the minimum safeguards as defined in Article 18 of Regulation (EU) 2020/852. This assessment was overseen by the Group’s Controlling Department. For the analysis, we used Article 18 of Regulation (EU) 2020/852 of the European Parliament and of the Council as a starting point, while relying on the explanations provided in the Platform on Sustainable Finance (*Final Report on Minimum Safeguards*), the *OECD Guidelines for Multinational Enterprises* and the *United Nations Guiding Principles for Business and Human Rights*.

Following the assessment, we concluded that the ENEA Group conducted its activity in 2022 in accordance with the minimum safeguards.

Description of Taxonomy-eligible and Taxonomy-aligned activities and contextual information

Turnover

- After analyzing all activities described in the EU Taxonomy, we concluded that Taxonomy-eligible but not Taxonomy-aligned turnover represented 0.88% (PLN 265 million), while Taxonomy-aligned turnover represented 11.80% (PLN 3,554 million) of all turnover from the Group’s activities in FY 2022. Accordingly, Taxonomy non-eligible turnover represents 87.32% (PLN 26,299 million) of all turnover from the Group’s activities in FY 2022.
- Taxonomy-eligible but not Taxonomy-aligned turnover is derived from the following activities:
 - 4.8. Electricity generation from bioenergy
 - 4.9. Transmission and distribution of electricity
 - 4.15. District heating/cooling distribution
 - 4.30. High-efficiency cogeneration of heat/cooling energy and electricity from fossil gases

- 5.1. Construction, extension and operation of water collection, treatment and supply systems
- 5.3. Construction, extension and operation of waste water collection and treatment
- 6.2. Freight rail transport
- 6.5. Transport by motorbikes, passenger cars and commercial vehicles
- 7.2. Renovation of existing buildings
- 7.3. Installation, maintenance and repair of energy efficiency equipment
- 7.7. Acquisition and ownership of buildings
- Taxonomy-aligned turnover is derived from the following activities:
 - 4.1. Electricity generation using solar photovoltaic technology
 - 4.3. Electricity generation from wind power
 - 4.5. Electricity generation from hydropower
 - 4.8. Electricity generation from bioenergy
 - 4.9. Transmission and distribution of electricity
 - 7.4. Installation, maintenance and repair of electric vehicle charging stations in buildings (and in car parks near buildings)
- The most important Taxonomy-aligned activity is activity 4.9. Transmission and distribution of electricity, which accounts for 96% of the numerator of the turnover KPI. ENEA Operator, having carried out a comprehensive analysis, determined Taxonomy alignment of revenue from licensed activities, i.e. sales of distribution services to end users and revenue from grid connection fees. These are revenues originating from the grid assets held and are recognized for the most part under IFRS 15, where the main groups of contracts are contracts for distribution services. In these contracts, the service is provided on a continuous basis and the amount of turnover depends on the amount of distribution fees calculated in accordance with the DSO's tariff. ENEA Serwis makes a certain small contribution to this amount, as it is engaged in the execution of high, medium and low-voltage electricity networks or maintenance services on existing, active electricity networks and equipment.
- Another significant activity, accounting for 3% of the numerator of the turnover KPI, is activity 4.8. Electricity generation from bioenergy. ENEA Elektrownia Połaniec, following a comprehensive analysis, determined Taxonomy alignment of revenue from activities related to the operation of the Green Unit at the Połaniec Power Plant. Given that the activities related to the Green Unit consist of the electricity generation and sales to wholesale and other customers, including Regulatory System Services, revenues in this respect were also recognized in accordance with IFRS 15.
- The denominator of the turnover ratio is PLN 30,118 million.

Capital expenditures (CapEx)

- An analysis of all capital expenditures (CapEx) shows that Taxonomy-eligible but not Taxonomy-aligned expenditures represent 4.69% (PLN 124 million), while Taxonomy-aligned CapEx represent 54.54% (PLN 1,439 million) of the Group's total CapEx in FY 2022. Accordingly, Taxonomy non-eligible CapEx represent 40.77% (PLN 1,076 million) of the Group's total CapEx in FY 2022.
- Taxonomy-eligible but not Taxonomy-aligned Capital expenditures (CapEx) are incurred in the following activities:
 - 3.1. Manufacture of renewable energy technologies
 - 3.5. Manufacture of energy efficiency equipment for buildings
 - 4.8. Electricity generation from bioenergy
 - 4.10. Storage of electricity
 - 4.15. District heating/cooling distribution
 - 4.29. Electricity generation from fossil gaseous fuels
 - 5.2. Renewal of water collection, treatment and supply systems
 - 6.5. Transport by motorbikes, passenger cars and commercial vehicles
 - 6.6. Road freight transport services
 - 7.1. Construction of new buildings
 - 7.2. Renovation of existing buildings
 - 7.3. Installation, maintenance and repair of energy efficiency equipment
 - 7.7. Acquisition and ownership of buildings
 - 9.2. Research, development and innovation for direct air capture of CO₂
- Taxonomy-aligned capital expenditures (CapEx) are incurred in the following activities:
 - 3.1. Manufacture of renewable energy technologies
 - 4.1. Electricity generation using solar photovoltaic technology
 - 4.3. Electricity generation from wind power
 - 4.5. Electricity generation from hydropower
 - 4.8. Electricity generation from bioenergy
 - 4.9. Transmission and distribution of electricity
 - 7.2. Renovation of existing buildings
 - 7.3. Installation, maintenance and repair of energy efficiency equipment
 - 7.4. Installation, maintenance and repair of electric vehicle charging stations in buildings (and in car parks near buildings)

- 7.6. Installation, maintenance and repair of renewable energy technology systems
- The most important Taxonomy-aligned activity is activity 4.9. Transmission and distribution of electricity, which accounts for 96% of the numerator of the CapEx KPI. ENEA Operator has determined Taxonomy alignment of grid investments, which include, among others: connection of new customers, new sources and the associated construction of new networks, the upgrading and rehabilitation of existing assets, meters and metering systems, as well as ICT infrastructure forming an integral part of the distribution grid operated by ENEA Operator. The vast majority of capital expenditures incurred in this way have been accounted for in accordance with IAS 16 Property, Plant and Equipment.
- Another significant activity, accounting for 3% of the numerator of the CapEx KPI, is activity 4.8. Electricity generation from bioenergy. ENEA Elektrownia Połaniec, following a comprehensive analysis, determined Taxonomy alignment of capital expenditures related to the operation of the Green Unit at the Połaniec Power Plant, including its adaptation to BAT conclusions. The investments mentioned above, which are related to the Generation and Distribution areas, are described in greater detail, including investment projects that were not classified Taxonomy-aligned, in the section of the Statement of Non-Financial Information entitled Actions and investments pursued. The vast majority of capital expenditures considered to be Taxonomy-aligned was classified as additions within the meaning of IAS 16 Property, Plant and Equipment.
- The denominator of the CapEx ratio is PLN 2,639 million.

Operational expenditures (OpEx)

- An analysis of all operational expenditures (OpEx) shows that Taxonomy-eligible but not Taxonomy-aligned expenditures represent 11.10% (PLN 72 million), while Taxonomy-aligned operational expenditures represent 37.41% (PLN 243 million) of the Group's total OpEx in FY 2022. Taxonomy non-eligible OpEx therefore represented 51.49% (PLN 334 million) of the Group's total OpEx in FY 2022.
- Taxonomy-eligible but not Taxonomy-aligned operational expenditures were incurred in the following activities:
 - 4.8. Electricity generation from bioenergy
 - 4.15. District heating/cooling distribution
 - 4.20. Cogeneration of heat/cooling energy and electricity from bioenergy
 - 4.30. High-efficiency cogeneration of heat/cooling energy and electricity from fossil gases
 - 4.31. Production of heating/cooling energy from gaseous fossil fuels in an efficient heating and cooling system
 - 6.5. Transport by motorbikes, passenger cars and commercial vehicles
 - 6.6. Road freight transport services
 - 7.2. Renovation of existing buildings
 - 7.3. Installation, maintenance and repair of energy efficiency equipment
 - 7.7. Acquisition and ownership of buildings
- Taxonomy-aligned operational expenditures (OpEx) were incurred in the following activities:
 - 4.1. Electricity generation using solar photovoltaic technology
 - 4.3. Electricity generation from wind power
 - 4.5. Electricity generation from hydropower
 - 4.8. Electricity generation from bioenergy
 - 4.9. Transmission and distribution of electricity
 - 6.5. Transport by motorbikes, passenger cars and commercial vehicles
 - 7.2. Renovation of existing buildings
- The most important Taxonomy-aligned activity is activity 4.9. Transmission and distribution of electricity, which accounts for 83% of the numerator of the OpEx KPI. ENEA Operator has determined Taxonomy alignment of the costs of maintenance work on its grid assets, costs of in-house work and related costs indispensable for the operation. The most important category among these costs are without a doubt staff costs (payroll fund, social security contributions, charges for the Company Social Benefit Fund) linked to maintenance and repair workers.
- Another significant activity, accounting for 9% of the numerator of the OpEx KPI, is activity 4.8. Electricity generation from bioenergy. ENEA Elektrownia Połaniec, following a comprehensive analysis, determined Taxonomy alignment of operational expenditures (OpEx) related to the operation of the Green Unit at the Połaniec Power Plant. These expenditures are associated with repairs and maintenance mainly at the biomass installation department, they also pertain to boilers or auxiliary equipment (they include direct repair materials but also costs of external service providers incurred for this purpose).
- The denominator of the OpEx ratio is PLN 648 million.

Key performance indicators related to turnover (Turnover KPIs) ¹⁾

Economic activity (1)	Code or codes (2)	Turnover (absolute value) (3)	Part of turnover (4)	Substantial contribution criteria						"Do no significant harm" criteria						Category (transitional activity) (21)				
				Climate change mitigation (5)		Water and marine resources (7)		Circular economy (8)		Biodiversity and ecosystems (10)		Pollution (15)		Minimum safeguards (17)		Taxonomy-aligned turnover as %, year N (18)		Taxonomy-aligned turnover as %, year N-1 (19)		
		[PLN 000s]	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITY																				
A.1 Types of environmentally sustainable (Taxonomy-aligned) activities																				
Electricity generation using solar photovoltaic technology	4.1.	1,314	0.00%	100%	0%	0%	0%	0%	0%	N/A	T	N/A	T	N/A	T	T	0.00%	N/A	N/A	N/A
Electricity generation from wind power	4.3.	36,822	0.12%	100%	0%	0%	0%	0%	0%	N/A	T	T	T	N/A	T	T	0.12%	N/A	N/A	N/A
Electricity generation from hydropower	4.5.	6,848	0.02%	100%	0%	0%	0%	0%	0%	N/A	T	T	N/A	N/A	T	T	0.02%	N/A	N/A	N/A
Electricity generation from bioenergy	4.8.	92,189	0.31%	100%	0%	0%	0%	0%	0%	N/A	T	T	N/A	T	T	T	0.31%	N/A	N/A	N/A
Transmission and distribution of electricity	4.9.	3,416,156	11.34%	100%	0%	0%	0%	0%	0%	N/A	T	N/A	T	T	T	T	11.34%	N/A	E	N/A
Installation, maintenance and repair of electric vehicle charging stations in buildings (and in car parks near buildings)	7.4.	237	0.00%	100%	0%	0%	0%	0%	0%	N/A	T	N/A	N/A	N/A	N/A	T	0.00%	N/A	E	N/A
Turnover from environmentally sustainable (Taxonomy-aligned) activities (A.1)		3,553,567	11.80%	100.00%	0.00%	0%	0%	0%	0%								11.80%	N/A		

A.2 Taxonomy-eligible but not environmentally sustainable (not Taxonomy-aligned) activities							
Electricity generation from bioenergy	4.8.	2,671	0.01%				
Transmission and distribution of electricity	4.9.	7,146	0.02%				
District heating/cooling distribution	4.15.	127,076	0.42%				
High-efficiency cogeneration of heat/cooling energy and electricity from fossil gases	4.30.	16,089	0.05%				
Construction, expansion and operation of water withdrawal, treatment and supply systems	5.1.	30	0.00%				
Construction, extension and operation of waste water collection and treatment	5.3.	9	0.00%				
Freight rail transport	6.2.	19,026	0.06%				
Transport by motorbikes, passenger cars and commercial vehicles	6.5.	66	0.00%				
Renovation of existing buildings	7.2.	132	0.00%				
Installation, maintenance and repair of energy efficiency equipment	7.3.	90,459	0.30%				
Acquisition and ownership of buildings	7.7.	2,286	0.01%				
Turnover from Taxonomy-eligible but not environmentally sustainable (not Taxonomy-aligned) activities (A.2)		264,990	0.88%				
Total (A.1 + A.2)		3,818,557	12.68%			11.80%	N/A
B. TAXONOMY NON-ELIGIBLE ACTIVITY							
Turnover from Taxonomy non-eligible activities (B)		26,299,295	87.32%				
Total (A + B)		30,117,852	100%				

¹⁾ Any differences between the sum of individual amounts of money and percentages from in a given sub-group in the table (e.g., in the sub-group "A.1 Types of environmentally Types of environmentally sustainable (Taxonomy-aligned) activities") and the amount of money or percentage representing their sum in a given sub-group is due only from rounding to thousands of PLN (amounts of money) and to two decimal places (percentages).

Key performance indicators related to capital expenditures (CapEx KPIs)

				Substantial contribution criteria						“Do no significant harm” criteria						Category (transitional activity) (21) Category (enabling activity or) (20) Taxonomy-aligned CapEx as % year N-1 (19) Taxonomy-aligned CapEx as % year N (18)											
				Climate change mitigation (5)		Climate change adaptation (6)		Water and marine resources (7)		Circular economy (8)		Pollution (9)		Biodiversity and ecosystems (10)						Minimum safeguards (17)		Biodiversity and ecosystems (16)		Pollution (15)		Water and marine resources (14)	
Economic activity (1)	Code or codes (2)	Capital expenditures in absolute terms (3)	% of capital expenditures (4)																								
		[PLN 000s]	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITY																											
A.1 Types of environmentally sustainable (Taxonomy-aligned) activities																											
Manufacture of renewable energy technologies	3.1.	250	0.01%	100%	0%	0%	0%	0%	0%	N/A	T	T	T	T	T	T	0.01%	N/A	E	N/A							
Electricity generation using solar photovoltaic technology	4.1.	3,740	0.14%	100%	0%	0%	0%	0%	0%	N/A	T	N/A	T	N/A	T	T	0.14%	N/A	N/A	N/A							
Electricity generation from wind power	4.3.	95	0.00%	100%	0%	0%	0%	0%	0%	N/A	T	T	T	N/A	T	T	0.00%	N/A	N/A	N/A							
Electricity generation from hydropower	4.5.	5,649	0.21%	100%	0%	0%	0%	0%	0%	N/A	T	T	N/A	N/A	T	T	0.21%	N/A	N/A	N/A							
Electricity generation from bioenergy	4.8.	43,893	1.66%	100%	0%	0%	0%	0%	0%	N/A	T	T	N/A	T	T	T	1.66%	N/A	N/A	N/A							
Transmission and distribution of electricity	4.9.	1,383,964	52.45%	100%	0%	0%	0%	0%	0%	N/A	T	N/A	T	T	T	T	52.45%	N/A	E	N/A							
Renovation of existing buildings	7.2.	71	0.00%	0%	100%	0%	0%	0%	0%	T	N/A	T	T	T	N/A	T	0.00%	N/A	N/A	N/A							
Installation, maintenance and repair of energy efficiency equipment	7.3.	858	0.03%	100%	0%	0%	0%	0%	0%	N/A	T	N/A	N/A	T	N/A	T	0.03%	N/A	E	N/A							
Installation, maintenance and repair of electric vehicle charging stations in buildings (and in car parks near buildings)	7.4.	128	0.00%	100%	0%	0%	0%	0%	0%	N/A	T	N/A	N/A	N/A	N/A	T	0.00%	N/A	E	N/A							
Installation, maintenance and repair of renewable energy technology systems	7.6.	580	0.02%	100%	0%	0%	0%	0%	0%	N/A	T	N/A	N/A	N/A	N/A	T	0.02%	N/A	E	N/A							
Capital expenditures related to environmentally sustainable (Taxonomy-aligned) activities (A.1)		1,439,227	54.54%	100.00%	0.00%	0%	0%	0%	0%								54.54%	N/A									

A.2 Taxonomy-eligible but not environmentally sustainable (not Taxonomy-aligned) activities							
Manufacture of renewable energy technologies	3.1.	2,182	0.08%				
Manufacture of energy efficiency equipment for buildings	3.5.	190	0.01%				
Electricity generation from bioenergy	4.8.	334	0.01%				
Storage of electricity	4.10	237	0.01%				
District heating/cooling distribution	4.15.	45,094	1.71%				
Electricity generation from fossil gaseous fuels	4.29.	2,027	0.08%				
Renewal of water collection, treatment and supply systems	5.2.	49	0.00%				
Transport by motorbikes, passenger cars and commercial vehicles	6.5.	4,167	0.16%				
Road freight transport services	6.6.	1,961	0.07%				
Construction of new buildings	7.1.	21,576	0.82%				
Renovation of existing buildings	7.2.	13,976	0.53%				
Installation, maintenance and repair of energy efficiency equipment	7.3.	31,287	1.19%				
Acquisition and ownership of buildings	7.7.	285	0.01%				
Research, development and innovation for direct air capture of CO ₂	9.2.	270	0.01%				
Capital expenditures related to Taxonomy-eligible but not environmentally sustainable (not Taxonomy-aligned) activities (A.2)		123,636	4.69%				
Total (A.1 + A.2)		1,562,862	59.23%			54.54%	N/A
B. TAXONOMY NON-ELIGIBLE ACTIVITY							
Capital expenditures related to Taxonomy non-eligible activities (B)		1,075,675	40.77%				
Total (A + B)		2,638,537	100%				

¹⁾ Any differences between the sum of individual amounts of money and percentages from in a given sub-group in the table (e.g., in the sub-group "A.1 Types of environmentally Types of environmentally sustainable (Taxonomy-aligned) activities") and the amount of money or percentage representing their sum in a given sub-group is due only from rounding to thousands of PLN (amounts of money) and to two decimal places (percentages).

Key performance indicators related to operational expenditures (OpEx KPIs)

Key performance indicators related to operational expenditures (OpEx KPIs)				Substantial contribution criteria						"Do no significant harm" criteria												
				Substantial contribution criteria						"Do no significant harm" criteria												
Economic activity (1)	Code or codes (2)	Operational expenditures in absolute terms (3)	% of operational expenditures (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned OpEx as % year N (18)		Category (enabling activity or) (20)		Category (transitional activity) (21)	
																	%	%	%	%	%	%
A. TAXONOMY-ELIGIBLE ACTIVITY																						
A.1 Types of environmentally sustainable (Taxonomy-aligned) activities																						
Electricity generation using solar photovoltaic technology	4.1.	4	0.00%	100%	0%	0%	0%	0%	0%	N/A	T	N/A	T	N/A	T	T	0.00%	N/A	N/A	N/A	N/A	
Electricity generation from wind power	4.3.	8,826	1.36%	100%	0%	0%	0%	0%	0%	N/A	T	T	T	N/A	T	T	1.36%	N/A	N/A	N/A	N/A	
Electricity generation from hydropower	4.5.	11,112	1.71%	100%	0%	0%	0%	0%	0%	N/A	T	T	N/A	N/A	T	T	1.71%	N/A	N/A	N/A	N/A	
Electricity generation from bioenergy	4.8.	21,641	3.34%	100%	0%	0%	0%	0%	0%	N/A	T	T	N/A	T	T	T	3.34%	N/A	N/A	N/A	N/A	
Transmission and distribution of electricity	4.9.	200,444	30.92%	100%	0%	0%	0%	0%	0%	N/A	T	N/A	T	T	T	T	30.92%	N/A	E	N/A	N/A	
Transport by motorbikes, passenger cars and commercial vehicles	6.5.	2	0.00%	100%	0%	0%	0%	0%	0%	T	N/A	T	T	T	N/A	T	0.00%	N/A	N/A	N/A	N/A	
Renovation of existing buildings	7.2.	480	0.07%	0%	100%	0%	0%	0%	0%	N/A	T	N/A	T	T	N/A	T	0.07%	N/A	N/A	N/A	N/A	
Operational expenditures related to environmentally sustainable (Taxonomy-aligned) activities (A.1)		242,509	37.41%	99.80%	0.20%	0%	0%	0%	0%								37.41%	N/A				
A.2 Taxonomy-eligible but not environmentally sustainable (not Taxonomy-aligned) activities																						

Electricity generation from bioenergy	4.8.	711	0.11%
District heating/cooling distribution	4.15.	5,393	0.83%
Cogeneration of heat/cooling energy and electricity from bioenergy	4.20.	4,366	0.67%
High-efficiency cogeneration of heat/cooling energy and electricity from fossil gases	4.30.	835	0.13%
Production of heating/cooling energy from gaseous fossil fuels in an efficient heating and cooling system	4.31.	11	0.00%
Transport by motorbikes, passenger cars and commercial vehicles	6.5.	7,713	1.19%
Road freight transport services	6.6.	310	0.05%
Renovation of existing buildings	7.2.	21,099	3.25%
Installation, maintenance and repair of energy efficiency equipment	7.3.	28,522	4.40%
Acquisition and ownership of buildings	7.7.	3,026	0.47%

Operational expenditures related to Taxonomy-eligible but not environmentally sustainable (not Taxonomy-aligned) activities (A.2) 71,985 11.10%

Total (A.1 + A.2) 314,495 48.51%

37.41% N/A

B. TAXONOMY NON-ELIGIBLE ACTIVITY

Operational expenditures related to Taxonomy non-eligible activities (B) 333,836 51.49%

Total (A + B) 648,330 100%

¹⁾ Any differences between the sum of individual amounts of money and percentages from in a given sub-group in the table (e.g., in the sub-group "A.1 Types of environmentally Types of environmentally sustainable (Taxonomy-aligned) activities") and the amount of money or percentage representing their sum in a given sub-group is due only from rounding to thousands of PLN (amounts of money) and to two decimal places (percentages).

Nuclear and fossil gas related activities

Turnover

Template 1. Nuclear and fossil gas related activities

Row	Activities related to nuclear energy	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	YES/ <u>NO</u>
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	YES/ <u>NO</u>
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	YES/ <u>NO</u>
Row	Fossil gas related activities	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	YES/ <u>NO</u>
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	<u>YES</u> /NO
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	<u>YES</u> /NO

Template 2. Taxonomy-aligned economic activities (denominator) ¹⁾

Row	Types of economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount (PLN 000s)	%	Amount (PLN 000s)	%	Amount (PLN 000s)	%
1	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0	N/A	0	N/A	0	N/A
2	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0	N/A	0	N/A	0	N/A
3	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0	N/A	0	N/A	0	N/A
4	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0	N/A	0	N/A	0	N/A
5	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0	N/A	0	N/A	0	N/A
6	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0	N/A	0	N/A	0	N/A
7	Amount and proportion of other Taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	3,553,567	11.80%	3,553,567	11.80%	N/A	N/A
8	Total applicable KPI	30,117,852	100%	30,117,852	100%	30,117,852	100%

¹⁾ Any differences between the sum of individual amounts of money and percentages from in a given sub-group in the table (e.g., in the sub-group "A.1 Types of environmentally Types of environmentally sustainable (Taxonomy-aligned) activities") and the amount of money or percentage representing their sum in a given sub-group is due only from rounding to thousands of PLN (amounts of money) and to two decimal places (percentages).

Template 3. Taxonomy-aligned economic activities (numerator)¹⁾

Row	Types of economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount (PLN 000s)	%	Amount (PLN 000s)	%	Amount (PLN 000s)	%
1	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	0	N/A	0	N/A	0	N/A
2	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	0	N/A	0	N/A	0	N/A
3	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	0	N/A	0	N/A	0	N/A
4	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	0	N/A	0	N/A	0	N/A
5	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	0	N/A	0	N/A	0	N/A
6	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	0	N/A	0	N/A	0	N/A
7	Amount and proportion of other Taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	3,553,567	100%	3,553,567	100%	N/A	N/A
8	Total amount and proportion of Taxonomy-aligned economic activities in the numerator of the applicable KPI	3,553,567	100%	3,553,567	100%	N/A	N/A

¹⁾ Any differences between the sum of individual amounts of money and percentages from in a given sub-group in the table (e.g., in the sub-group "A.1 Types of environmentally sustainable (Taxonomy-aligned) activities") and the amount of money or percentage representing their sum in a given sub-group is due only from rounding to thousands of PLN (amounts of money) and to two decimal places (percentages).

Template 4. Taxonomy-eligible but not Taxonomy-aligned economic activities¹⁾

Row	Types of economic activities	Proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount (PLN 000s)	%	Amount (PLN 000s)	%	Amount (PLN 000s)	%
1	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0	N/A	0	N/A	0	N/A
2	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0	N/A	0	N/A	0	N/A
3	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0	N/A	0	N/A	0	N/A
4	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0	N/A	0	N/A	0	N/A
5	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	16,089	0.05%	16,089	0.05%	0	N/A
6	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0	N/A	0	N/A	0	N/A
7	Amount and proportion of other Taxonomy-eligible but not Taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	248,901	0.83%	248,901	0.83%	N/A	N/A
8	Total amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activities in the denominator of the applicable KPI	264,990	0.88%	264,990	0.88%	N/A	N/A

¹⁾ Any differences between the sum of individual amounts of money and percentages from in a given sub-group in the table (e.g., in the sub-group "A.1 Types of environmentally sustainable (Taxonomy-aligned) activities") and the amount of money or percentage representing their sum in a given sub-group is due only from rounding to thousands of PLN (amounts of money) and to two decimal places (percentages).

Template 5. Taxonomy non-eligible economic activities¹⁾

Row	Types of economic activities	Amount	%
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is Taxonomy non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0	N/A
2	Amount and proportion of economic activity referred to in row 2 of Template 1 that is Taxonomy non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0	N/A
3	Amount and proportion of economic activity referred to in row 3 of Template 1 that is Taxonomy non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0	N/A
4	Amount and proportion of economic activity referred to in row 4 of Template 1 that is Taxonomy non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0	N/A
5	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0	N/A
6	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0	N/A
7	Amount and proportion of other Taxonomy non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	26,299,295	87.32%
8	Total amount and proportion of Taxonomy non-eligible economic activities in the denominator of the applicable KPI	26,299,295	87.32%

¹⁾ Any differences between the sum of individual amounts of money and percentages from in a given sub-group in the table (e.g., in the sub-group "A.1 Types of environmentally sustainable (Taxonomy-aligned) activities") and the amount of money or percentage representing their sum in a given sub-group is due only from rounding to thousands of PLN (amounts of money) and to two decimal places (percentages).

Capital expenditures (CapEx)

Template 1. Nuclear and fossil gas related activities

Row	Activities related to nuclear energy	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	YES/ <u>NO</u>
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	YES/ <u>NO</u>
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	YES/ <u>NO</u>
Row	Fossil gas related activities	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	YES/ <u>NO</u>
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	<u>YES</u> /NO
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	<u>YES</u> /NO

Template 2. Taxonomy-aligned economic activities (denominator) ¹⁾

Row	Types of economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount (PLN 000s)	%	Amount (PLN 000s)	%	Amount (PLN 000s)	%
1	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0	N/A	0	N/A	0	N/A
2	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0	N/A	0	N/A	0	N/A
3	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0	N/A	0	N/A	0	N/A
4	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0	N/A	0	N/A	0	N/A
5	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0	N/A	0	N/A	0	N/A
6	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0	N/A	0	N/A	0	N/A
7	Amount and proportion of other Taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	1,439,227	54.540%	1,439,156	54.537%	71	0.003%
8	Total applicable KPI	2,638,537	100%	2,638,537	100%	2,638,537	100%

¹⁾ Any differences between the sum of individual amounts of money and percentages from in a given sub-group in the table (e.g., in the sub-group "A.1 Types of environmentally Types of environmentally sustainable (Taxonomy-aligned) activities") and the amount of money or percentage representing their sum in a given sub-group is due only from rounding to thousands of PLN (amounts of money) and to two decimal places (percentages).

Template 3. Taxonomy-aligned economic activities (numerator)¹⁾

Row	Types of economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount (PLN 000s)	%	Amount (PLN 000s)	%	Amount (PLN 000s)	%
1	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	0	N/A	0	N/A	0	N/A
2	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	0	N/A	0	N/A	0	N/A
3	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	0	N/A	0	N/A	0	N/A
4	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	0	N/A	0	N/A	0	N/A
5	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	0	N/A	0	N/A	0	N/A
6	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	0	N/A	0	N/A	0	N/A
7	Amount and proportion of other Taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	1,439,227	100%	1,439,156	99.995%	71	0.005%
8	Total amount and proportion of Taxonomy-aligned economic activities in the numerator of the applicable KPI	1,439,227	100%	1,439,156	99.995%	71	0.005%

¹⁾ Any differences between the sum of individual amounts of money and percentages from in a given sub-group in the table (e.g., in the sub-group "A.1 Types of environmentally sustainable (Taxonomy-aligned) activities") and the amount of money or percentage representing their sum in a given sub-group is due only from rounding to thousands of PLN (amounts of money) and to two decimal places (percentages).

Template 4. Taxonomy-eligible but not Taxonomy-aligned economic activities¹⁾

Row	Types of economic activities	Proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount (PLN 000s)	%	Amount (PLN 000s)	%	Amount (PLN 000s)	%
1	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0	N/A	0	N/A	0	N/A
2	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0	N/A	0	N/A	0	N/A
3	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0	N/A	0	N/A	0	N/A
4	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	2,027	0.08%	2,027	0.08%	0	N/A
5	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0	N/A	0	N/A	0	N/A
6	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0	N/A	0	N/A	0	N/A
7	Amount and proportion of other Taxonomy-eligible but not Taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	121,609	4.61%	121,609	4.61%	N/A	N/A
8	Total amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activities in the denominator of the applicable KPI	123,636	4.69%	123,636	4.69%	N/A	N/A

¹⁾ Any differences between the sum of individual amounts of money and percentages from in a given sub-group in the table (e.g., in the sub-group "A.1 Types of environmentally sustainable (Taxonomy-aligned) activities") and the amount of money or percentage representing their sum in a given sub-group is due only from rounding to thousands of PLN (amounts of money) and to two decimal places (percentages).

Template 5. Taxonomy non-eligible economic activities¹⁾

Row	Types of economic activities	Amount	%
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is Taxonomy non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0	N/A
2	Amount and proportion of economic activity referred to in row 2 of Template 1 that is Taxonomy non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0	N/A
3	Amount and proportion of economic activity referred to in row 3 of Template 1 that is Taxonomy non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0	N/A
4	Amount and proportion of economic activity referred to in row 4 of Template 1 that is Taxonomy non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0	N/A
5	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0	N/A
6	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0	N/A
7	Amount and proportion of other Taxonomy non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	1,075,675	40.77%
8	Total amount and proportion of taxonomy non-eligible economic activities in the denominator of the applicable KPI	1,075,675	40.77%

¹⁾ Any differences between the sum of individual amounts of money and percentages from in a given sub-group in the table (e.g., in the sub-group "A.1 Types of environmentally sustainable (Taxonomy-aligned) activities") and the amount of money or percentage representing their sum in a given sub-group is due only from rounding to thousands of PLN (amounts of money) and to two decimal places (percentages).

Operational expenditures (OpEx)

Template 1. Nuclear and fossil gas related activities

Row	Activities related to nuclear energy	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	YES/ <u>NO</u>
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	YES/ <u>NO</u>
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	YES/ <u>NO</u>
Row	Fossil gas related activities	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	YES/ <u>NO</u>
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	<u>YES</u> /NO
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	<u>YES</u> /NO

Template 2. Taxonomy-aligned economic activities (denominator)¹⁾

Row	Types of economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount (PLN 000s)	%	Amount (PLN 000s)	%	Amount (PLN 000s)	%
1	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0	N/A	0	N/A	0	N/A
2	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0	N/A	0	N/A	0	N/A
3	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0	N/A	0	N/A	0	N/A
4	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0	N/A	0	N/A	0	N/A
5	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0	N/A	0	N/A	0	N/A
6	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0	N/A	0	N/A	0	N/A
7	Amount and proportion of other Taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	242,509	37.41%	242,029	37.33%	480	0.08%
8	Total applicable KPI	648,330	100%	648,330	100%	648,330	100%

¹⁾ Any differences between the sum of individual amounts of money and percentages from in a given sub-group in the table (e.g., in the sub-group "A.1 Types of environmentally Types of environmentally sustainable (Taxonomy-aligned) activities") and the amount of money or percentage representing their sum in a given sub-group is due only from rounding to thousands of PLN (amounts of money) and to two decimal places (percentages).

Template 3. Taxonomy-aligned economic activities (numerator)¹⁾

Row	Types of economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount (PLN 000s)	%	Amount (PLN 000s)	%	Amount (PLN 000s)	%
1	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	0	N/A	0	N/A	0	N/A
2	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	0	N/A	0	N/A	0	N/A
3	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	0	N/A	0	N/A	0	N/A
4	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	0	N/A	0	N/A	0	N/A
5	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	0	N/A	0	N/A	0	N/A
6	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	0	N/A	0	N/A	0	N/A
7	Amount and proportion of other Taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	242,509	100%	242,029	99.80%	480	0.20%
8	Total amount and proportion of Taxonomy-aligned economic activities in the numerator of the applicable KPI	242,509	100%	242,029	99.80%	480	0.20%

¹⁾ Any differences between the sum of individual amounts of money and percentages from in a given sub-group in the table (e.g., in the sub-group "A.1 Types of environmentally sustainable (Taxonomy-aligned) activities") and the amount of money or percentage representing their sum in a given sub-group is due only from rounding to thousands of PLN (amounts of money) and to two decimal places (percentages).

Template 4. Taxonomy-eligible but not Taxonomy-aligned economic activities¹⁾

Row	Types of economic activities	Proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount (PLN 000s)	%	Amount (PLN 000s)	%	Amount (PLN 000s)	%
1	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0	N/A	0	N/A	0	N/A
2	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0	N/A	0	N/A	0	N/A
3	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0	N/A	0	N/A	0	N/A
4	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0	N/A	0	N/A	0	N/A
5	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	835	0.129%	835	0.129%	0	N/A
6	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	11	0.002%	11	0.002%	0	N/A
7	Amount and proportion of other Taxonomy-eligible but not Taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	71,139	10.969%	71,139	10.969%	N/A	N/A
8	Total amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activities in the denominator of the applicable KPI	71,985	11.10%	71,985	11.10%	N/A	N/A

¹⁾ Any differences between the sum of individual amounts of money and percentages from in a given sub-group in the table (e.g., in the sub-group "A.1 Types of environmentally Types of environmentally sustainable (Taxonomy-aligned) activities") and the amount of money or percentage representing their sum in a given sub-group is due only from rounding to thousands of PLN (amounts of money) and to two decimal places (percentages).

Template 5. Taxonomy non-eligible economic activities¹⁾

Row	Types of economic activities	Amount	%
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is Taxonomy non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0	N/A
2	Amount and proportion of economic activity referred to in row 2 of Template 1 that is Taxonomy non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0	N/A
3	Amount and proportion of economic activity referred to in row 3 of Template 1 that is Taxonomy non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0	N/A
4	Amount and proportion of economic activity referred to in row 4 of Template 1 that is Taxonomy non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0	N/A
5	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0	N/A
6	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0	N/A
7	Amount and proportion of other Taxonomy non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	333,836	51.49%
8	Total amount and proportion of Taxonomy non-eligible economic activities in the denominator of the applicable KPI	333,836	51.49%

¹⁾ Any differences between the sum of individual amounts of money and percentages from in a given sub-group in the table (e.g., in the sub-group "A.1 Types of environmentally sustainable (Taxonomy-aligned) activities") and the amount of money or percentage representing their sum in a given sub-group is due only from rounding to thousands of PLN (amounts of money) and to two decimal places (percentages).

7. Labor issues – description of due diligence policies and procedures and their results

The ENEA Group ensures good and stable employment conditions and provides non-salary benefits. It takes care of employee development by offering training courses that enhance employee competencies. It works on a culture that ensures mutual respect, appreciation of diversity, and support for colleagues. By doing this, the Group tries to create a safe and friendly work environment. The Company guarantees full compliance with employee rights, in particular to equal treatment, rest, fair remuneration, association, and privacy.

7.1. Regulations in the labor area

Labor issues are governed primarily by:

- internal collective bargaining agreements,
- *ENEA Group Code of Ethics* and *LW Bogdanka Group Code of Ethics*,
- *ENEA Group Compliance Policy* and *Compliance Policy of Lubelski Węgiel Bogdanka S.A.*, describing, among others, desired employee behaviors and attitudes,
- *Employee development procedures*,
- *Estimate Budget of Common Social Activity in the ENEA Group*, setting out the scope and the principles for awarding social benefits to employees for the year,
- policies for prevention of mobbing, discrimination and other unacceptable conduct in Group companies,
- *Procedure of the ENEA Group Management Committee on the personnel policy for appointing Management Boards and Supervisory Boards of Companies*.

Additionally, each company has adopted policies and procedures suitable to their characteristics. They define, among others, the recruitment process, rules of adaptation, rules for awarding bonuses, registration of work time, registration and settlement of business trips or the rules for parting with employees. The accepted internal regulations ensure compliance of the companies with provisions of the *Labor Code* and other laws relating to employee rights and obligations.

Additionally, every year managers of the organizational units, in consultation with employees, prepare lists defining the need for training improving the competence of the staff, based on which development programs are executed at the ENEA Group.

Although the ENEA Group has not developed a separate diversity policy, and the diversity data are not reported to the management boards and supervisory boards of the companies, it has made efforts to ensure that diversity among its employees, e.g. diversity of experience, knowledge or interests, is taken into account in its practices. The principle of equal treatment is observed with respect to gender, age, financial status and political opinions. Provisions governing diversity are included in the *ENEA Group Code of Ethics* and the *Code of Ethics of the LW Bogdanka Group*, internal collective bargaining agreements, *Policy against mobbing, discrimination and other unacceptable conduct* and *ENEA Group Compliance Policy*.

Key internal regulations in the labor area adopted in ENEA Group companies that are crucial from the point of view of labor issues

ENEA S.A.	<ul style="list-style-type: none"> – <i>ENEA Group Code of Ethics</i> – <i>Multi-Company Collective Bargaining Agreement for Employees of the Utilities Sector</i> – <i>Internal Collective Bargaining Agreement for the Employees of ENEA S.A. and its Subsidiaries listed in the Appendix no. 10 to the Agreement</i> – <i>ENEA S.A.'s Work Rules and Regulations</i> – <i>Policy against mobbing, discrimination and other unacceptable conduct in ENEA S.A.</i> – <i>Rules of Bonuses for the Employees of ENEA S.A.</i> – <i>Rules and Regulations for Awarding Bonuses to ENEA S.A. Employees based on the Management by Objectives System</i> – <i>ENEA S.A. Competence Model</i> – <i>ENEA S.A. Recruitment Procedure</i> – <i>ENEA S.A. Employee Development Procedure</i> – <i>Rules of adaptation in ENEA S.A.</i> – <i>Rules of procedure in connection with termination of employment relationship with Employees in ENEA S.A.</i> – <i>Instruction for conclusion of civil-law contracts by ENEA S.A. with natural persons who do not pursue an economic activity</i> – <i>ENEA Group Compliance Policy</i>
ENEA Operator	<ul style="list-style-type: none"> – <i>ENEA Group Code of Ethics</i> – <i>Multi-Company Collective Bargaining Agreement for Employees of the Utilities Sector</i> – <i>Internal Collective Bargaining Agreement for the Employees of ENEA S.A. and its Subsidiaries listed in the Appendix no. 10 to the Agreement</i> – <i>Work Rules and Regulations for Employees of ENEA Operator sp. z o.o.</i> – <i>Policy against mobbing, discrimination and other unacceptable conduct at ENEA Operator sp. z o.o.</i> – <i>Recruitment Procedure</i> – <i>Rules and Regulations of the Management-by-Objectives System in ENEA Operator sp. z o.o.</i> – <i>Rules and Regulations for Organizing Business Trips in ENEA Operator sp. z o.o.</i> – <i>ENEA Operator sp. z o.o. Employee Development Procedure</i> – <i>Estimate Budget of Common Social Activity in the ENEA Group</i> – <i>ENEA Group Compliance Policy</i>

Lubelski Węgiel Bogdanka	<ul style="list-style-type: none"> – <i>Work Rules and Regulations</i> – <i>Internal Collective Bargaining Agreement</i> – <i>Rules and Regulations of the Company Social Benefit Fund</i> – <i>Policy of conduct in the process of employee recruitment and selection at Lubelski Węgiel Bogdanka S.A. for production jobs and for managerial and specialist positions</i> – <i>LW Bogdanka Group Code of Ethics</i> – <i>Compliance Policy of Lubelski Węgiel Bogdanka S.A.</i> – <i>Procedure for Reporting Breaches in Lubelski Węgiel Bogdanka S.A.</i> – <i>Policy of access to development programs for LW Bogdanka S.A. employees</i> – <i>ENEA Group Compliance Policy</i>
ENEA Centrum	<ul style="list-style-type: none"> – <i>ENEA Group Code of Ethics</i> – <i>Multi-Company Collective Bargaining Agreement for Employees of the Utilities Sector</i> – <i>Agreement on Application of Internal Collective Bargaining Agreement at ENEA Centrum sp. z o.o., Additional protocol 1, Additional protocol 2</i> – <i>Agreement Appendix 1 Rules of stabilization of employment and of disbursement of additional severance pays</i> – <i>Work Rules and Regulations in ENEA Centrum sp. z o.o.</i> – <i>Rules and Regulations of Awarding Bonuses to ENEA Centrum sp. z o.o. Employees based on the Management By Objectives System</i> – <i>Rules and Regulations of Awarding Bonuses to Employees of Direct Customer Service Department of ENEA Centrum sp. z o.o.</i> – <i>Rules for parting with Employees in ENEA Centrum sp. z o.o.</i> – <i>Rules and Regulations of “Employee with Energy” Competition</i> – <i>Policy against mobbing, discrimination and other unacceptable conduct at ENEA Centrum sp. z o.o.</i> – <i>ENEA Centrum sp. z o.o. Employee Development Procedure</i> – <i>Rules of Employee Adaptation at ENEA Centrum sp. z o.o.</i> – <i>Recruitment Procedure</i> – <i>Estimate Budget of Common Social Activity in the ENEA Group</i> – <i>ENEA Group Compliance Policy</i>
ENEA Polaniec Power Plant	<ul style="list-style-type: none"> – <i>ENEA Group Code of Ethics</i> – <i>Work Rules and Regulations for ENEA Polaniec Power Plant Employees</i> – <i>Internal Collective Bargaining Agreement for ENEA Polaniec Power Plant Employees</i> – <i>Rules and Regulations for Compensating Management Staff</i> – <i>Health Protection Program and agreement on its performance</i> – <i>Policy against mobbing, discrimination and other unacceptable conduct in ENEA Polaniec Power Plant</i> – <i>Agreement with Trade Unions of 30 December 1999 on principles of cooperation</i> – <i>Agreement on the participation in costs of trade union activities signed with Companies spun-off in the restructuring process</i> – <i>Agreement on the participation in costs related to the conduct of PKZP signed with Companies spun off in the restructuring process</i> – <i>Rules and Regulations of the Company Social Benefit Fund and the Agreement on Common Social Activity</i> – <i>Instruction for employee evaluation</i> – <i>Company agreement regarding the Employee Pension Plan</i> – <i>Rules and Regulations for giving awards and distinctions in ENEA Polaniec Power Plant</i> – <i>Recruitment Procedure</i> – <i>HR Instruction</i> – <i>Instruction on medical examinations</i> – <i>ENEA Group Compliance Policy</i>
ENEA Wytwarzanie	<ul style="list-style-type: none"> – <i>ENEA Group Code of Ethics</i> – <i>Multi-Company Collective Bargaining Agreement for Employees of the Utilities Sector</i> – <i>Internal Collective Bargaining Agreement for Employees of ENEA Wytwarzanie sp. z o.o., Social Agreement for Employees of ENEA Wytwarzanie sp. z o.o.</i> – <i>Social Contract on the Transition of the Power Sector and the Lignite Mining Industry, including on the spin-off of Generating and Mining Coal Assets from Companies with State Treasury Shareholding, concluded on 22 December 2022 in Warsaw</i> – <i>Work Rules and Regulations for Employees of ENEA Wytwarzanie sp. z o.o.</i> – <i>Rules and Regulations of the Company Social Benefit Fund at ENEA Wytwarzanie sp. z o.o.</i> – <i>Policy against mobbing, discrimination and other unacceptable conduct in ENEA Wytwarzanie sp. z o.o.</i> – <i>ENEA Wytwarzanie sp. z o.o. Personnel Management Procedure</i> – <i>Rules and Regulations for Granting Bonuses to Employees of ENEA Wytwarzanie sp. z o.o.</i> – <i>Rules and Regulations for Granting Annual Bonuses to Employees of ENEA Wytwarzanie sp. z o.o.</i> – <i>Recruitment Procedure</i> – <i>Remuneration System for Managers and persons indicated by the Management Board as employees holding special competencies</i> – <i>ENEA Group Compliance Policy</i>

The regulations governing the prevention of mobbing and discrimination are discussed in the Chapter 7 entitled *Human rights issues – description of due diligence policies and procedures and their results.*

7.2. Employment at ENEA Group

As at 31 December 2022, the ENEA Group companies employed in total 17,588 persons¹⁾ under employment contracts, including ENEA S.A. – 421 persons.

¹⁾ Includes employees with a temporary suspension of employment, i.e. on parental leaves, unpaid leaves above 30 days and those receiving rehabilitation benefits. Employees on an unpaid leave in one Group company and at the same time working with another company under employment contracts are calculated twice in the presented statements.

Employment structure in the ENEA Group in 2022

	2022
Total number of staff employed under employment contracts	17,588
full-time employees – women	3,227
full-time employees – men	14,308
part-time employees – women	26
part-time employees – men	27
persons employed under employment contracts for an indefinite term – women	2,890
persons employed under employment contracts for an indefinite term – men	13,029
including other contract types (probationary period, fixed term, traineeship and replacement contracts) – women	363
including other contract types (probationary period, fixed term, traineeship and replacement contracts) – men	1,306

Gender diversity of ENEA Group's staff

Gender diversity of groups of positions	2022
senior management (i.e. members of Management Board and Supervisory Board) – women ¹⁾	37
senior management – men ¹⁾	123
directors – women	41
directors – men	171
junior managers – women ²⁾	267
junior managers – men ²⁾	975
operational staff – women	299
operational staff – men	9,642
administrative staff – women	2,646
administrative staff – men	3,547

¹⁾ Includes individuals working under management contracts and employees appointed for supervisory boards.

²⁾ Including head foremen and dispatchers.

Men and women under an employment contract, by age group	2022
Employees under 30 – women	400
Employees under 30 – men	1,805
Employees aged 30-50 – women	2,024
Employees aged 30-50 – men	8,350
Employees over 50 – women	829
Employees over 50 – men	4,180

	2020	2021	2022
Total number of new staff employed under employment contracts¹⁾	1,187	1,010	1,152
women	217	219	337
men	970	791	815
employees under 30	562	431	509
employees aged 30-50	524	483	551
employees over 50	101	96	92
New staff employment ratio²⁾	6.8%	5.8%	6.5%

¹⁾ Number of new employees hired by ENEA Group companies through external as well as internal recruitment.

²⁾ The ratio of new employees to all employees.

Employee turnover

Number of staff leaving the company	2020	2021	2022
Total number of staff employed under employment contracts leaving¹⁾	998	1,019	1,023
women	162	204	202
men	836	815	821
employees under 30	191	205	209
employees aged 30-50	332	319	354
employees over 50	475	496	460
Turnover rate²⁾	5.7%	5.8%	5.8%

¹⁾ The number of employees who left during the year refers to the termination of employment contracts between ENEA Group companies and their employees.

²⁾ The ratio of the number of employees that left to all employees.

7.3. Freedom of association, social dialog and participation in decision-making

The ENEA Group respects the right of its employees to associate in trade unions and to be actively involved in their activities, and carefully processes any objections, suggestions and opinions presented through trade unions.

Trade unions operating in key companies and in companies with the largest headcounts in the ENEA Group	
ENE A S.A.	<ul style="list-style-type: none"> - Inter-Company Trade Union Organization of the Trade Union of Engineers and Technicians in ENE A S.A. - Inter-Company Power Engineering Trade Union of ENE A Wytwarzanie sp. z o.o. - Inter-Company Trade Union of the ENE A Group Employees - "Synergia" Inter-Company Trade Union of the ENE A Group Employees - NSZZ "Solidarność" Company Organization of ENE A - Inter-Company Trade Union of Continuous Operation Employees of ENE A S.A. Group
ENE A Operator	<ul style="list-style-type: none"> - Inter-Company Trade Union Organization of the Trade Union of Engineers and Technicians in ENE A S.A. - Inter-Company Power Engineering Trade Union, Company Trade Union Organization in ENE A Operator sp. z o.o. - Inter-Company Trade Union of the ENE A Group Employees - Inter-Company Trade Union of Continuous Operation Employees of ENE A S.A. Group - "Synergia" Inter-Company Trade Union of the ENE A Group Employees - NSZZ "Solidarność" Company Organization of ENE A
ENE A Połaniec Power Plant	<ul style="list-style-type: none"> - "Energetyk" Inter-Company Trade Union Organization in Połaniec - NSZZ "Solidarność" Inter-Company Trade Union of Employees of the Połaniec Power Plant and the Companies - Inter-Company Trade Union of Supervision Employees of the Połaniec Power Plant - Inter-Company Trade Union of Continuous Operation Employees in Połaniec - Inter-Company Trade Union of Supervision Employees of the Połaniec Power Plant in Zawada - "Synergia" Inter-Company Trade Union of the ENE A Group Employees
ENE A Wytwarzanie	<ul style="list-style-type: none"> - NSZZ "Solidarność" Company Commission at ENE A Wytwarzanie sp. z o.o. - Inter-Company Power Engineering Trade Union of ENE A Wytwarzanie sp. z o.o. - Inter-Company Trade Union of Shift Workers of ENE A Wytwarzanie sp. z o.o.
ENE A Centrum	<ul style="list-style-type: none"> - Inter-Company Trade Union Organization of the Trade Union of Engineers and Technicians in ENE A S.A. - Inter-Company Power Engineering Trade Union of ENE A Wytwarzanie sp. z o.o. - Inter-Company Trade Union of Supervision Employees of the Połaniec Power Plant - Inter-Company Trade Union of the ENE A Group Employees - Inter-Company Trade Union of Supervision Employees of the Połaniec Power Plant in Zawada - "Synergia" Inter-Company Trade Union of the ENE A Group Employees - NSZZ "Solidarność" Company Organization of ENE A - Inter-Company Trade Union Organization of ENE A Ciepło sp. z o.o. in Białystok at the National Union of Heat Sector Employees - Inter-Company Trade Union of Continuous Operation Employees of ENE A S.A. Group
Lubelski Węgiel Bogdanka	<ul style="list-style-type: none"> - NSZZ "Solidarność" Inter-Company Organization of Lubelski Węgiel Bogdanka S.A. - Trade Union of Miners in Poland at Lubelski Węgiel Bogdanka S.A. - "Kadra" Trade Union at Lubelski Węgiel Bogdanka S.A. - "Przeróbka" Trade Union of Mechanical Coal Processing Plants' Employees in Poland at Lubelski Węgiel Bogdanka S.A.

The management boards of Group companies are engaged in continuous dialog with trade unions. Meetings with them are organized at least a few times a year, and the information about planned operational changes is provided to the social stakeholder without undue delay. Employees have an opportunity to file complaints about breaches of their rights and about other irregularities. In 2019, a social contract was signed, which among others set out the rules of stabilization of employment. Additionally, in response to postulates of trade unions in respect to salary growth, annual salary negotiations are conducted, unless the parties agree otherwise. The year 2021 was such a case, when an agreement governing remuneration raises in 2021 and 2022 was signed. Social stakeholders actively cooperate with employers in amendments to internal labor regulations.

In 2021, a team was appointed at LWB to conduct negotiations with trade unions operating in the company as regards amendments to the bargaining agreements and to clarify disputed provisions of the bargaining agreement applicable at LWB. In other companies, task forces are appointed when the bargaining agreements need amending.

Employees are covered by collective agreements, i.e. e.g. internal collective bargaining agreements in the majority of ENEA Group companies:

Company	% of employees covered by collective bargaining agreements (as at 31 December 2022)
ENEA Centrum	100%
ENEA Ciepło – Head Office	100%
ENEA Ciepło – Białystok Division	100%
ENEA Połaniec Power Plant	100%
ENEA Logistyka	100%
ENEA Nowa Energia	100%
ENEA Operator	100%
ENEA Oświetlenie	100%
ENEA Pomiar	100%
ENEA Serwis	100%
Lubelski Węgiel Bogdanka	100%
PEC Oborniki	100%
ENEA Wytwarzanie	99%
ENEA S.A.	93%
ENEA ELKOGAZ	73%
ENEA Trading	25%
ENEA Bioenergia	0%
ENEA Innowacje	0%
ENEA Połaniec Serwis	0%
MEC Piła	0%
MR Bogdanka	0%
RG Bogdanka	0%

ENEA Group employees influence its operation and operation of their companies also by electing their representatives to supervisory boards (of most of the Group companies¹⁾) and by electing employee representatives to employee councils (currently only in ENEA Połaniec Power Plant).

¹⁾ In the case of ENEA S.A. and ENEA Wytwarzanie this right is derived directly from the Act on commercialization and certain employee rights.

7.4. Occupational health and safety

As regards OHS, the ENEA Group operates in accordance with the applicable regulations while constantly adjusting its internal policies in this respect to the regulatory environment. Group companies strive to eliminate accidents at work and occupational diseases and to raise awareness of occupational hazards among employees (among others through training and knowledge contests), as well as to increase their responsibility and involvement in improving safety at work. They also introduce further ergonomic improvements (e.g. equipping workstations with footrests or wrist pads, replacing office chairs with ones with adjustable armrests).

The Group monitors new technical and organizational solutions affecting the OHS level. Its state is continuously monitored and improved, which is supported by the policies, procedures and instructions that are in place. They require, among others, regular inspection of tools and equipment, ongoing monitoring of working conditions and influencing employee awareness and conduct.

Some units have social labor inspectors appointed in accordance with the *Rules and Regulations for appointing Social Labor Inspectors in the ENEA Group*, who inspect the OHS conditions on behalf of employees and put forward improvement proposals. Employee representatives also sit on OHS committees operating in some of the companies.

Because of the continuing state of epidemic threat, the crisis management and coordination center for the ENEA Group for prevention, combating of still operated in 2022 and monitored the COVID-19 situation on an ongoing basis, assessed risks, issued recommendations on work organization and communicated with employees on the existing hazards through information guides, instructions, and messages. Work in the office was organized in accordance with the sanitary restrictions and at the same time the possibility of remote work was provided. All OHS orders, indications and guidelines relating to the ongoing epidemic are drawn up by the COVID-19 prevention, containment and combat staff operating at the level of individual companies. In addition, the risks associated with the disease and protection measures are taken into account in occupational risk assessment processes. At present, stationary work has been resumed due to the absence of restrictions.

OHS documents in leading ENEA Group companies which are important in this area

ENE A S.A.	<ul style="list-style-type: none"> – ENEA S.A.'s Work Rules and Regulations – OHS training programs for ENEA S.A. – Occupational risk assessment – Other instructions (<i>Instruction on occupational risk assessment and documentation; first aid instructions; fire safety instructions</i>)
ENE A Operator	<ul style="list-style-type: none"> – Procedure of occupational risk assessment and documentation in ENEA Operator sp. z o.o. – Fire safety procedure in ENEA Operator sp. z o.o. – Procedure defining the principles of cooperation in OHS area between ENEA Operator sp. z o.o. and Contractors – Periodic OHS training procedure in ENEA Operator sp. z o.o. – Procedure for live-line working with power devices in ENEA Operator sp. z o.o. – Procedure for live-line working on 15 and 20 KV overhead grids in ENEA Operator sp. z o.o. – Training procedure for live-line working in ENEA Operator sp. z o.o. – Fall protection procedure for working at height in ENEA Operator sp. z o.o. – Procedure for the organization of safe work with power generators in ENEA Operator sp. z o.o. – Procedure of work organization during tree, branch and undergrowth removal in ENEA Operator sp. z o.o. – Procedure concerning rules of operation of power devices in ENEA Operator sp. z o.o. – Procedure for granting authorization to issue orders on live working with power devices in ENEA Operator sp. z o.o. – Procedure for granting dispatcher authorizations and authorizations to perform switching actions in ENEA Operator sp. z o.o. – Procedure for record-keeping and inspection of electrical insulation protective equipment and voltage indicating devices in ENEA Operator sp. z o.o. – Document circulation procedure for specialist instructions on the fall protection and evacuation rules while working at height in ENEA Operator sp. z o.o. – First Aid Procedure in ENEA Operator sp. z o.o. – Procedure for security of facilities and lands of ENEA Operator sp. z o.o. – Procedure for qualification committees for establishing qualification requirements of persons handling the operation and supervision of power generation equipment operating at ENEA Operator – Rules and Regulations for professional preparation of new Energy Post employees – Instructions (<i>Instruction on organization of safe work with power devices in ENEA Operator sp. z o.o.; Instruction on organization of work installing and replacing balancing meters and communication modules in MV/LV transformer stations for the AMI (Advanced Metering Infrastructure) project, operating instructions of power facilities and devices, job instructions</i>) – Other instructions (<i>Standard equipment for Energy Posts and vehicles of Energy Posts teams; Methods of fall protection and evacuation for works at height in ENEA Operator sp. z o.o.; Notification of a fatal, serious, collective accident; Notification of an accident; Standardization – safety tables and signs and identification boards – templates and rules of their use in ENEA Operator sp. z o.o.</i>)
ENE A Polaniec Power Plant	<ul style="list-style-type: none"> – Integrated Management System including the Occupational Health and Safety Management System – Instruction on Safe Work Organization in ENEA Polaniec Power Plant – Instruction on conduct in case of accidents and sudden illnesses and post-accident procedure – Instruction on conducting and documenting OHS training and granting authorizations in the work organization process in ENEA Polaniec Power Plant – Instruction on the assignment of working clothes and footwear, personal protective equipment and cleaning products to employees – Fire safety instruction in ENEA Polaniec Power Plant – Instruction on the tobacco smoking ban, including novel tobacco products and electronic cigarettes – Occupational health and safety monitoring procedure – Procedure to identify hazards, assess occupational risk and other risks for the OHS management system

ENEA Wytwarzanie	<ul style="list-style-type: none"> - <i>Policy of Integrated Quality, Environmental and OHS Management System</i> - <i>OHS Monitoring Procedure</i> - <i>Procedure Identification of hazards and evaluation of OHS risks and opportunities</i> - <i>Instructions (Instruction on the assessment of occupational risk at workplace; Instruction on the investigation of accidents at work, occupational diseases and potential occurrences; Instruction on the Safe Work Organization; job and OHS instructions, OHS instructions on the operation of devices)</i> - <i>Work Rules and Regulations for Employees of ENEA Wytwarzanie sp. z o.o.</i> - <i>Policy against mobbing, discrimination and other unacceptable conduct in ENEA Wytwarzanie sp. z o.o.</i> - <i>Ordinance on the employer's responsibility for OHS</i> - <i>Induction, on-the-job and regular training programs for employees</i> - <i>Rules and Regulations of Organizational Units of ENEA Wytwarzanie sp. z o.o.</i>
Lubelski Węgiel Bogdanka	<ul style="list-style-type: none"> - <i>Mine Safety Document</i> - <i>PZ/S/05/01 Accidents at work and other OHS incidents</i> - <i>PZ/S/05/02 Accidents on the way to or from work</i> - <i>PZ/S/05/03 Management of occupational risk</i> - <i>PZ/S/05/04 Monitoring of OHS area</i> - <i>PZ/S/05/05 Monitoring of legal regulations and standards in OHS area</i> - <i>PZ/S/05/06 Highly hazardous work</i> - <i>PZ/S/05/07 Dealing with suspected occupational diseases</i> - <i>PZ/S/05/08 Plans to improve OHS conditions</i> - <i>PZ/S/05/09 Management of the Safety Document</i> - <i>PZ/S/05/10 Work environment monitoring</i> - <i>Work Rules and Regulations</i> - <i>Guidelines and instructions of the Integrated Quality, Environmental and Safety Management System</i> - <i>Internal Collective Bargaining Agreement</i> - <i>Ordinance of the Management Board and the Mining Operations Manager.</i> - <i>Orders of the Management Board and the Mining Operations Manager.</i>
ENEA Pomiary	<ul style="list-style-type: none"> - <i>Procedure for reporting accidents at work</i> - <i>Warehouse OHS instructions (Instruction on the use of a forklift truck; Instruction on the use of a mobile platform; Instruction on manual transportation activities)</i> - <i>Instruction on the operation and maintenance of shelving racks</i> - <i>Instruction on the use of a pneumatic table sealer</i> - <i>Instruction on spraying electricity meters with a spray gun</i> - <i>Fire emergency instruction</i> - <i>Other instructions (Instruction on the use of a computer with a display screen and a printer; Instruction on the use of a shredder)</i> - <i>A range of instructions concerning safe work at the company in times of the COVID-19 pandemic (instructions for wearing the safety mask, use of safety gloves, effective disinfection of hands, secure remote work, etc.)</i> - <i>Instruction for movement of people for building C of ENEA Pomiary sp. z o.o. at ul. Strzeszyńska 58 in Poznań</i>
ENEA Serwis	<ul style="list-style-type: none"> - <i>Procedure for reporting accidents at work and accidents while traveling to or from work in ENEA Serwis sp. z o.o.</i> - <i>Procedure for live-line working</i> - <i>Instructions (Office/administrative job instruction; Wireman job instruction; other job instructions)</i>
ENEA Oświetlenie	<ul style="list-style-type: none"> - <i>Work Rules and Regulations for ENEA Oświetlenie sp. z o.o. Employees</i> - <i>Procedure for live-line working with power devices in ENEA Operator sp. z o.o.</i> - <i>OHS-related instructions (among others: Instruction on the organization of safe work with power devices in ENEA Oświetlenie sp. z o.o.; Electrical equipment installer job instruction; Non-electrician job instruction; Instruction on the use of lines and road lighting devices in ENEA Oświetlenie sp. z o.o.; Electrical equipment installer job instruction on measurement of power devices of a portable measuring laboratory; instructions on marking of road lane works; OHS instruction on transport, unloading/loading, storage and assembly of lighting poles; OHS instruction on warehousing and storage of materials; OHS instruction on transport works; OHS instruction on the ladder use; OHS instruction on the use of a computer and a printer)</i> - <i>OHS instruction on the use of office equipment (e.g. binder machines, photocopiers) and OHS instruction on the use of other equipment (e.g. drills, circular saws for wood cutting, grinders)</i> - <i>Rules of operation of power devices in ENEA Operator sp. z o.o.</i>

OHS issues are also taken into consideration in internal collective bargaining agreements.

In ENEA Bioenergia, ENEA Połaniec Power Plant, ENEA Wytwarzanie and LWB, OHS management systems conforming to the PN-ISO 45001:2018 standard have been implemented, which cover all employees and all individuals, whose work or work location is controlled by the company.

Accidents at work in ENEA Group in 2022

Accidents at work in ENEA Group in 2022						
	Number of fatalities			Number of all the reported accidents		
	2020	2021	2022	2020	2021	2022
Employees	1	0	3	163	162	122 ¹⁾
Including in ENEA S.A.	0	0	0	0	0	0
Subcontractors	0 ²⁾	0 ²⁾	1 ^{2),3)}	95 ²⁾	107 ²⁾	97 ^{2),3)}
Including in ENEA S.A.	0	0	0	0	0	0

¹⁾ No data available for employees of RG Bogdanka.

²⁾ No data available for employees of ENEA Serwis' subcontractors.

³⁾ No data available for employees of subcontractors of RG Bogdanka, MEC Pila and ENEA Operator

In February 2022, a fatal accident occurred during a repair of ENEA Operator's power grid in Wojcieszycze. An employee performing repairs after a weekend windstorm was fatally electrocuted. As a response, the company discussed the causes of the accident during periodic OHS training sessions and delivered additional training sessions for employees responsible for the operation of the power grid.

In the same year, a fatal accident occurred also in ENEA Wytwarzanie during the performance of official duties. As a response, a team was appointed to inspect the lathe, as a result of which partly torn and damaged machine components were disclosed. Repair work was carried out and the assessment of occupational risk at the workplace where the accident occurred was updated.

The cause of the fatality in LWB was gravitational subsidence of hydrated winnings inside a holding tank. Post-accident measures: altering the holding tank service posts, equipping these posts with video surveillance and updating the instruction and assessment of occupational risk.

7.5. Selected activities performed in the labor area in 2022

Selected information about the activities performed in the labor area can be found in chapter 5.1. *HR Policy implementation at the ENEA Group in 2022* of this Report. Additional information on this topic will be published in the ESG report for the aforementioned year.

8. Social issues – description of due diligence policies and procedures and their results

8.1. The ENEA Group's contribution to the economy and technological advancement in 2022

The ENEA Group has made a multi-dimensional contribution to the Polish economy. The company:

- delivers electricity and heat and provides innovative services to individual and business customers,
- is a large employer,
- generates jobs in the value chain,
- is a major taxpayer, which includes being the 6th largest CIT payer among tax groups for 2021,
- makes a significant contribution to local budgets in the form of taxes and charges,
- expands regional and local infrastructure,
- develops technological innovations,
- supports education of future staff, especially engineers.

The impact of the individual ENEA Group companies on the socioeconomic development on the national, regional and local scales will be described more extensively in the ESG report.

Direct economic value generated by the ENEA Group

a. Direct economic value generated by the ENEA Group [data in PLN million]	Data for the entire ENEA Group		
	2020 ¹⁾	2021 ²⁾	2022
i. Generated economic value:			
Revenue in total ³⁾	18,515	21,626	30,555
ii. Distributed economic value:			
Operating expenses ⁴⁾	14,454	16,922	26,632
Payroll and employee benefits ⁵⁾	1,963	2,137	2,496
Payments to capital providers (dividends and interest) ⁶⁾	243	177	265
Payments to public institutions (taxes) ⁷⁾	734	986	575
Social investments (donations) ⁸⁾	no data	5	10
RETAINED VALUE (difference between i. and ii.)	1,121	1,400	577

¹⁾ Reported data

²⁾ Data for the year converted in accordance with the Consolidated Financial Statements for 2022.

³⁾ Items from the Consolidated statement of comprehensive income: Revenue from sales and other income; Other operating revenue; Finance income; Change in provisions related to onerous contracts (revenue part); Dividend income.

⁴⁾ Items from the Consolidated statement of comprehensive income: Amortization and depreciation; Consumption of materials and supplies and cost of goods sold; Purchase of energy and gas for subsequent sale; Transmission services; Other third-party services; Change in provisions related to onerous contracts (expense part); Other operating expenses; Other finance costs.

⁵⁾ Items from the Consolidated statement of comprehensive income: Employee benefit costs.

⁶⁾ Items from the Consolidated Financial Statements: Dividends paid; Costs of interest in respect of borrowing facilities; Costs of interest in respect of bonds; Costs of interest in respect of lease liabilities and head lease; Costs of interest in respect of IRS; Other interest.

⁷⁾ Items from the Consolidated statement of comprehensive income: Taxes and charges; Current tax.

⁸⁾ Total value of cash and in-kind donations made through the ENEA Foundation and the "Solidary Miners" Foundation or directly to beneficiaries.

Financial aid received from the state

a., b. Total monetary value of the financial aid received by the ENEA Group from the state	Data for the entire ENEA Group [PLN 000s]		
	2020	2021	2022
i. Tax credits and exemptions	1,113	1,661	1,700
ii. Subsidies	38	0	0
iii. Grants (e.g. for investments and research and development)	199	107	7,247
iv. Prizes	0	0	0
v. Exemptions from license fees	0	0	0
vi. Financial aid from public crediting institutions, e.g. under export support programs	92	87	202
vii. Financial incentives	0	0	0
viii. Other financial benefits received or due from the state	614,958	1,348,747	1,303,054
TOTAL:	616,400	1,350,602	1,312,203

The most significant sources of the financial aid received by the ENEA Group from the state include:

- revenue from the Capacity Market
- support in the form of certificates of origin for electricity and certificates of energy efficiency,
- free CO₂ emission allowances.

In 2022, the ENEA Group performed, among others, the following research and development programs that were potentially significant for the economy:

H2eBuffer – a project aimed at developing a system to store energy and stabilize the power grid, making use of hydrogen produced in RES installations. The initiative is run by ENEA Operator, West Pomeranian University of Technology in Szczecin and the University of Szczecin;

DRES2Market – a project designed to prepare a comprehensive and cost-efficient approach to facilitate the effective participation of distributed generation based on renewable energy in electricity markets and to enable the provision of balancing and storage services in accordance with market criteria. The initiative is conducted by ENEA Operator, the Institute of Power Engineering in Warsaw and international entities;

eNeuron – this European program is aimed at developing innovative tools for optimizing the design and operation of local energy systems integrating dispersed energy resources and multiple energy carriers. The initiative is conducted by ENEA Operator, the Gdańsk Branch of the Institute of Power Engineering, the city of Bydgoszcz and international entities.

VR – a project completed in 2022; its objective was to build a flexible, innovative virtual reality system for delivering training to technical service employees, which covered interactive virtual training scenarios for selected 110 kV Substations, medium voltage substations and the live-line working training center. The initiative implemented by ENEA Operator in cooperation with the Poznań University of Technology and the Poznań University of Economics and Business;

MobiSys – a project completed in 2022; its objective was to build a power and energy balancing system, which would also monitor the quality of electricity supply within ENEA Operator's distribution grid. The initiative was implemented by ENEA Operator in cooperation with the AGH University of Science and Technology in Kraków.

8.2. Mitigation of the social impact of electricity price rise

In accordance with the requirements of the *Act of 17 December 2021 on the inflation compensation allowance*, which imposes new obligations on utility companies, since 4 January 2022, ENEA S.A. has been implementing a support program for vulnerable consumers of electricity, vulnerable consumers of gaseous fuels and consumers of electricity in households a member of which needs mechanical ventilation. It encompasses the following solutions:

- a) deferral of the date of payment of the overdue and current charges for electricity or gaseous fuels or provided services by up to 30 days while retaining the right to charge interest,
- b) payment of the overdue and current charges for electricity or gaseous fuels or provided services in up to 3 installments while retaining the right to charge interest.

The company pursues also a program of solutions that are alternative to cutting off supply of electricity with respect to consumers of electricity in a household at risk of cutting off supply of electricity. The aforementioned program provides for using one of the following possibilities: a. deferral of the date of payment of the overdue and current charges for electricity or provided services by up to 30 days without charging interest, b. payment of the overdue and current charges for electricity or provided services in up to 3 installments without charging interest.

Moreover, the company has adapted its organizational and technical solutions to the *Act of 7 October 2022 on special solutions for protecting electricity buyers in 2023 in connection with the situation on the electricity market*.

8.3. Security of electricity supply

One of the strategic objectives of the ENEA Group is action for energy security of the country: to ensure continuity of electricity and heat supply and reliable operation of the distribution grid.

In order to ensure reliability of energy supply to Clients, ENEA Group companies:

- introduce the latest technical standards,
- operate strictly in accordance with procedures,
- maintain the required state of the infrastructure,
- perform preventive diagnostic measurements,
- invest in the development of production assets,
- connect new RES to the grid in order to ensure the required capacities of the power system,
- modernize and automate power grids,
- constantly improve qualifications of their teams,
- appropriately plan shutdowns during modernization works,
- analyze the causes of failures.

The regulations of activities to improve reliability of energy supply are in effect in ENEA Operator include the following:

1. The *Business Continuity Plan*, on which emergency procedures are based
2. *Procedure for planning and requesting work on HV, MV and LV grids for investing and operating purposes and for operational management of the grids in ENEA Operator sp. z o.o.*
3. *Procedure for live-line working with power devices in ENEA Operator sp. z o.o.*
4. *Procedure for live-line working on 15 and 20 KV overhead grids in ENEA Operator sp. z o.o.*
5. *Procedure for recording work performed in the live-line working technology and calculating electricity supplied to users during live-line working in ENEA Operator sp. z o.o.*
6. *Procedure of exchanging information and reporting events in the electric power grid by the ENEA Operator sp. z o.o.'s maintenance services and cooperation with crisis management teams in case of extensive failures*
7. *Procedure for managing the removal of trees and bushes within the zones under ENEA Operator sp. z o.o.'s power lines*
8. *Catalog of standard operating activities for HV, MV and LV grids in ENEA Operator sp. z o.o.*
9. *Procedure for eliminating collisions*
10. detailed regulations on correct operation of power installations
11. standards for the technical solutions for building power lines and devices applied in ENEA Operator's distribution grid, including *110 kV overhead power lines and underground power cables, Medium voltage underground power cables, Low voltage underground power cables, Measurement and diagnostics equipment for high and medium voltage underground cables, Measurement and diagnostic equipment for medium voltage underground cables.*

As part of the measures applied to improve the reliability of grid operation, especially of the MV grid, which has the greatest influence on the indicators of duration and frequency of interruptions in electricity supply, the following program and supporting activities are carried out, among others:

- adjusting the needs of own substations to ensure 24-hour power backup,
- adjustment of automation of AFO (automatic load-shedding),
- implementation of the *MV Grid Development Concept*, which takes into account development of automated solutions within the grid,
- cables of MV grids passing through forest areas,
- removal of equipment constraints,
- implementation of the FDIR (Fault Detection, Isolation & Restoration) function in selected MV line sections,
- liquidation of the 6 kV grid in the Poznań urban area,
- activities in respect to measurements and diagnostics of medium voltage cable lines,
- systemic measures related to the removal of trees and bushes within the zones under power lines.

ENE Operator makes all efforts to limit the consequences of failures and restore power supply to customers as quickly as possible. For this purpose, it supplies energy to a separate electric power grid using electricity generators, provided that it is technically feasible, and cooperates with other operators of distribution systems and the transmission system. In order to limit interruptions in power supply to users to the minimum, the company also regularly increases the scope of work performed in the live-line working technology (MV and LV) and carries out preventive diagnostic measurements. The work on locating damage in the grid, making the necessary switching and repairs to restore power supply to the consumers is undertaken immediately after the failure occurs, by ENE Operator employees or by external contractors. For each failure, a cause analysis is conducted as an element of the assessment of the technical condition and forms the basis for devising the scope of an upgrade/replacement of devices under the modernization and capital expenditure programs implemented by the company or its operating decisions.

The safety of electricity supply to customers is also significantly improved by the standards for any technical solutions applied, materials used and works performed on the distribution grid the company has introduced. The use of standardized grid equipment enables a faster removal of failures. During the process aimed at developing the said standards, each solution is subjected to an in-depth analysis and technological tests. All standards are then subjected to periodic analyses at least every 24 months counting from their entry into force, which enables their detailed formulation and update in a manner that makes the requirements and guidelines contained therein reflect the changing needs of the power grid operation. Additionally, every year tests of the correctness and speed of response to a mass failure are conducted in selected business units of the company.

Due to a large number of power failures caused by damage to buried cables during construction works, in particular in large cities, the company conducts a campaign to raise awareness of this issue among building contractors. As a result, construction companies have been reporting cable damage much more frequently and identify the exact location of the incident. This allows us to reach the place of damage and repair it faster.

In 2022, ENE Operator continued its efforts aimed at improving the operational reliability of the distribution grid. To this end, it primarily carried out planned diagnostics of MV cable lines and ongoing modernization of power facilities and equipment in line with the existing modernization programs. It also maintained the regular strengthening of the support infrastructure for distribution activities, i.e. purchase of specialist equipment (including vehicles) and construction and modernization of support facilities.

Overall, in 2022, the company allocated more than PLN 1.4 billion to all scheduled investments that, among others, directly or indirectly increased the reliability of electricity supply.

Grid reliability indicators

The pace of improvement of the electricity supply reliability indicators is a result of a consistent implementation of extensive efforts in the areas of capital expenditures, operation and work organization.

Ratios ¹⁾	Value achieved in 2022	Expected value of the ratio in the year:	
SAIDI	89.07 min	2030	74.59 min
		2040	70 min
SAIFI	1.98	2030	2.02
		2040	1.93

¹⁾ Reflects scheduled and unscheduled interruptions in electricity supply for high and medium voltages.

8.4. Ethical market practices

The ENEA Group applies the *Best Practices of Electricity and Gaseous Fuel Suppliers* of the Energy Trading Association, as well as its *Enea S.A. Sales Standards for Business Clients*, *Code of Best Practices for the processing of personal data in the sales area* and the *Sustainable Direct Marketing Policy at ENEA S.A.*, due to which its customers have the guarantee of fair treatment and respecting their rights. The company carefully complies with the terms and conditions of agreements signed with them. It analyzes in detail complaints and other reports of recipients of its services and, based on the analysis, it modifies processes and educates its employees.

ENEA Operator implements the unbundling guidelines of the President of the Energy Regulatory Office for separating distribution and sales activities by taking e.g. the following measures:

- It does not promote or recommend any companies involved in the generation or sale of electricity to third parties; it does not display promotional or advertising materials of energy companies while performing processes related to customer service.
- It has its own visual identity.
- It uses separate communication channels (website, e-mail address domain, telephone numbers).

In 2022, there were no pending lawsuits against ENEA Group companies relating to anti-competitive conduct and violations of anti-monopoly regulations. They did not violate any regulations or voluntary marketing communication codes either. Standards of advertising ethics were violated, however, by the Polish Power Plants Association, which is composed, among others, of two ENEA Group companies: ENEA Elektrownia Połaniec and ENEA Wytwarzanie. In 2022, the organization carried out a billboard advertising campaign dedicated to the causes of energy price rises in Poland and Europe. The Advertising Council decided that the initiative violated the standards of the Code of Ethics in Advertising as regards providing reliable information to consumers. The Council stated that, in accordance with experts' estimates, the European Union's climate policy accounts for approx. 20%–30% of energy generation costs instead of 60%, as was claimed in the communications.

8.5. ENEA Group social involvement rules

The Group pursues various initiatives in response to the needs and expectations of its stakeholders, locally, regionally and nationally. The key documents regulating the rules of its social involvement include:

- *Rules for handling applications for support in the social involvement area in the ENEA Group*,
- *Rules for conducting public relations activities and social partnership activities in the ENEA Group*,
- *Rules and Regulations of Employee Volunteerism in the ENEA Group*,
- *LWB Social Engagement Policy* (updated in 2022).

Social involvement is coordinated by the Corporate Social Responsibility Office (hereinafter referred to as the CSR), which is part of the Group's Brand Sponsoring, Promotion and Management Department. The ENEA Foundation, which is a public benefit organization, is the competence center for the Group's social initiatives; it provides financial support for social objectives using donations received from Group companies. Its goals and principles of operation are defined by:

- *Charter of the ENEA Foundation*,
- *Organizational Rules and Regulations of the ENEA Foundation*,
- *Rules and Regulations on granting support by the ENEA Foundation*.

By implementing the ENEA Group's corporate social responsibility policy, the Foundation conducts activities that have lasting social effects. For this purpose, it organizes well thought-out and innovative projects in areas such as safety, education for children and youth, protection of the environment, assistance for the needy and sports, culture and art. In emergencies, such as epidemics, natural disasters or humanitarian crises caused by war, the Foundation provides direct support to the victims and to health care establishments. Apart from conducting its own activities, it supports socially beneficial initiatives pursued by other parties and supports current and former employees.

Another entity conducting active social involvement activities is the "Solidary Miners" Foundation established by LWB. Its objective is to support financially employees of LWB Group companies and their families, victims of accidents, people suffering from illnesses or those in a difficult financial situation. The organization also supports talents, cultural, environmental and health promotion initiatives.

Group companies hold various charitable campaigns and educational projects in areas that include the promotion of a healthy lifestyle or the dissemination of knowledge about the nature. The Group's employees are also involved in the life of local communities and the Group supports their activities undertaken, among others, in the form of employee volunteerism. ENEA not only executed projects engaging employees in charity activities, such as Run – Raise – Help, but also performed a variety of local actions to meet stakeholder needs and expectations. An example of such actions is the "Enea Academy of Talent", a scholarship project supporting young talents, and historical education projects, which discussed the historical events that were important for the region and at the same time created patriotic attitudes. This can be illustrated by the contest concerning the Greater Poland Uprising or "Rebellious Szczecin", an educational project popularizing last century's significant historical events in Zachodniopomorskie Voivodship.

Social involvement of the ENEA Group in 2022

In connection with Russia's aggression against Ukraine, support activities for refugees were performed throughout the last year. They assumed primarily the form of help with accommodation, i.e. making the centers owned by Group companies available to the citizens of Ukraine. Moreover, the children and youth staying in the centers could rely on the support offered by the ENEA Foundation, which – in cooperation with Caritas Polska – provided them with learning aids and other necessary school supplies. Additionally, where the centers' administrators reported such a need, it also helped with essential daily necessities, such as clothing and cleaning supplies. The Foundation allocated over PLN 3.7 million to support people from Ukraine in the Group's centers and over PLN 1.4 million to social projects focused on helping Ukraine and refugees.

Another important area of support continued to be initiatives addressed to employees, such as health prevention programs, e.g. "Mission: Prevention", and financing of grassroots activities by employee groups through "Power of Helping", a periodic grant program. The Foundation also supported, among others, integration and professional and social integration and reintegration of people at risk of social exclusion, physical exercise and sports (including Paralympic and amateur sports), as well as historical and environmental education. The Foundation assisted also in its employees' activities taken as part of employee volunteerism and organized a special edition of a grant program named "To the aid of Ukraine!."

The "Solidary Miners" Foundation helped victims of the war in Ukraine. It provided them with accommodation in LWB's training center in Stary Tartak and transport from the border deeper into Poland and offered in-kind donations. It supported LWB's employees engaged in the assistance at the Polish-Ukrainian border and in temporary accommodation facilities for Ukrainians. It cooperated with local governments and non-governmental organizations, including in the form of delivering donations from a British foundation. Apart from actions for people affected by the war, the Foundation focused on social problems caused by the epidemic: financing the purchase of necessary medical and rehabilitation equipment for people in a difficult life situation, and providing organizational, material and financial support to health care, educational and nursing institutions, for example in the purchase of medical equipment and medicines, or renovations.

The total value of cash and in-kind donations made by the ENEA Group in 2022 amounted to nearly PLN 9.7 million.

Cash and in-kind donations [PLN 000s]

Cash and in-kind donations [PLN 000s]	2021	2022
Total value of cash and in-kind donations made by the ENEA Group:	4,986.2	9,705.1
of which funds transferred by Group companies to the ENEA Foundation	3,956.6	6,961.2
of which funds transferred by Group companies to the "Solidary Miners" Foundation	251.5	750
of which funds transferred by Group companies directly to other entities	778.1	1,993.9
of which funds transferred by ENEA S.A. to the ENEA Foundation and the "Solidary Miners" Foundation	1,800	6,000
of which funds transferred by ENEA S.A. directly to other entities	0	0

Information on selected social projects implemented by the ENEA Group and its companies in 2022 will be published in the ESG report for the aforementioned year.

9. Human rights issues – description of due diligence policies and procedures and their results

The ENEA Group pursues its business activity complying with ethical principles, respecting human rights and observing the applicable laws. The Company has adopted clear and transparent manners of conduct as regards:

- reporting any potential violations (also anonymously),
- clarifying the reported potential violations,
- monitoring and reporting the found violations periodically to the ENEA S.A. Management Board,

In the area of human rights, the Group gives utmost priority to:

- strictly observing the principle of equal treatment irrespective of gender, age, origin, social status, health, sexual orientation or beliefs (this means, among others, applying such principles of recruitment to vacancies as ensure equal treatment of candidates, with no discrimination, prejudices or obtainment of the information that could violate the candidate's rights and dignity, and conditioning the promotion decision on an impartial evaluation of their qualifications, skills and performance),
- implementing the uniform mobbing prevention policy,
- providing all support to employees who feel they suffer from mobbing to clarify the case objectively and applying corrective measures if the allegations are confirmed,
- promoting the right attitudes in the organization and identifying prohibited conduct,
- enabling employees to express their opinions and influence important issues concerning the organization and conditions of work, management, organizational culture, and enabling them to report the noticed offenses and frauds while ensuring the reporting persons anonymity and confidentiality,
- protecting personal interests (personal data, sensitive data) of employees and customers,
- respecting the principle of work-life balance,
- ensuring the freedom of association,
- creating a safe work environment.

9.1. Internal regulations that are important from the point of view of human rights

In its process to develop internal regulations on human rights, the Group draws on the fundamental principles specified in the *International Bill of Human Rights* and the output of international organizations, such as the *Universal Declaration of Human Rights*, the *U.N. International Covenant on Civil and Political Rights* and the *U.N. International Covenant on Economic, Social and Cultural Rights*. Respecting human rights at the ENEA Group is manifested in internal regulations, initiatives taken and everyday practices.

References to the necessity of respecting human rights are made in:

- the *ENEA Group Code of Ethics*, which is a collection of principles of conduct and ethical values underlying long-lasting and transparent relations with all stakeholders. It sets the fundamental values followed by the ENEA Group in internal relations and the external environment. While specifying the Group's values, the Code pinpoints the principles of conduct to be followed in certain situations faced by employees on a day-to-day basis and not always regulated by generally applicable laws;
- *LW Bogdanka Group Code of Ethics*;
- *ENEA Group Compliance Policy*, which describes in particular the standards of compliance with the law, desired conduct of employees and key standards of ethics, which take into account the Group's interests and are an essential component of its corporate culture. The *Policy* describes also the possible ways of reporting the identified potential violations;
- *Policy against mobbing, discrimination and other unacceptable conduct*, which identifies unacceptable conduct, the procedures for reporting it and handling the reports, as well as preventive measures in this area and the obligations of employers and employees;
- *Policy for reporting breaches and protecting whistleblowers in the ENEA Group*, which comprehensively regulated the matters associated with reporting potential violations. The aim of the introduced system was to ensure that any signals of actions that are not compliant with the applicable law or internal regulations or actions that are unethical will be received, thoroughly analyzed and properly managed, and the person reporting them in good faith (the so-called whistleblower) will be protected.

The following units are responsible for the implementation of and supervision over the foregoing regulations:

- in the field of counteracting mobbing and compliance with the ethical principles included in the *ENEA Group Code of Ethics* – the Group’s Human Resources Management Department;
- in the field of executing the *ENEA Group Compliance Policy*, the *Policy for reporting breaches and protecting whistleblowers in the ENEA Group* – the Group’s Legal and Organizational Management Department, whose director also serves as the ENEA Group Compliance Officer;
- in the field of the *Code of Ethics for the LW Bogdanka Group* – the Ethics Officer, who is also responsible for ethical education of employees, and the CSR Inspector.

All employees are also obligated to monitor their surroundings in the context of the applicable standards. Brochures concerning the *ENEA Group Code of Ethics* and the Group’s Compliance system as well as a form enabling anonymous and confidential reporting of potential violations have been published on a public website at www.enea.pl/compliance.

Any reports on violations will be examined by the ENEA Group Compliance Committee. At the same time, most Group companies have in place their own special teams to examine suspicions of unacceptable conduct in the workplace. Their task is to provide fair and impartial investigation of all the circumstances of the allegations reported by employees and to issue the relevant recommendations.

In 2022, no confirmed cases of discrimination were found in the ENEA Group.

9.2. Equal pay

ENEA Group companies observe the principle of equal pay for the same job.

The gender pay gap related to employees of selected ENEA Group companies working under employment contracts by employee category is as follows:

Employee group	Gender pay gap ¹⁾				
	ENEA S.A.	ENEA Operator	ENEA Wytwarzanie	ENEA Elektrownia Połaniec	ENEA Trading
Directors					
Employees under 30	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Employees aged 30-50	111%	116%	104%	Not applicable	Not applicable
Employees over 50	96%	139%	Not applicable	Not applicable	97%
Average pay of women/men	107%	123%	96%	Not applicable	94%
Junior managers, i.e. managers and their counterparts (including head foremen and dispatchers)					
Employees under 30	81%	Not applicable	Not applicable	Not applicable	Not applicable
Employees aged 30-50	94%	94%	87%	93%	49%
Employees over 50	93%	100%	106%	80%	88%
Average pay of women/men	96%	97%	91%	89%	68%

Employee group	Gender pay gap ¹⁾				
	ENEA S.A.	ENEA Operator	ENEA Wytwarzanie	ENEA Elektrownia Połaniec	ENEA Trading
Administrative staff					
Employees under 30	86%	84%	69%	84%	60%
Employees aged 30-50	86%	83%	75%	90%	92%
Employees over 50	89%	89%	74%	82%	69%
Average pay of women/men	85%	88%	72%	84%	74%
Operational staff					
Employees under 30	Not applicable	82%	81%	Not applicable	Not applicable
Employees aged 30-50	Not applicable	78%	71%	Not applicable	Not applicable
Employees over 50	Not applicable	80%	83%	Not applicable	Not applicable
Average pay of women/men	Not applicable	79%	77%	Not applicable	Not applicable

¹⁾ Basic salary plus additional amounts, such as seniority, bonuses including cash and share-based bonuses, benefit payments, overtime, equivalents, and any additional reimbursements or allowances (e.g., for commuting, child care, housing allowance). The reported data concern exclusively pays of employees working under employment contracts.

9.3. Customer privacy protection

The ENEA Group respects the privacy of its customers and protects the security of the data it stores, guided by the applicable laws and internal procedures in this area. As regards personal data security, the Group relies on ENEA Centrum, which ensures comprehensive support for IT processes, including administration of systems critical for cybersecurity. ENEA Group companies comply with the requirements of the GDPR and the key service operators act in accordance with the *Act on the National Cybersecurity System*. The Group has implemented advanced technical and organizational solutions enabling a quick and efficient management of cybersecurity incidents. The established structures counteract the potential materialization of risks, with a particular focus on the existing threats generated in connection with the necessity to adapt the security of ICT and industrial automation systems to the hybrid performance of work and the related threats arising from the present geopolitical situation in the world.

Pursuant to the GDPR requirements, Data Protection Officers have been appointed in Group companies. They monitor compliance with personal data protection regulations and are contact persons for any matters in that area, also for customers.

The following internal regulations ensure the correct protection of Customer data:

- *ENEA Group Information Security Policy,*
- *Personal Data Protection Policy in the ENEA Group,*
- *ICT Security Principles in the ENEA Group,*
- *Information Processing Principles in the ENEA Group,*
- *Personal Data Processing Principles in the ENEA Group,*
- *Risk Management Methodology for Cybersecurity of Key Services in the ENEA Group,*
- *Personal Data Processing Risk Methodology in the ENEA Group.*

Moreover, the companies adopt their own regulations, an example of which is the *Information Security Policy for ICT Systems at Lubelski Węgiel Bogdanka S.A.*

Both employees and external entities cooperating with the Group companies sign non-disclosure agreements (or confidentiality clauses) and personal data processing agreements. Employees' access to customers' personal data is limited to a necessary extent resulting from the discharged functions; physical access to rooms where documents with personal data are stored is also restricted. Documents which include personal data sent by electronic mail are password-protected and in the case of traditional mail, they are sent by registered letter with receipt confirmation. IT systems processing personal data operate only in internal networks such as intranet (without access to the Internet) and have necessary safeguards to protect the data.

Security of IT systems is subject to regular internal and external audits, which also cover identification and mitigation of risk connected with keeping the data confidential. In the companies, training courses are conducted on personal data protection and information security – for employees, trainees and people cooperating with the companies based on civil law agreements.

In 2022, the physical, information and ICT security services focused primarily on the process of improving employee skills in the area of the broadly defined security. The employees attended dedicated external and internal training. Furthermore, internal security campaigns for raising employee awareness of phishing attacks were launched last year.

In 2022, the ENEA Group CERT team responsible for responding to network security incidents, was awarded the GÉANT TF-CSIRT Trusted Introducer accreditation, which attests to high standards of professionalism. The team monitors cyberspace risks on an ongoing basis and responds appropriately, e.g. by introducing changes to the Group's security systems. Additionally, it maintains continuous contact with Polish and European CERT/CSIRT teams and implements their recommendations.

Breaches of personal data protection regulations in 2022.	Eligible for reporting to the President of the Personal Data Protection Authority	Ineligible for reporting to the President of the Personal Data Protection Authority	Total
By ENEA Group companies overall:	0	254	254
including ENEA S.A.	0	45	45

On 21 February 2022, the Voivodship Administrative Court upheld the decision of the President of the Personal Data Protection Authority, who – by the decision of 11 February 2021 – imposed an administrative fine of PLN 136,437 on ENEA S.A. in connection with finding a breach of Article 33(1) of Regulation 2016/679 consisting in a failure to report a personal data breach to the President of the Personal Data Protection Authority without undue delay, within 72 hours of finding the breach. The fine was paid on 15 March 2022.

10. Anti-corruption issues – description of due diligence policies and procedures and their results

The ENEA Group does not tolerate any form of corruption and does not make decisions on the basis of such actions. Employees of the Group companies as a matter of principle do not give or accept gifts from colleagues, business partners, social partners, potential customers or contractors.

The standards of conduct to mitigate the risk of corruption are provided in the *ENEA Group Compliance Policy* and the *ENEA Group Code of Ethics* as well as the *Code of Conduct for Contractors of the ENEA Group*. Additionally, guided by our commitment to ensuring high quality of our business relations, wishing to enhance and promote transparent, ethical and responsible market practices, we have developed the *Code of Conduct for Contractors of the ENEA Group* and published it on the Group's website, thus enabling contractors to become familiar with our expectations concerning the Group's operation areas that are of particular significance to us, such as e.g. anti-corruption issues. The acceptance of these expectations is confirmed from time to time by contractors in the provisions of the contracts we conclude with them.

The corruption prevention issues have been specified in more technical regulations, i.e.:

- The *Rules for Offering and Receiving Gifts in the ENEA Group*, which describe specific guidelines and limitations of offering and receiving gifts, including the nature of the gifts, value thresholds, relevant approvals and the extremely important "own judgment", which covers a list of questions an employee should answer before accepting or giving a gift in order to determine whether it is not inappropriate even if it is legally permissible. The *Rules* are applicable to all employees of the Group companies regardless of the form of employment, position held or function fulfilled;
- The *Policy for reporting breaches and protecting whistleblowers in the ENEA Group*, which comprehensively regulated the matters associated with reporting suspected violations, including corruption. The primary objective of the relevant regulation is to ensure that any signals of possible violations are received, thoroughly analyzed and properly managed, and the person who reports them trusting in their veracity is protected against potential retaliation;
- The *Rules for evaluating contractors in the General Purchasing Procurement Area*.

The elimination of breaches in this area is also expedited by appropriate provisions of internal acts of individual Group companies, such as the rules for awarding contracts (they include a requirement that persons performing activities in a procedure or who may influence its outcome or persons awarding contracts, in particular persons acting as managers of the contracting entity, members of the tender committee and experts, submit statements confirming the absence of any relations on their part with contractors participating in the tenders) or the work regulations.

The ENEA Group's anti-corruption system is compliant with the *Standards recommended for the compliance management system on counteracting corruption and the whistleblower protection system in companies listed on markets organized by the Warsaw Stock Exchange*.

An extremely significant component of the anti-corruption system is the building of a proper organizational culture within the Group, which is performed primarily by the ENEA S.A. Compliance Office. This objective is pursued, among other measures, through e-learning training for employees, promoting ethical and lawful behaviors, and through information campaigns aimed at continuous development of knowledge and awareness of employees regarding compliance with legal and market requirements, but also with moral standards. The Compliance Office actively participates in drafting internal regulations and issuing opinions on them from the compliance perspective, cooperates with the individuals involved in this area in ENEA Group companies and identifies and assesses potential risks of non-compliance, corruption and conflict of interest.

10.1 Selected anti-corruption activities in 2022

In 2022, the ENEA S.A. Compliance Office and the ENEA Group Compliance Officer, in their effort to continuously raise employee awareness of zero tolerance of any signs of corruption, created an information campaign in cooperation with the Department for Corporate Communication and Relations with the Socio-Economic Environment of the Group and an external advertising agency. As part of the campaign, the "Team of high principles #EneaJestFair" was established as a component of the educational campaign under the slogan "It is worth being fair, we all benefit from that!" The goal of the campaign is to promote good business practices, raise awareness of corruption prevention and build an organizational culture based on fairness. For the purpose of the campaign, the www.enea.pl/jestem-fair website was developed to inform about anti-corruption activities and regulations applicable at the ENEA Group as well as instructions for reporting potential violations. An animated movie with guidance on how to behave in corruptive situations was also created. Additionally, the topic of counteracting corruption was discussed in ENEA News, an internal news bulletin within the ENEA Group.

Furthermore, the ENEA Group launched a new cycle of e-learning training dedicated, among others, to counteracting corruption; the training is mandatory for all employees. Moreover, all Members of the ENEA S.A. Management Board have completed anti-corruption training.

The anti-corruption activities taken by ENEA Group companies will be published in the ESG report for 2022.

Outcomes of anti-corruption activities

No cases of corruption were recorded in ENEA Group companies in 2022.

Company	Percentage of management board members who were informed about anti-corruption policies and procedures	Percentage of management board members who took anti-corruption training	Percentage of employees who were informed about the company's anti-corruption policies and procedures	Percentage of employees who took anti-corruption training
ENEA S.A.	100%	100%	100%	100%
ENEA Ciepło – Head Office ¹⁾	100%	100%	100%	100%
ENEA Ciepło – Białystok Division	Not applicable	Not applicable	100%	100%
ENEA Elektrownia Połaniec	100%	100%	100%	98%
ENEA Bioenergia	100%	100%	100%	100%
ENEA Nowa Energia	100%	100%	100%	100%
ENEA Wytwarzanie	62%	62%	39% ²⁾	37% ²⁾
PEC Oborniki	100%	100%	100%	100%
MEC Piła	100%	100%	100%	100%
ENEA Połaniec Serwis	100%	100%	100%	33% ³⁾
ENEA Operator ⁴⁾	100%	73%	100%	61%
ENEA Trading	50%	50% ⁵⁾	100%	74% ⁶⁾
ENEA Innowacje	100%	100%	100%	100%
ENEA Serwis	100%	78%	100%	97%

Company	Percentage of management board members who were informed about anti-corruption policies and procedures	Percentage of management board members who took anti-corruption training	Percentage of employees who were informed about the company's anti-corruption policies and procedures	Percentage of employees who took anti-corruption training
ENEA Centrum	100%	100%	100%	97%
ENEA Pomiar	100%	75%	100%	100%
ENEA Logistyka	29%	29%	86%	85%
ENEA Oświetlenie	63% ⁷⁾	50% ⁷⁾	100%	79%
Lubelski Węgiel Bogdanka	36%	0	100%	0 ⁷⁾
ENEA ELKOGAZ ⁸⁾	67%	67%	100%	100%
Łęczyńska Energetyka	Not applicable	Not applicable	Not applicable	Not applicable
MR Bogdanka	100%	100%	11%	11%
RG Bogdanka	0%	100%	0%	0%

¹⁾ As of 3 October 2022, ENEA Ciepło acquired ENEA Ciepło Serwis, as a result of which, under Article 23¹ of the Labor Code, it took over 145 employees of ENEA Ciepło Serwis. Those individuals were trained after the transfer date.

²⁾ The data concern the employees with computer access enabling them to undergo the training in the form of e-learning. Other employees, in accordance with the ENEA Group Compliance Policy, are familiarized with the scope of the regulations and standards applicable at the ENEA Group by their direct superiors.

³⁾ The data on the company's employees who took anti-corruption training refer only to employees with computer access; the training was delivered in the form of e-learning.

⁴⁾ The data concern: a) 2,810 employees who were informed about the anti-corruption training in the form of e-learning. b) 1,711 employees without access to training in the form of e-learning, in accordance with the ENEA Group Compliance Policy, are familiarized with the scope of the regulations and standards applicable at the ENEA Group by their direct superiors. Moreover, employees are informed at induction training and via a newsletter if regulations are modified. As part of its communication with business partners, the company presents its basic expectations from all contractors as regards compliance of their activities with generally applicable laws, market and ethical standards on its website <https://www.operator.enea.pl/ospolce/podstawowe-informacje>.

⁵⁾ The Company does not report completion of training by Members of the Supervisory Board and hence the reported number of persons informed about / trained in anti-corruption issues is 4 (i.e. the former and present Members of the Management Board).

⁶⁾ All new employees are obliged to take a mandatory online anti-corruption training. In the course of the training, they are being familiarized with the ENEA Group's anti-corruption regulations and hence the number of persons informed about the anti-corruption policy and procedures is, as a rule, the same as the number of persons who have taken such training and is 100%. The reported percentage refers to the employees who took the new edition of the training (introduced in 2022).

⁷⁾ The vast majority of the company's employees are manual workers. The management staff were trained in anti-corruption issues.

⁸⁾ ENEA ELKOGAZ does not have an anti-corruption policy in place. When the company joins the ENEA Group, which is scheduled for 2023, all ENEA Group regulations will become applicable to it.

11. Non-financial key performance indicators of the ENEA Group

Area	Indicator	2020	2021	2022	Change 2022/2021
Economic	Taxes paid internationally, nationally and locally ¹⁾	PLN 734 million	PLN 986 million	PLN 575 million	-42%
	Payments to the state budget by virtue of dividends ²⁾	PLN 0 million	PLN 0 million	PLN 30 million	+100%
	Number of employees ³⁾	17,480	17,461	17,588	+0.7%
	Payroll and employee benefits	PLN 2.0 billion	PLN 2.1 billion	PLN 2.5 billion	+19%
	Confirmed incidents of corruption	0	0	0	-
	Total number of incidents of non-compliance with regulations governing marketing communication, including advertising, promotion and sponsorship	None reported	None reported	0	-

Area	Indicator	2020	2021	2022	Change 2022/2021
	Total number of court and administrative proceedings concerning breaches of principles of free competition or anti-monopoly regulations to which Group companies were a party	None reported	None reported	0	-
Environmental	Direct greenhouse gas emissions (Scope 1)	18,671,299 tons of CO ₂ ⁴⁾	22,415,951 tons of CO ₂ e	23,084,025 tons of CO ₂ e	+3%
	Indirect greenhouse gas emissions (Scope 2)	None reported	292,410 tons of CO ₂ e	270,244 tons of CO ₂ e	-8%
	Intensity of greenhouse gas emissions ⁵⁾	752 kg/MWh	764 kg/MWh	793 kg/MWh	+4%
	Generation of energy from renewable sources	2,392 GWh	2,415 GWh	1,949 GWh	-19%
	Amount earmarked for investments in the environmental area	PLN 272.5 million	PLN 156 million	PLN 80 million	-49%
	Amount of significant penalties imposed for non-compliance with environmental protection laws or regulations	0	0	0	-
Social	Total value of cash and in-kind donations ⁶⁾	None reported	PLN 5.0 million	PLN 9.7 million	+94%
	Number of fatalities involving the Group's employees and subcontractors	1 ⁷⁾	0 ⁷⁾	4 ^{7,8)}	-
	Number of discriminatory incidents	0	0	0	-
Customer-related	Trading Segment: number of individual customers (electricity and gaseous fuel consumers) ⁹⁾	2,565 thousand	2,615 thousand	2,681 thousand	+3%
	Distribution Segment: number of customers / electricity consumers ⁹⁾	2,661 thousand	2,703 thousand	2,753 thousand	+2%
	Sales of electricity and gaseous fuel to retail customers	21.1 TWh	24.5 TWh	23.7 TWh	-3%
	SAIDI – System Average Interruption Duration Index ¹⁰⁾	77 min	77 min	89 min	+14%
	SAIFI – System Average Interruption Frequency Index ¹⁰⁾	2.06	1.94	1.98	+0.5%
	Customer data breaches that qualified for reporting to the President of the Personal Data Protection Authority	0	3	0	-

¹⁾ Items from the Consolidated statement of comprehensive income: Taxes and charges, Current tax.

²⁾ Item from the Consolidated statement of cash flows: Dividends paid.

³⁾ Number of all employment contracts in the ENEA Group companies as at the last day of the year. Includes employees with a temporary suspension of employment, i.e. on parental leaves, unpaid leaves above 30 days and those receiving rehabilitation benefits. Employees on an unpaid leave in one Group company and at the same time working with another company under employment contracts are calculated twice.

⁴⁾ Total emissions related to the generation of energy by the Kozenice Power Plant, the Polaniec Power Plant, the Białystok CHP Plant, the "Zachód" Heat Plant, MEC Piła and PEC.

⁵⁾ Ratio of total CO₂ emissions associated with electricity generation to total gross electricity generation. In the case of the power plants in Kozenice and Polaniec, the calculations are based on total CO₂ emissions for sources that generate only electricity or cogenerate electricity and trace quantities of heat (for methodology reasons, it was impossible to break down the data for the former type of plants). In the case of MEC Piła and ENEA Ciepło, the presented data concern only CO₂ emissions related directly to the generation of electricity, i.e. they do not include emissions related to the generation of heat. Unit emissions for 2020 and 2021 were adjusted in relation to the values published earlier, thanks to the access to more precise data for MEC Piła and ENEA Ciepło.

⁶⁾ Total amount of funds provided by Group companies to the ENEA Foundation, the "Solidary Miners" Foundation and directly to other entities.

⁷⁾ No data available for employees of ENEA Serwis' subcontractors.

⁸⁾ No data available for employees of MEC Piła's subcontractors.

⁹⁾ As at the end of the reporting period.

¹⁰⁾ Reflects scheduled and unscheduled interruptions in electricity supply for high and medium voltages.

12. Indices of ESG content

Conformity of the Statement to the Accounting Act

Requirement of the Accounting Act	Chapter
Business model (Article 49b sec. 2 item 1)	Business model and 2030 Development Strategy
Non-financial key performance indicators (Article 49b sec. 2 item 2)	Non-financial key performance indicators of the ENEA Group
Non-financial policies and their results (Article 49b sec. 2 item 3)	
Policies in the environmental area	Environmental issues – description of due diligence policies and procedures and their results
Policies in the labor area	Labor issues – description of due diligence policies and procedures and their results
Policies in the social area	Social issues – description of due diligence policies and procedures and their results
Policies in the human rights area	Human rights issues – description of due diligence policies and procedures and their results
Policies in the anti-corruption area	Anti-corruption issues – description of due diligence policies and procedures and their results
Due diligence procedures model (Article 49b sec. 2 item 4)	Management of non-financial risks
Material non-financial risks and risk management (Article 49b sec. 2 item 5)	Management of non-financial risks

Conformity of the Statement to TCFD Recommendations

TCFD Recommendations	Chapter
GOVERNANCE	
Describe the oversight exercised by the management board and the supervisory board over climate-related risks and opportunities	Environmental issues – description of due diligence policies and procedures and their results
Describe the role of the management board and the supervisory board in assessing and managing climate-related risks and opportunities	Environmental issues – description of due diligence policies and procedures and their results
STRATEGY	
Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	Management of non-financial risks
Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	Management of non-financial risks
Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	Development strategy of the ENEA Group in the context of climate change
RISK MANAGEMENT	
Describe the organization's processes for identifying and assessing climate-related risks	Management of non-financial risks
Describe the organization's processes for managing climate-related risks	Management of non-financial risks
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	Management of non-financial risks
METRICS AND TARGETS	
Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	Environmental issues – description of due diligence policies and procedures and their results
Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	Environmental issues – description of due diligence policies and procedures and their results
Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	2030 Development Strategy

ESG indicators used recommended by the WSE

Area	Indicators	Chapter
ENVIRONMENT	Climate change	
	E-P1 Greenhouse gas emissions	Environmental issues – description of due diligence policies and procedures and their results
	E-P2 Energy consumption	Environmental issues – description of due diligence policies and procedures and their results
	EP-3 Climate-related risks and opportunities	Management of non-financial risks
	ES-1 Greenhouse gas emissions intensity	Environmental issues – description of due diligence policies and procedures and their results
	ES-2 Emission management	2030 Development Strategy
	Natural resources	
	ES-3 Water consumption	Environmental issues – description of due diligence policies and procedures and their results
	ES-4 Water resource management	Management of non-financial risks
	Pollution and waste	
ES-6 Waste management	Management of non-financial risks	
SOCIETY	Diversity	
	S-P1 Diversity in supervisory bodies	Labor issues – description of due diligence policies and procedures and their results
	S-P2 Equal pay ratio	Human rights issues – description of due diligence policies and procedures and their results
	S-P3 Employment turnover	Labor issues – description of due diligence policies and procedures and their results
	Headcount	
	S-P4 Freedom of association and collective negotiation	Labor issues – description of due diligence policies and procedures and their results
	S-S1 Occupational health and safety	Labor issues – description of due diligence policies and procedures and their results
	Human rights	
	S-P5 Human rights policy	Human rights issues – description of due diligence policies and procedures and their results
	S-P6 Due diligence procedures related to human rights	Human rights issues – description of due diligence policies and procedures and their results
GOVERNANCE	Business ethics	
	G-P2 Code of ethics	Human rights issues – description of due diligence policies and procedures and their results
	G-P3 Anticorruption policy	Anti-corruption issues – description of due diligence policies and procedures and their results
	G-P4 Whistleblowing mechanism	Human rights issues – description of due diligence policies and procedures and their results
	Data security and protection	
G-S1 Data protection policy	Human rights issues – description of due diligence policies and procedures and their results	

13. Appendices

Appendix 1 - Statement of profit and loss of ENEA Operator – FY 2022

[PLN 000s]	2021	2022	Change	% change
Revenue from sales of distribution services to end users	2,978,998	3,209,776	230,778	7.7%
Revenue from additional fees	4,547	3,807	-740	-16.3%
Revenue from non-invoiced sale of distribution services	24,211	12,919	-11,292	-46.6%
Clearing of the Balancing Market	3,522	64,904	61,382	1,742.8%
Grid connection fees	90,823	90,883	60	0.1%
Revenue from illegal electricity consumption	8,074	6,958	-1,116	-13.8%
Revenue from services	27,964	29,164	1,200	4.3%
Revenue from sales of distribution services to other entities	25,199	18,339	-6,860	-27.2%
Revenue from sales of goods and materials and other revenue	2,210	1,672	-538	-24.3%
Revenue from sales	3,165,548	3,438,422	272,874	8.6%
Depreciation of fixed assets and amortization of intangible assets	659,975	703,535	43,560	6.6%
Employee benefit costs	519,185	621,944	102,759	19.8%
Consumption of materials and supplies and cost of goods sold	35,813	39,889	4,076	11.4%
Purchase of energy for own needs and network losses	297,354	470,340	172,986	58.2%
Costs of transmission services	435,415	458,148	22,733	5.2%
Other third-party services	292,764	301,991	9,227	3.2%
Taxes and charges	242,982	292,741	49,759	20.5%
Tax-deductible expense	2,483,488	2,888,588	405,100	16.3%
Other operating revenue	62,822	111,403	48,581	77.3%
Other operating costs	36,185	52,876	16,691	46.1%
Profit/ (loss) on the sale and liquidation of property, plant and equipment	(1,774)	(3,419)	-1,645	-92.7%
Operating profit / (loss)	706,923	604,942	-101,981	-14.4%
Finance income	25,341	27,956	2,615	10.3%
Finance costs	61,720	223,784	162,064	262.6%
Profit / (loss) before tax	670,544	409,114	-261,430	-39.0%
Income tax	132,846	82,848	-49,998	-37.6%
Net profit / (loss) for the reporting period	537,698	326,266	-211,432	-39.3%
EBITDA	1,366,898	1,308,477	-58,421	-4.3%

ENEA Operator – key EBITDA drivers in 2022 (down by PLN 58.4 million):

(+) revenue from sales of distribution services to end users up by PLN 219 million – mainly as a result of higher rates in the approved 2022 tariff, with a 23 GWh decrease in volume

(-) costs of purchasing transmission and distribution services (balance) up by PLN 30 million

(-) costs of purchasing electricity to cover the balancing difference (balance) up by PLN 112 million, chiefly as a result of an increase in wholesale prices with delivery in 2022

(-) the increase in operating costs by PLN 166 million is mainly due to from higher employee benefit costs and higher costs of taxes and charges

(+) the increase in result on other operating activities by PLN 30 million is mainly due to remeasurement of provisions for grid assets and higher costs of removal of the effects of unexpected events – mass failures that occurred in Q1 2022.

Appendix 2 - Statement of profit and loss of ENEA Operator in Q4 2022

[PLN 000s]	Q4 2021	Q4 2022	Change	% change
Revenue from sales of distribution services to end users	755,399	810,013	54,614	7.2%
Revenue from additional fees	1,284	1,117	-167	-13.0%
Revenue from non-invoiced sale of distribution services	5,101	3,137	-1,964	-38.5%
Clearing of the Balancing Market	685	30,291	29,606	4,322.0%
Grid connection fees	27,271	29,833	2,562	9.4%
Revenue from illegal electricity consumption	1,461	1,529	68	4.7%
Revenue from services	6,879	7,349	470	6.8%
Revenue from sales of distribution services to other entities	6,142	4,063	-2,079	-33.8%
Revenue from sales of goods and materials and other revenue	871	791	-80	-9.2%
Revenue from sales	805,093	888,123	83,030	10.3%
Depreciation of fixed assets and amortization of intangible assets	164,744	177,406	12,662	7.7%
Employee benefit costs	132,906	175,544	42,638	32.1%
Consumption of materials and supplies and cost of goods sold	11,077	10,799	-278	-2.5%
Purchase of energy for own needs and network losses	77,781	120,651	42,870	55.1%
Costs of transmission services	110,976	117,938	6,962	6.3%
Other third-party services	85,781	87,055	1,274	1.5%
Taxes and charges	63,077	68,440	5,363	8.5%
Tax-deductible expense	646,342	757,833	111,491	17.2%
Other operating revenue	33,152	46,474	13,322	40.2%
Other operating costs	10,083	2,281	-7,802	-77.4%
Profit/ (loss) on the sale and liquidation of property, plant and equipment	(501)	(1,019)	-518	-103.4%
Operating profit / (loss)	181,319	173,464	-7,855	-4.3%
Finance income	20,349	1,559	-18,790	-92.3%
Finance costs	17,387	76,105	58,718	337.7%
Profit / (loss) before tax	184,281	98,918	-85,363	-46.3%
Income tax	36,583	20,392	-16,191	-44.3%
Net profit / (loss) for the reporting period	147,698	78,526	-69,172	-46.8%
EBITDA	346,063	350,870	4,807	1.4%

ENEA Operator – key EBITDA drivers in Q4 2022 (up by PLN 4.8 million):

(+) revenue from sales of distribution services to end users up by PLN 53 million – mainly as a result of higher rates in the approved 2022 tariff, with a 123 GWh decrease in volume

(-) costs of purchasing transmission and distribution services (balance) up by PLN 9 million

(-) the increase in costs of purchasing electricity to cover the balance-sheet difference (balance) by PLN 13 million resulted mainly from the higher price of electricity purchased under wholesale contracts and on the balancing market, with a lower volume

(+) revenue from grid connection fees up by PLN 3 million

(-) the increase in operating costs by PLN 49 million is mainly due to higher employee benefit costs

(+) the increase in result on other operating activities by PLN 21 million is mainly due to remeasurement of provisions for grid assets

Appendix 3 - Statement of profit and loss of ENEA Wytwarzanie in 2022

[PLN 000s]	2021	2022	Change	% change
Revenue from sales of electricity	5,403,391	8,004,233	2,600,842	48.1%
generation license	5,218,593	7,750,582	2,531,989	48.5%
trading license	151,166	210,316	59,150	39.1%
Regulatory System Services	33,632	43,335	9,703	28.9%
Revenue from the Capacity Market	613,931	634,326	20,395	3.3%
Revenue from certificates of origin	91	0	-91	-100.0%
Revenue from sales of heat	5,792	12,686	6,894	119.0%
Revenue from sales of other products and services	5,329	6,193	864	16.2%
Revenue from sales of goods and materials	27,620	33,789	6,169	22.3%
Net revenue from sales	6,056,154	8,691,227	2,635,073	43.5%
Revenue from leases and operating subleases	560	606	46	8.2%
Net revenue from sales and other income	6,056,714	8,691,833	2,635,119	43.5%
Depreciation of fixed assets and amortization of intangible assets	226,823	245,826	19,003	8.4%
Employee benefit costs	284,373	322,152	37,779	13.3%
Consumption of materials and supplies and cost of goods sold	4,203,572	7,329,471	3,125,899	74.4%
Purchase of energy for subsequent sale	450,640	824,637	373,997	83.0%
Transmission services	4	2	-2	-50.0%
Other third-party services	139,816	145,336	5,520	3.9%
Taxes and charges	80,247	85,111	4,864	6.1%
Tax-deductible expense	5,385,475	8,952,535	3,567,060	66.2%
Other operating revenue	27,518	34,933	7,415	26.9%
Other operating costs	11,209	18,068	6,859	61.2%
Profit / (loss) on the sale and liquidation of property, plant and equipment	939	20,482	19,543	2,081.3%
Impairment loss/(reversal of impairment loss) on non-financial non-current assets	0	(1,737)	-1,737	-100.0%
Operating profit / (loss)	688,487	(221,618)	-910,105	-132.2%
Finance income	51,467	82,151	30,684	59.6%
Finance costs	116,075	167,706	51,631	44.5%
Dividend income	121	0	-121	-100.0%
Profit / (loss) before tax	624,000	(307,173)	-931,173	-149.2%
Income tax	118,867	153,549	34,682	29.2%
Net profit / (loss) for the reporting period	505,133	(460,722)	-965,855	-191.2%
EBITDA	915,310	22,471	-892,839	-97.5%

ENEA Wytwarzanie – key EBITDA drivers in 2022 (down by PLN 892.8 million):

- (-) generation margin down by PLN 708.8 million
- (-) Balancing Market repurchase margin down by PLN 99.3 million
- (-) fuel stocktaking shortage of PLN 49.2 million
- (-) fixed costs up by PLN 43.2 million
- (-) trading margin down by PLN 32.4 million.
- (+) revenue from the Capacity Market up by PLN 20.4 million
- (+) revenue from Regulatory System Services up by PLN 9.7 million
- (+) other drivers up by PLN 10.0 million

Appendix 4 - Statement of profit and loss of ENEA Wytwarzanie in Q4 2022

[PLN 000s]	Q4 2021	Q4 2022	Change	% change
Revenue from sales of electricity	1,505,234	1,682,005	176,771	11.7%
generation license	1,460,784	1,605,316	144,532	9.9%
trading license	34,620	67,802	33,182	95.8%
Regulatory System Services	9,830	8,887	-943	-9.6%
Revenue from the Capacity Market	155,128	155,720	592	0.4%
Revenue from sales of heat	4,623	4,903	280	6.1%
Revenue from sales of other products and services	1,283	1,939	656	51.1%
Revenue from sales of goods and materials	7,311	6,651	-660	-9.0%
Net revenue from sales	1,673,579	1,851,218	177,639	10.6%
Revenue from leases and operating subleases	135	180	45	33.3%
Net revenue from sales and other income	1,673,714	1,851,398	177,684	10.6%
Depreciation of fixed assets and amortization of intangible assets	56,366	62,903	6,537	11.6%
Employee benefit costs	81,417	83,597	2,180	2.7%
Consumption of materials and supplies and cost of goods sold	1,143,319	2,531,025	1,387,706	121.4%
Purchase of energy for subsequent sale	136,982	217,223	80,241	58.6%
Transmission services	1	1	0	-
Other third-party services	40,820	44,252	3,432	8.4%
Taxes and charges	20,737	24,501	3,764	18.2%
Tax-deductible expense	1,479,642	2,963,502	1,483,860	100.3%
Other operating revenue	10,989	12,816	1,827	16.6%
Other operating costs	1,736	4,686	2,950	169.9%
Change in provision related to onerous contracts	0	1,093,731	1,093,731	100.0%
Profit / (loss) on the sale and liquidation of property, plant and equipment	875	20,364	19,489	2,227.3%
Operating profit / (loss)	204,200	10,121	-194,079	-95.0%
Finance income	43,802	34,480	-9,322	-21.3%
Finance costs	50,121	44,230	-5,891	-11.8%
Profit / (loss) before tax	197,881	371	-197,510	-99.8%
Income tax	36,490	203,099	166,609	456.6%
Net profit / (loss) for the reporting period	161,391	(202,728)	-364,119	-225.6%
EBITDA	260,566	73,024	-187,542	-72.0%

ENEA Wytwarzanie – key EBITDA drivers in Q4 2022 (down by PLN 187.5 million):

- (-) generation margin down by PLN 1,217.6 million
- (-) fuel stocktaking shortage of PLN 49.4 million
- (-) margin on repurchase from the Balancing Market down by PLN 12.5 million
- (-) fixed costs up by PLN 4.8 million
- (-) trading margin down by PLN 4.1 million.
- (-) revenue from Regulatory System Services down by PLN 0.9 million
- (+) revenue from the Capacity Market up by PLN 0.6 million
- (+) other drivers up by PLN 7.5 million
- (+) reversal of provisions related to onerous contracts of PLN 1,093.7 million

Appendix 5 - Statement of profit and loss of ENEA Elektrownia Połaniec – FY 2022

[PLN 000s]	2021	2022	Change	% change
Revenue from sales of electricity	2,755,638	4,394,559	1,638,921	59.5%
generation license	2,043,471	3,719,616	1,676,145	82.0%
trading license	701,443	652,230	-49,213	-7.0%
Regulatory System Services	10,724	22,713	11,989	111.8%
Revenue from the Capacity Market	247,458	248,355	897	0.4%
Revenue from certificates of origin	312,180	268,745	-43,435	-13.9%
Revenue from sales of heat	68,615	75,430	6,815	9.9%
Revenue from sales of other products and services	5,402	7,915	2,513	46.5%
Revenue from sales of goods and materials	1,899	4,589	2,690	141.7%
Excise duty	57	47	-10	-17.5%
Revenue from sales and other income	3,391,135	4,999,546	1,608,411	47.4%
Depreciation of fixed assets and amortization of intangible assets	84,505	103,064	18,559	22.0%
Employee benefit costs	79,737	88,903	9,166	11.5%
Consumption of materials and supplies and cost of goods sold	1,794,378	3,908,472	2,114,094	117.8%
Purchase of energy for subsequent sale	871,254	704,452	-166,802	-19.1%
Transmission services	403	365	-38	-9.4%
Other third-party services	237,893	279,722	41,829	17.6%
Taxes and charges	33,747	37,020	3,273	9.7%
Tax-deductible expense	3,101,917	5,121,998	2,020,081	65.1%
Other operating revenue	30,994	22,691	-8,303	-26.8%
Other operating costs	2,633	2,152	-481	-18.3%
Operating profit / (loss)	317,579	(101,913)	-419,492	-132.1%
Finance income	3,906	35,484	31,578	808.4%
Finance costs	10,771	38,042	27,271	253.2%
Dividend income	3,624	1,778	-1,846	-50.9%
Profit / (loss) before tax	314,338	(102,693)	-417,031	-132.7%
Income tax	58,484	-3,609	-62,093	-106.2%
Net profit / (loss) for the reporting period	255,854	(99,084)	-354,938	-138.7%
EBITDA	402,084	1,151	-400,933	-99.7%

ENEA Elektrownia Połaniec – key EBITDA drivers in 2022 (down by PLN 400.9 million):
System Power Plants Segment (EBITDA down by PLN 135.7 million):

- (-) generation margin down by PLN 202.7 million
- (-) fixed costs up by PLN 62.2 million
- (+) Balancing Market margin up by PLN 73.1 million
- (+) trading margin up by PLN 43.2 million
- (+) revenue from Regulatory System Services up by PLN 12.0 million
- (+) revenue from the Capacity Market up by PLN 0.9 million

RES Segment (EBITDA down by PLN 223.7 million):

- (-) RES energy production margin down by PLN 260.7 million
- (-) fixed costs up by PLN 6.9 million
- (+) Green Block's margin on sales of green certificate inventories up by PLN 44.0 million

Heat Segment (EBITDA down by PLN 41.4 million)

- (-) margin on heat down by PLN 40.4 million due to: cost of CO₂ up by PLN 21.9 million, cost of coal up by PLN 24.1 million, sales of heat up by PLN 4.9 million, production volume up by PLN 0.5 million
- (-) fixed costs up by PLN 1.0 million

Appendix 6 – Statement of profit and loss of ENEA Elektrownia Polaniec in Q4 2022

[PLN 000s]	Q4 2021	Q4 2022	Change	% change
Revenue from sales of electricity	870,317	1,034,056	163,739	18.8%
generation license	665,718	853,471	187,753	28.2%
trading license	203,039	172,214	-30,825	-15.2%
Regulatory System Services	1,560	8,371	6,811	436.6%
Revenue from the Capacity Market	62,098	58,620	-3,478	-5.6%
Revenue from certificates of origin	97,004	46,880	-50,124	-51.7%
Revenue from sales of heat	18,151	19,385	1,234	6.8%
Revenue from sales of other products and services	1,442	3,802	2,360	163.7%
Revenue from sales of goods and materials	354	1,367	1,013	286.2%
Excise duty	15	14	-1	-6.7%
Revenue from sales and other income	1,049,351	1,164,096	114,745	10.9%
Depreciation of fixed assets and amortization of intangible assets	24,216	27,061	2,845	11.7%
Employee benefit costs	22,964	23,143	179	0.8%
Consumption of materials and supplies and cost of goods sold	534,740	1,194,454	659,714	123.4%
Purchase of energy for subsequent sale	261,181	197,875	-63,306	-24.2%
Transmission services	98	97	-1	-1.0%
Other third-party services	62,342	74,086	11,744	18.8%
Taxes and charges	8,134	9,639	1,505	18.5%
Tax-deductible expense	913,675	1,526,355	612,680	67.1%
Other operating revenue	10,004	11,631	1,627	16.3%
Other operating costs	1,622	255	-1,367	-84.3%
Change in provision related to onerous contracts	0	217,761	217,761	100.0%
Operating profit / (loss)	144,058	(133,122)	-277,180	-192.4%
Finance income	3,079	18,010	14,931	484.9%
Finance costs	3,673	12,068	8,395	228.6%
Dividend income	10	0	-10	-100.0%
Profit / (loss) before tax	143,474	(127,180)	-270,654	-188.6%
Income tax	26,740	-8,005	-34,745	-129.9%
Net profit / (loss) for the reporting period	116,734	(119,175)	-235,909	-202.1%
EBITDA	168,274	-106,061	-274,335	-163.0%

ENEA Elektrownia Polaniec – key EBITDA drivers in Q4 2022 (down by PLN 274.3 million):

System Power Plants Segment (EBITDA down by PLN 196.3 million):

- (-) generation margin down by PLN 396.0 million
- (-) fixed costs up by PLN 4.2 million
- (-) revenue from the Capacity Market down by PLN 3.5 million
- (+) reversal of provisions related to onerous contracts of PLN 169.3 million
- (+) Balancing Market margin up by PLN 26.2 million
- (+) revenue from Regulatory System Services up by PLN 6.8 million
- (+) trading margin up by PLN 5.0 million

RES Segment (EBITDA down by PLN 58.0 million):

- (-) RES energy production margin down by PLN 122.8 million
- (-) fixed costs up by PLN 4.3 million
- (+) reversal of provisions related to onerous contracts of PLN 48.4 million
- (+) Green Block's margin on sales of green certificate inventories up by PLN 19.9 million
- (+) other variable expenses down by PLN 0.8 million

Heat Segment (EBITDA down by PLN 20.0 million)

(-) margin on heat down by PLN 19.4 million due to: cost of CO₂ up by PLN 6.2 million, cost of coal up by PLN 14.6 million, sales of heat up by PLN 1.4 million

(-) fixed costs up by PLN 0.6 million

Appendix 7 - Statement of profit and loss of LW Bogdanka Group in 2022 (data from the LW Bogdanka consolidation package)

[PLN 000s]	2021 ¹⁾	2022	Change	% change
Net revenue from sales	2,441,059	2,443,868	2,809	0.1%
Revenue from leases and operating subleases	8,171	7,816	-355	-4.3%
Revenue from sales and other income	2,449,230	2,451,684	2,454	0.1%
Depreciation of fixed assets and amortization of intangible assets	401,462	368,609	-32,853	-8.2%
Employee benefit costs	747,432	838,221	90,789	12.1%
Consumption of materials and supplies and cost of goods sold	398,256	490,220	91,964	23.1%
Other third-party services	385,709	413,274	27,565	7.1%
Taxes and charges	55,614	54,372	-1,242	-2.2%
Tax-deductible expense	1,988,473	2,164,696	176,223	8.9%
Other operating revenue	6,953	8,624	1,671	24.0%
Other operating costs	12,562	6,057	-6,505	-51.8%
Profit / (loss) on the sale and liquidation of property, plant and equipment	(35,252)	(47,564)	-12,312	-34.9%
Impairment loss/(reversal of impairment loss) on non-financial non-current assets	652	11,181	10,529	1,614.9%
Operating profit / (loss)	419,244	230,810	-188,434	-44.9%
Finance income	675	32,937	32,262	4,779.6%
Finance costs	8,345	13,573	5,228	62.6%
Profit / (loss) before tax	411,574	250,174	-161,400	-39.2%
Income tax	80,827	49,854	-30,973	-38.3%
Net profit / (loss) for the reporting period	330,747	200,320	-130,427	-39.4%
EBITDA	821,358	610,600	-210,758	-25.7%

¹⁾ Presentation change in accordance with the consolidated financial statements for 2022

LW Bogdanka Group – key EBITDA drivers in 2022 (down by PLN 210.8 million):

(-) lower revenue from sales of coal: lower volume of sales (-1,636 thousand tons; -16.3%) and higher price of coal sold

(-) higher employee benefit costs – a rise in salaries and a bonus payment to employees arising under a salary agreement with social stakeholders

(-) higher costs of consumption of materials and supplies – an increase in the prices of materials and electricity

(-) higher costs of third-party services - higher rates for third-party services, different scope of work contracted to external companies

(+) in 2022, the value of inventories vs. the beginning of the year²⁾ increased by PLN 1.2 million (capitalization of operating costs of the period); while in 2021 the value of inventories vs. the beginning of the year fell by PLN 21.3 million (operating costs of the period increased)

²⁾ impact on presented costs = technical coal production cost allocated according to the current structure * change of coal inventory volume in the analyzed period

Appendix 8 - Statement of profit and loss of LW Bogdanka Group in 2022 (data from the LW Bogdanka consolidation package)

[PLN 000s]	Q4 2021 ¹⁾	Q4 2022	Change	% change
Net revenue from sales	726,728	419,651	-307,077	-42.3%
Revenue from leases and operating subleases	1,990	1,949	-41	-2.1%
Revenue from sales and other income	728,718	421,600	-307,118	-42.1%
Depreciation of fixed assets and amortization of intangible assets	106,164	94,248	-11,916	-11.2%
Employee benefit costs	192,735	209,010	16,275	8.4%
Consumption of materials and supplies and cost of goods sold	120,031	138,402	18,371	15.3%
Other third-party services	120,481	107,630	-12,851	-10.7%
Taxes and charges	13,226	11,148	-2,078	-15.7%
Tax-deductible expense	552,637	560,438	7,801	1.4%
Other operating revenue	4,351	671	-3,680	-84.6%
Other operating costs	6,629	1,577	-5,052	-76.2%
Profit / (loss) on the sale and liquidation of property, plant and equipment	(3,286)	(19,700)	-16,414	-499.5%
Impairment loss/(reversal of impairment loss) on non-financial non-current assets	565	6,690	6,125	1,084.1%
Operating profit / (loss)	169,952	(166,134)	-336,086	-197.8%
Finance income	427	11,573	11,146	2,610.3%
Finance costs	1,879	2,524	645	34.3%
Profit / (loss) before tax	168,500	(157,085)	-325,585	-193.2%
Income tax	32,065	-28,581	-60,646	-189.1%
Net profit / (loss) for the reporting period	136,435	(128,504)	-264,939	-194.2%
EBITDA	276,681	-65,196	-341,877	-123.6%

¹⁾ Presentation change in accordance with the consolidated financial statements for 2022

LW Bogdanka Group – key EBITDA drivers in Q4 2022 (down by PLN 341.9 million):

- (-) lower revenue from sales of coal: lower volume of coal sales (-1,549 thousand tons; -55.5%) with concurrently higher prices of steam coal in contracts
- (-) higher employee benefit costs – due to a rise in salaries agreed with social stakeholders and an increase in secondary components
- (-) higher costs of consumption of materials and supplies – an increase in the prices of materials and electricity
- (-) lower costs of third-party services - different scope of work contracted to external companies; higher prices of third-party services
- (+) lower taxes and charges – lower mining fee in connection with lower production of coal
- (+) in Q4 2021, the level of coal inventories dropped by 360 thousand tons (allocation of coal production costs of PLN 63.6 million to costs of the period²⁾); during Q4 2022, the inventories fell by 5 thousand tons.

²⁾ impact on presented costs = technical coal production cost allocated according to the current structure * change of coal inventory volume in the analyzed period

14. Glossary of terms and abbreviations

This is a glossary of terms and abbreviations used in this report. Definitions and calculation methodologies of alternative performance measures are the same as the definitions and calculation methodologies of the same measures used in the activity reports / additional information forming part of ENEA Group's previous periodic reports. Some of the definition may also be included in the glossary of terms and abbreviations available on the Company's website at <https://ir.enea.pl/slownik>.

Information on the individual measures calculated for respective reporting periods is monitored on a regular basis and presented in the Company's successive periodic reports. The presented measures are typical ratios used in financial analysis with special consideration of the industries, in which the ENEA Group operates.

Financial ratios	Item
CAPEX	Capital expenditures on property, plant and equipment, intangible assets and right-to-use asset
Current receivables turnover in days	Average balance of trade and other receivables x days / Revenue from sales and other income
Trade and other payables turnover in days	Average balance of trade and other payables x days / Cost of products, goods and materials sold
Inventory turnover in days	Average balance of inventories x days / Cost of products, goods and materials sold
Net debt / EBITDA	(Loans, borrowings and non-current and current debt securities + non-current and current finance lease liabilities + non-current and current financial liabilities measured at fair value - cash and cash equivalents - non-current and current financial assets at fair value - non-current and current debt financial assets measured at amortized cost - other current investments) / EBITDA LTM
EBITDA	Operating profit (loss) + depreciation and amortization + impairment losses on non-financial non-current assets
EBITDA LTM	EBITDA for the last 12 months
EBIT	Operating profit (loss)
External financing	Sum of the following items of the Statement of cash flows: Loans and borrowings received, Issue of bonds, Repayment of loans and borrowings, Redemption of bonds
Operating expenses	Depreciation and amortization; Employee benefit costs Consumption of materials and supplies and cost of goods sold; Purchase of energy and gas for subsequent sale; Transmission services; Other third-party services; Taxes and charges
Cost of goods and materials sold	Consumption of materials and supplies and cost of goods sold; Purchase of energy for resale; Transmission services; Other third-party services; Taxes and charges; Excise duty
Fixed costs	Costs that are independent of the electricity production volume. In the power plant, these costs include: payroll costs and charges, depreciation and amortization, costs of consumption of materials and supplies, costs of third-party services, costs of taxes and charges and other fixed costs
Own costs	Direct and indirect selling costs of ENEA S.A. and ENEA Trading
Margin on heat	Margin on sales of heat calculated as the difference between revenue from sales of heat and its variable production costs
Margin on trading	Difference between revenue from sales and cost of electricity purchased in trading operations
Margin on RES energy production	Margin on sales of energy and production of green certificates from the Green Unit, calculated as the difference between revenue from sales of energy and from the valuation of certificates produced and the variable costs of producing them
Margin on the Balancing Market	Difference between revenue from sales and cost of electricity purchased on the Balancing Market
Margin on generation	Difference between revenue from sales of electricity produced and revenue from certificates, and the variable costs related to production of that electricity
Margin on licensed activity	Margin on licensed activity is a management indicator incorporating revenues and costs related to business activity involving distribution of electricity to customers located in a specific area. Those include primarily: revenue from sales of distribution services to end users, costs of transmission and distribution services, costs of electricity purchased to cover the balancing difference and for own needs, revenue from grid connection fees for connection to ENEA Operator's grid.
Green Unit's margin on sales/remeasurement of green certificate inventories	Margin on the sale of green certificates from the Green Unit calculated as a difference between revenue from sales and the cost of sales of the certificates, which takes into account the updated inventories of green certificates, i.e. the updated average weighted price of the inventory of certificates to market price in case their market price drops significantly
Coverage of non-current assets with equity	Equity / Non-current assets
Operating profitability	Operating profit (loss) / Revenue from sales and other income
Return on equity (ROE)	Net profit (loss) for the reporting period / Equity
Return on assets (ROA)	Net profit (loss) for the reporting period / Total assets
Net profitability	Net profit (loss) for the reporting period / Revenue from sales and other income
EBITDA profitability	EBITDA / Revenue from sales and other income

Adjusted first contribution margin	Margin on retail trading of electricity and gaseous fuel earned by ENEA S.A., presented together with wholesale sales of ENEA Trading adjusted for presentation by other conditional factors, such as costs of provisions for claims of terminated PMOZE agreements, revenues and costs from sales and purchases of CO ₂ emission allowances, valuation of CO ₂ contracts, forward transactions for energy, gas and property rights presented in operating activities.
Result on other operating activities	Result on the following items: Other operating revenue, Other operating costs, Profit/loss on a change, sale and liquidation of property, plant and equipment
Current liquidity ratio	Current assets / Current liabilities
Total debt ratio	Total liabilities / Total assets
Change in working capital	An item of the statement of cash flows

Abbreviation/term	Item
Advanced Metering Infrastructure (AMI)	Advanced Metering Infrastructure, advanced metering and billing systems with two-way metering and billing.
Capacity auction	A mechanism introduced by the Capacity Market Act of 8 December 2017 (Journal of Laws 2020, Item 247). In capacity auctions, electricity producers offer the operator a capacity obligation for the duration of a delivery period, which means that they undertake to maintain readiness in the delivery period to deliver the specified electric power output to the system and to deliver the specified electric power output to the system in emergency periods.
BAT	Best Available Techniques – a document drawing conclusions on best available techniques for the installations concerned and indicating the emission levels associated with the best available techniques.
OHS	Occupational health and safety
CDS (Clean dark spread)	Difference between revenue from sales of electricity produced and the variable costs related to production of that electricity (unit CO ₂ cost and unit cost of coal including transportation).
Baseload price (BASE)	Contract price for delivery of the same volume of electricity in each hour of the day
CO	Carbon monoxide
CO₂	Carbon dioxide
Compliance	Assurance of compliance of the organization's activities with the applicable law and internal regulations.
COSO	Committee of Sponsoring Organizations of the Treadway Commission – a United States-based private sector organization. According to COSO, external and internal auditors monitor and issue opinions on the company's internal control system and run impartial reviews of compliance with applied policies.
CSR (Corporate Social Responsibility)	Corporate Social Responsibility. Responsibility of an organization for the impact exerted by its decisions and actions on society and the environment; it is ensured by transparent and ethical conduct, which: <ul style="list-style-type: none"> – contributes to sustainable development, including wellbeing and health of the society, – takes stakeholder expectations into account, – complies with the applicable law and consistent with international standards of conduct, – is integrated with the organization's activities and is practiced in its relations.
CSIRE	Central Energy Market Information System
IED	Directive 2010/75/EU of the European Parliament and of the Council of 24 November 2010 concerning industrial emissions. It tightens the standards for emissions of sulfur dioxide, nitrogen oxides and dust from combustion plants
Employer branding	Activities undertaken by a company to build its image as an attractive employer.
ENVI	Committee on the Environment, Public Health and Food Safety
EUA	EU Emission Allowance - emission allowance under the European Emissions Trading System
EU ETS European Emissions Trading System	Carbon emission allowance market. It is the foundation of the European policy to combat climate change and aims to reduce greenhouse gas emissions in a cost-effective and economically efficient manner.
FDIR	Fault Detection, Isolation, Restoration, a system enabling automatic detection of faults, isolation of the damage site and restoration of power supply.
Circular economy (GOZ)	A concept, in which products, materials and raw materials remain in economy for as long as possible and waste, if created, is treated as secondary resource.
GWh	Gigawatt-hour
GJ	Gigajoule
HCL	Hydrogen chloride
HF	Hydrogen fluoride
Hg	Mercury
HR	Human resources
ICE	Platform for trading EU CO ₂ Emission Allowances (EUAs) and Certified Emission Reduction units (CERs) on the futures market

ICT	Information and Communication Technologies.
IRGIT	Izba Rozliczeniowa Gield Towarowych S.A.
Stakeholder	A person or group of persons interested in decisions or activities of an organization. A stakeholder is anyone who influences an organization and anyone influenced by it.
FGD	Flue gas desulphurization and heavy metal reduction installation.
IT	Information technology. Computer hardware and software as well as tools and other techniques related to the collection, processing, transmission, storage, protection and presentation of information.
Combined heat and power generation	A technological process of simultaneous generation of electricity and useful thermal energy in a CHP plant
Polish Power System (KSE)	A collection of devices used to generate, transmit, distribute, store and use electricity, connected together in a functional system supporting continuous and uninterrupted supply of electricity in Poland.
SDC	Sustainable Development Criteria System Book
LULUCF	Political agreement in the matter of increasing the contribution of the Land Use, Land-Use Change and Forestry sector.
Supply chain	A sequence of actions or parties supplying products or services to an organization.
Value chain	A sequence of actions taken by a company to develop, create, sell and deliver a product or service and then provide after-sales services.
Location-based method	A method of estimating Scope 2 greenhouse gas emissions, which uses the average emission intensity in a given geographic region.
Mg	Megagram, or a ton.
Mobbing	Bullying, persistent harassment and intimidation, psychological violence against a subordinate or co-worker in the workplace.
MWe	Megawatt of electrical power
MWh	Megawatt-hour (1 GWh = 1,000 MWh)
MW_t	Megawatt of thermal power
NH₃	Ammonia.
Nm³	Normalized cubic meter of gas, i.e. the number of cubic meters that the gas would occupy in normal conditions.
LV	Low voltage grid supplying individual users with 50 Hz alternating current at 230 V phase voltage.
NO_x	Nitrogen oxides
Transmission System Operator (TSO)	Polskie Sieci Elektroenergetyczne S.A., a company wholly-owned by the State Treasury, which owns highest voltage grids and therefore is the operator of the power transmission system.
OIRE	Energy Market Information Operator
Origination	ENEA Trading's commercial activity involving predominantly the execution of non-standard purchases of electricity from generators other than direct participants of the wholesale market, obtained from renewable energy sources and other distributed sources, such as cogeneration plants, incineration plants and industrial plants. The electricity purchased by ENEA Trading is then sold on the wholesale electricity market or is used by the ENEA Group.
DSO	Distribution System Operator
DSOn	A Distribution System Operator, whose distribution network has no direct connection with the TSO's transmission network.
RES	Renewable energy sources
PJ	Petajoule
PKZP	Employee Loan and Benefit Fund
PMOZE	Property rights under certificates of origin for energy from renewable sources
PSCM11	Reflects the price level of class 20-23/1 fine steam coal in sales to commercial and industrial energy sector.
Prop-Trading	ENEA Trading's activity consisting of trading in contracts listed on commodity exchange markets on the company's own account.
Prosumer	A person who generates electricity from renewable energy sources for own needs using a micro-installation, capable of storing energy and transferring surplus energy to the power grid
PSZW	The only location permit for the erection and use of artificial islands, structures and devices for offshore wind farms. It specifies the boundaries of the body of water that can be used for the development and operation of offshore wind farms and defines all the elements that are part of an offshore wind farm that can be located in that marine area
EP	Environmental policy
PV	Photovoltaics

Employee Council	Employee representation body established by the Act of 7 April 2006 on Informing Employees and Consultations with Them (Journal of Laws 2006 No. 79 Item 550). Employee Council should be established in employers who conduct business activity and have at least 50 employees. This obligation does not apply among others to employers subject to the provisions of the Act who had signed, by 24 May 2006, an agreement with employee representatives ensuring the degree of information and consultation at least equal to the conditions required by the act.
RDF	Refuse Derived Fuel - fuel produced from waste with a high calorific value.
DAM	Day-Ahead Market (DAM) has been operating since 30 June 2000. It is a spot electricity market in Poland. Since the beginning of quotation, DAM prices are a benchmark for energy prices in bilateral contracts in Poland. The DAM is intended for the companies that want to actively and safely close their electricity purchase/sales portfolios on an ongoing basis at particular hours of the day
REPowerEU	The European Commission's plan to reduce Europe's dependence on Russian fossil fuels before 2030.
Balancing market	Technical market operated by TSOs. Its objective is to ensure real-time balancing of demand for electricity and its production in the Polish Power System (NPS)
SPOT market	Cash market (spot)
Forward market	Electricity market where forward products are listed
SAIDI	System Average Interruption Duration Index – index of the system average duration of a long and very long interruptions (expressed in minutes per Customer)
SAIFI	System Average Interruption Frequency Index – indicator of the system average frequency of long interruptions in energy supply (expressed in the number of interruptions per Customer)
SCO	Automatic load-shedding
SCR (Selective Catalytic Reduction)	Catalytic flue gas denitrification installation – it operates based on the principle of reduction of nitrogen oxides to atmospheric nitrogen on the surface of a catalyst, using substances containing ammonia.
Smart Grid	Smart electrical grids, which feature communication between all the participants on the energy market, in order to supply energy services at lower costs, enhance efficiency and integrate dispersed energy sources, including renewable energy sources.
MV	Medium voltage grid, in which the phase-to-phase voltage ranges from 1 kV to 60 kV
SO₂	Sulfur dioxide
SZŚ	Environmental management system
EU Taxonomy	Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment
POLPX	Polish Power Exchange
TWh	Terawatt-hour
ERO	Energy Regulatory Office
Energy Law	The Energy Law Act of 10 April 1997
HV	High voltage grid. An electric power transmission grid, in which the phase-to-phase voltage ranges from 60 to 200 kV (in Poland: 110 kV). This grid is used to transmit electricity over large distances.
RAB	Regulatory Asset Base
Scope 1	Direct CO ₂ emissions resulting from fuel combustion in stationary or mobile sources owned by an organization or under its control, emissions resulting from manufacturing or processing or fugitive emissions of coolants.
Scope 2	Electricity indirect CO ₂ emissions resulting from the generation of consumed electricity, heat, processing steam and cooling, purchased or supplied from outside.
Scope 3	Other indirect CO ₂ emissions created in the company's entire value chain, e.g. in the production of raw materials, semi-finished products, management of waste, transportation of raw materials and products, business trips of employees or the use of products by final users.
Sustainable development	Development that meets the needs of the present without compromising the ability of future generations to meet their own needs and considers the expectations of the surrounding communities and societal, environmental and economic challenges. It enables permanent increase of the value of an organization and rational management of resources.
Internal Collective Bargaining Agreement	An agreement between an employer and trade unions, which defines, among others, duties of the employer towards employees and guaranteed employee rights.



Signatures of the Management Board

Date of approval and publication of the "Management Board Report on the Activity of ENEA S.A. and the ENEA Group in 2022"

– 22 March 2023

Signed by:

President of the Management Board

Paweł Majewski

Management Board Member for Financial Matters

Rafał Mucha

Management Board Member for Operational Matters

Marcin Pawlicki

Member of the Management Board for Corporate Matters

Dariusz Szymczak

Management Board Member for Strategy and Development

Lech Żak