



Energa

**Our
Responsibility
2015**

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On the Group



1. Energia – Our Responsibility 2015

1.1. Letter from the President of the Energia SA Management Board on the “Our Responsibility 2015” CSR Report

Dear Stakeholders,

I would like to convey to you “Our Responsibility 2015” report summarizing the Energia Group’s key achievements in sustainable development and corporate social responsibility.

The philosophy of responsible business has been present in all areas of the Group’s activity for many years now. We want to build our future in a predictable and responsible manner, maintaining balance between what is required for the Group’s growth, our stakeholders’ expectations and protection of the natural environment. This is why our social engagement is demonstrated by our care for good relations, dialog with local communities, ethical management and respect for human rights and in our responsibility for the environment and various educational programs and charitable activities.

The “Our Responsibility 2015” report presents not just the ratios describing the Group companies’ CSR activity but also, for the first time, we additionally present the impact our actions exert on the society, environment and economy. As it evaluated these effects – resulting directly from the Energia Group’s activities and indirectly from its relationships with customers, employees, supply chain entities and other stakeholders, the Energia Group was able to get a clearer picture of the values its activities foster in sustainable development and corporate social responsibility. We present the results of our analysis in this report.

Last year, we undertook several investment and organizational projects in keeping with our CSR strategy and created partner relations with our customers and other stakeholders. We want to improve our pro-customer organizational culture and be a reliable electricity supplier for all our customers. This is why we underwrite capital expenditures that have significantly limited the number and duration of interruptions in recent years. Our infrastructure investments have helped develop local and regional initiatives and contributed to the creation of new companies and jobs by stimulating business activity.

We have placed significant emphasis on customer education, as shown by our involvement in the national campaign against unfair market practices employed by certain companies operating in our sector. We have also accepted the “Code of Best Practices” guaranteeing clear and transparent rules for signing contracts with our customers.

The Group supports strategic goals in its changing organizational culture based on a modern human resources management policy. We are making sure that our employees identify with the Group and have a sense of satisfaction from working in its member companies. We want to offer our employees a safe and friendly workplace, growth opportunities and work life balance. We strive to ensure that our organizational culture is consistent with ethical principles. This is why we have adopted and are implementing the “Energia Group’s Code of Ethics”. It contains the key values and defines the proper behavior expected of employees in their contacts with clients, business partners and in internal relations with other Group employees.

The business could not be effectively conducted without caring for sustainable development, which assumes that natural resources are used giving consideration to present and future generations. We have been improving our environmental management systems using best market practices, as

demonstrated by the implementation of the Environmental Management System consistent with the EMAS (*Eco-Management and Audit Scheme*) Regulation adopted by the European Parliament. In 2015, an independent certification institution conducted a third party review of the management system in place. In October 2015, the Group's key companies received the ISO 14001:2004 certificate.

We have undertaken to abide by rules concerning human rights, labor standards, environmental protection and combating corruption – by joining the UN Global Compact, the largest UN initiative in the world supporting corporate social responsibility and sustainable development.

What is more important, our CSR efforts are appreciated by the market, backed up by Energa SA being in the prestigious RESPECT Index on the Warsaw Stock Exchange.

We will devote the coming months to doing in-depth analyses and we will work on updating the Group's strategy. We want it to be closely aligned to the new market context and our customers' expectations and also to fulfill the strategic goals set by Poland's new energy policy. We do hope that the newly-created Energy Ministry will ensure the entire sector's sustainable development, balancing the interests of all market participants.

Investments in modern infrastructure, smart grid development and reverting to expanding the Group's generation potential in renewable energy sources (RES), co-generation and conventional power are important factors contributing to energy security in the region where we operate. We believe that the development of our own generation sources will not only increase the stability of supply but also allow us to prepare an even more attractive price offering for customers and strengthen the Energa Group's position on the electricity and heat sales and distribution market. We want to combine our ambitious goals with continuous improvement in the quality of service to garner customer satisfaction and shareholder confidence.

One should remember, however, that sustainable development also requires us to build the organization from within. We are searching together for the best solutions and removing unnecessary barriers, but mainly we want to promote openness and mutual trust, enabling us to tap into the unfettered potential of our employees. I believe that together we will achieve success and our shareholders, our customers and above all Energa Group employees will reap the benefits.

I would like to encourage you to peruse "Our Responsibility 2015" report.

I hope that the Energa Group's achievements will pique your interest.

Respectfully,

Dariusz Kaśków, President of the Energa SA Management Board

1.2. Company profile

About the Energa Group

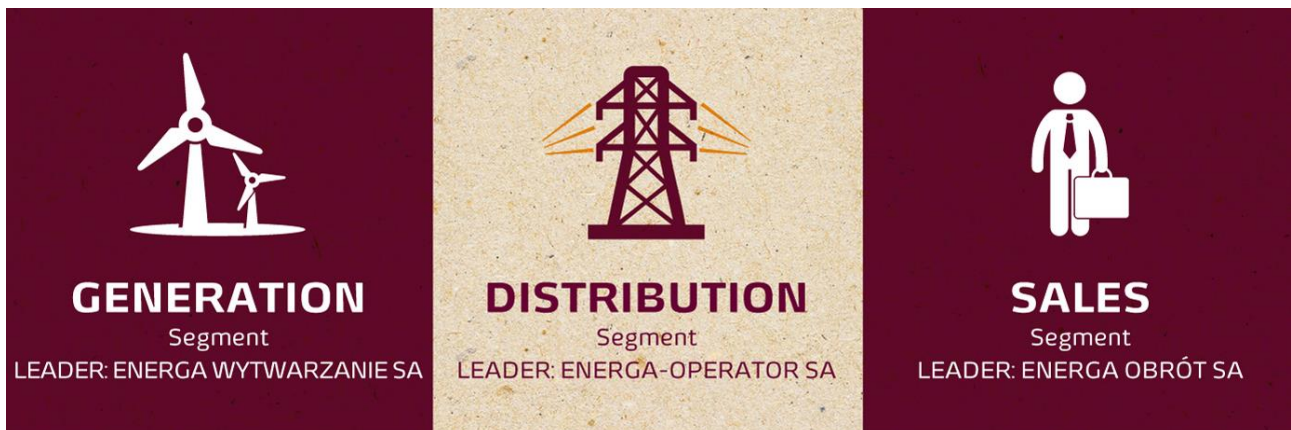
Energa is an interregional group consisting of companies serving the electricity and heat value chain from generation to sales to end users. Energa SA is the parent company that initiates, coordinates and controls the electricity value chain and has its registered office in Gdańsk. Its shares are listed on the Warsaw Stock Exchange and belong to the index of Poland's largest companies (WIG20) and the RESPECT Index.

The Group's business model is predicated on operating in three highly specialized segments accompanied by companies supporting their core activity. The allocation of powers and responsibilities enables cooperation and mutual support of respective segments and companies and also allows us to focus on activities that drive the Group's value and growth. This, in turn, makes it a strong and modern organization and positions the Energa Group as one of the main players on Poland's energy market.

Effective structure

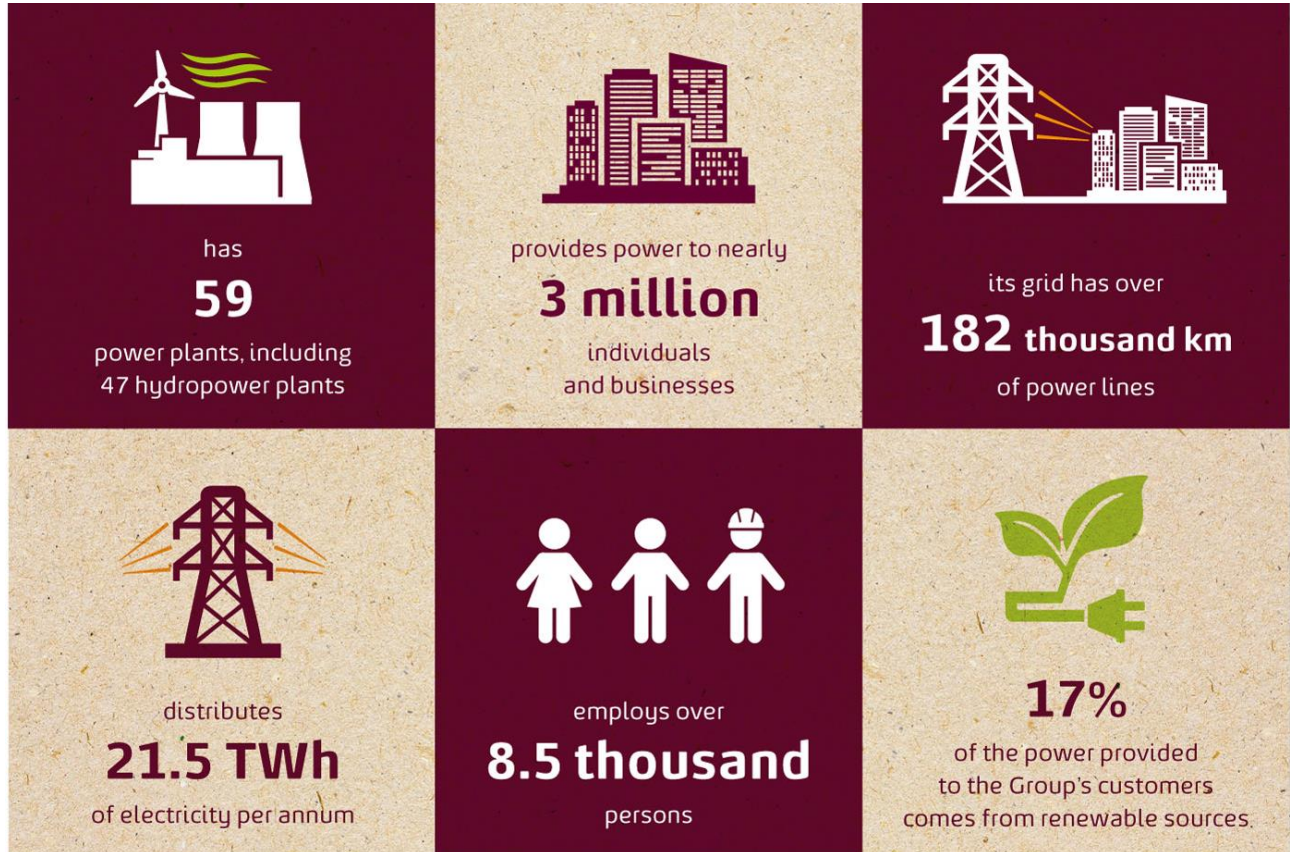
Energa SA is responsible for setting goals and monitoring their execution.

Energa Group companies operate in three segments:



Main products and services**Energa Group's business highlights**

Energa Group is one of three largest electricity suppliers in Poland.

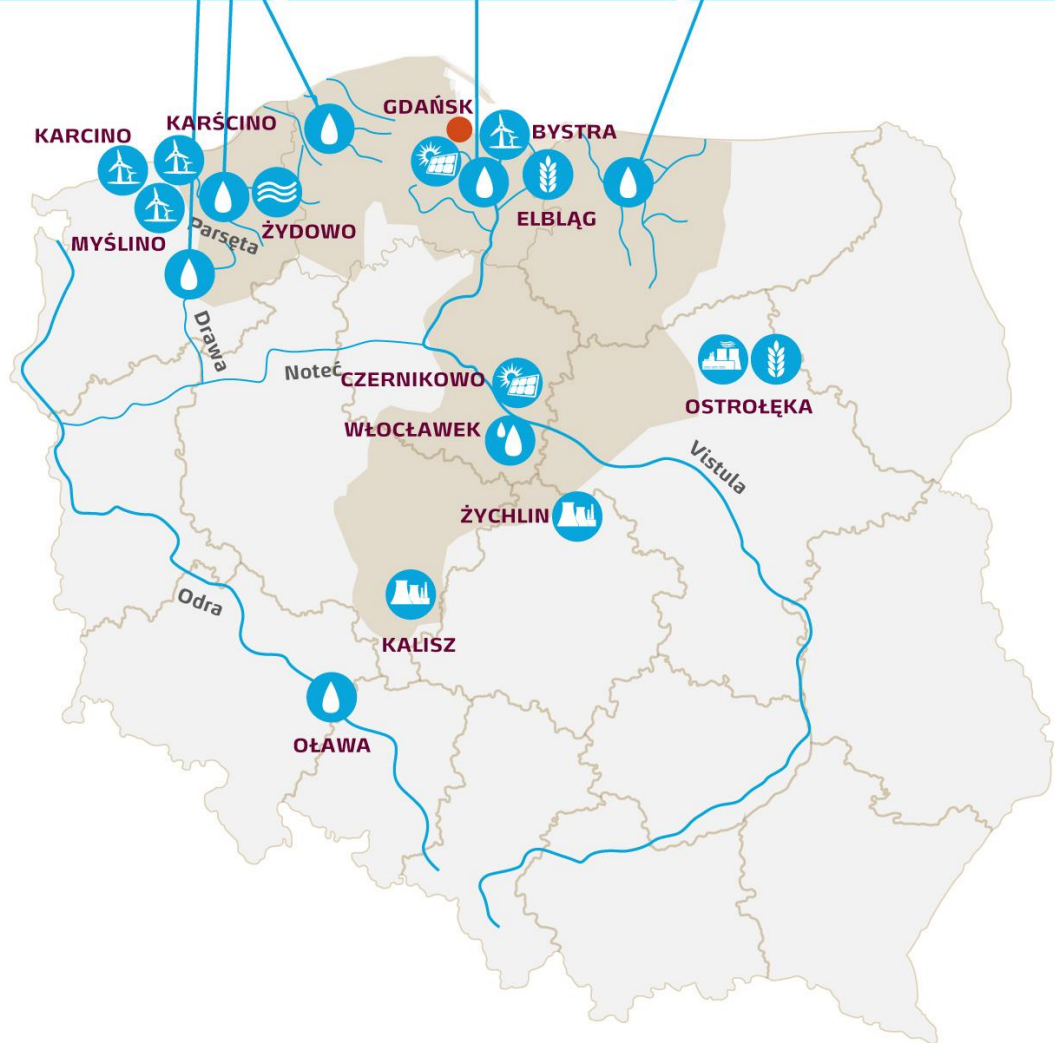













Location

19  on the rivers: Radew, Drawa, Wieprza, Studnica, Słupia, Skotawa, Łupawa, Parsęta

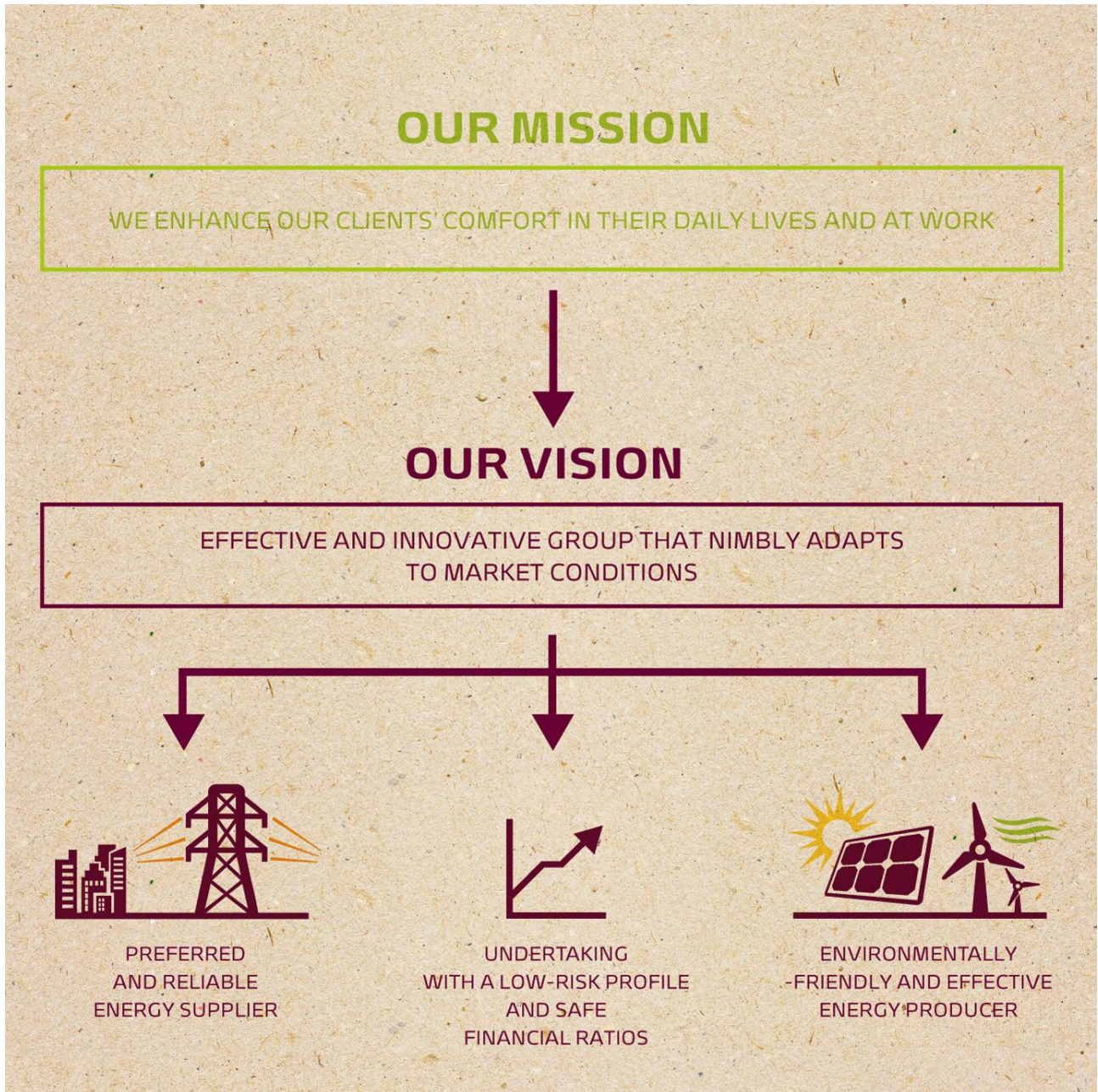
14  on the rivers: Wierzyca, Radunia, Nogat

10  on the rivers: Pastęka, Łyna, Wadąg, Walsza

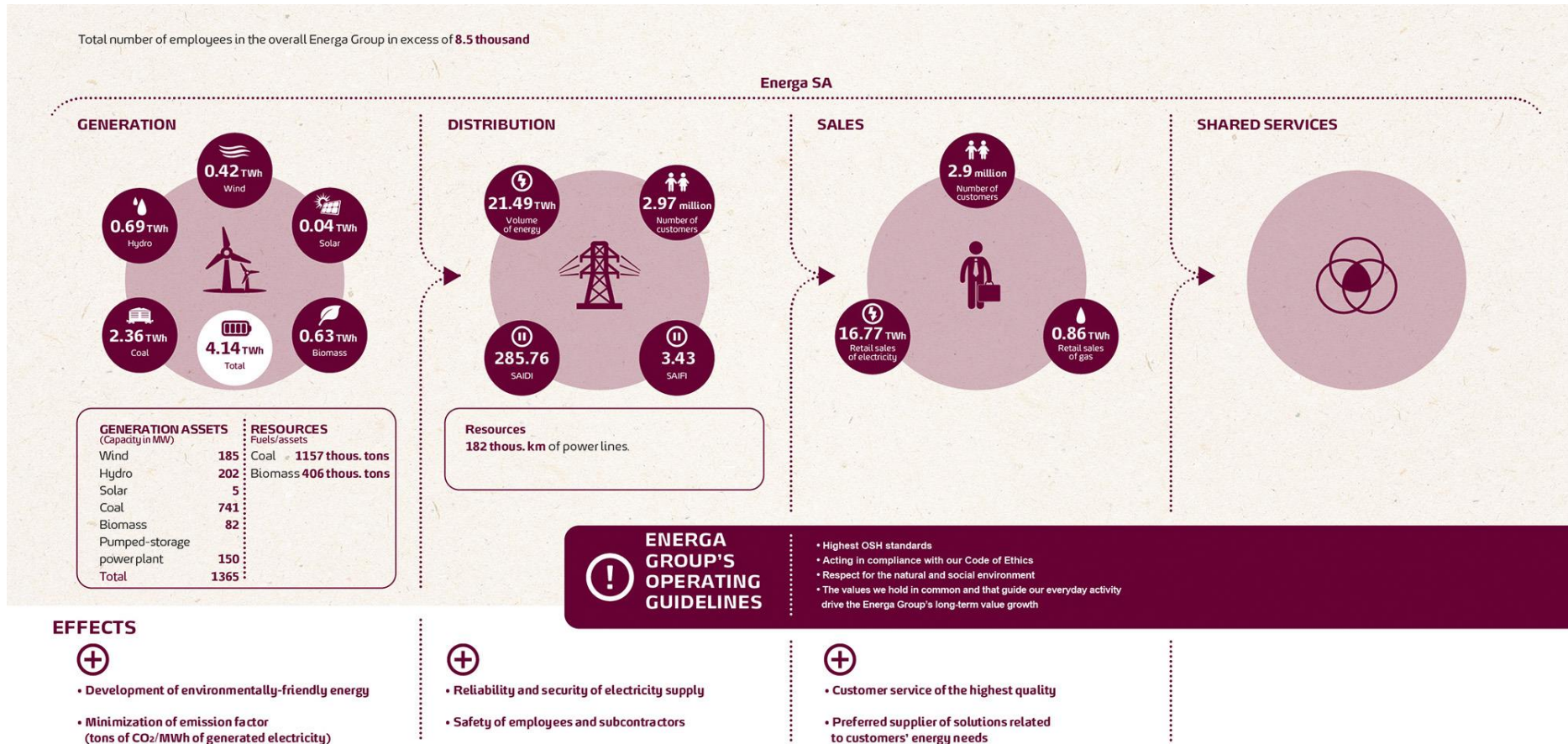


- | | | | | | |
|---|--|---|------------------------|---|-----------------------------|
|  | Pumped-storage power plant |  | Must run power plant |  | Seat of ENERGA SA |
|  | Small hydropower plant |  | Large hydropower plant |  | Distribution of electricity |
|  | Combined heat and power plants / Heat plants |  | Wind farm |  | Sales of electricity |
|  | Solar park |  | Biomass power plant | | |

Vision and mission statement



Value creation



Energa Group's consolidated financials (in PLN million)

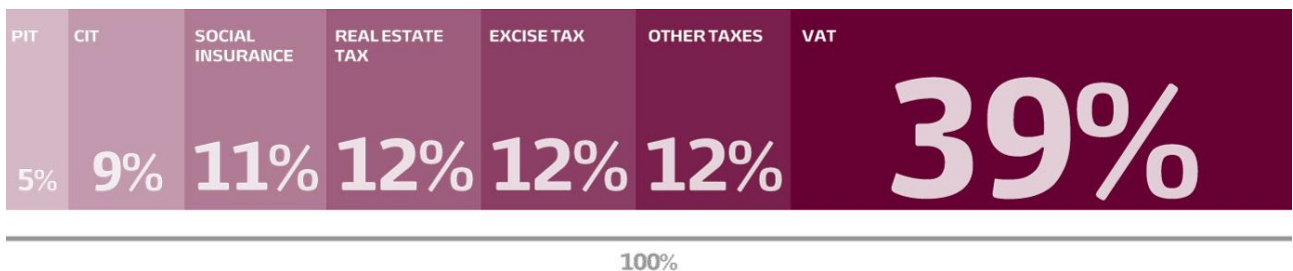
	2014	2015
Revenue	11,071.5	11,213
Expenses	8,001.4	8,348
Payroll and employee benefits	947	913
Payments to investors	698	857
Payments to the state	799.1	825
Investments in communities in the form of donations	3.1	3
Economic value retained	622.9	267

In 2014 the contribution to the government budget made by the Energa Group's business exceeded

PLN
2.2
billion

This information comes from the environmental impact analysis of the Energa Group's CSR activity for the period from 2013 to H1 2015.

Public sector revenues obtained as a result of the Energa Group's activity in the Polish economy in 2014 (%)



This information comes from the environmental impact analysis of the Energa Group's CSR activity for the period from 2013 to H1 2015.

Organization's operational structure



The **Generation Segment** is a business unit consisting of the segment leader doing business as **Energa Wytwarzanie SA** and 13 generation and ancillary companies. This segment consolidates operations in the following key areas:

- electricity production from renewable energy sources,
- must-run power plants,
- cogeneration of heat and electricity,
- electricity production from conventional sources,
- heat production in heat plants,
- ancillary services.



ENERGA Wytwarzanie SA owns and manages Poland's largest run-of-river hydropower plant in Włocławek, the Żydowo pumped-storage power plant and 45 small-scale hydropower plants located mainly in northern Poland. It is also the owner and manager of the generation potential of wind farms in Karcino, Karścino, Bystra and Myśliño. As the segment leader, it manages the Delta and Czernikowo solar parks.

The Żydowo pumped-storage power plant and Ostrołęka Power Plant B forming part of Energa Elektrownie Ostrołęka SA are must-run power plants ensuring the safe operation of the National Electrical Power System.

Energa Elektrownie Ostrołęka SA consists of Ostrołęka Power Plant B and Ostrołęka CHP Plant A. As a result of an investment project, heat production was transferred from Ostrołęka CHP Plant A to Ostrołęka Power Plant B.

In 2015, heat was produced only in Ostrołęka Power Plant B, while Ostrołęka CHP Plant A was a back-up source. 31 December 2015 was the last day of using this source; all the generation equipment in the CHP plant was shut down as of 1 January 2016.

Electricity and heat are cogenerated and distributed on the local market by four segment companies: Energa Kogeneracja Sp. z o.o. in Elbląg, Energa Ciepło Ostrołęka Sp. z o.o., Energa Ciepło Kaliskie Sp. z o.o. and ZEC Żychlin Sp. z o.o.

Energa Ciepło Kaliskie Sp. z o.o. generates, transmits, distributes and sells heat for heating and hot water to the residents of Kalisz. It also operates 19 low-temperature gas boiler rooms spread across the town.

The Generation Segment also has companies that support generation processes: Energa Serwis to do repairs and maintenance; Energa Invest to act as a replacement investor and contract engineer to build natural gas, hydro, cogeneration power plants, wind farms, solar park installations and six special-purpose vehicles: Elektrownia Ostrołęka SA, Elektrownia CCGT Gdańsk Sp. z o.o., Elektrownia CCGT Grudziądz Sp. z o.o., AEGIR 4 Sp. z o.o., Ekologiczne Materiały Grzewcze Sp. z o.o. and Bora Sp. z o.o.



The **Distribution Segment** is a business unit consisting of **Energa-Operator SA**, the segment leader and 12 specialized subsidiaries. The segment leader operates on the basis of a concession and is responsible for supplying electricity with the appropriate quality parameters and for ensuring energy security to the clients connected to its own power grid. The companies responsible for maintaining the high standards of operation of energy infrastructure and for conducting the necessary operational work are as follows: Energa-Operator Eksploatacja Elbląg, Energa-Operator Eksploatacja Gdańsk, Energa-Operator Eksploatacja Kalisz, Energa-Operator Eksploatacja Płock, Energa-Operator Eksploatacja Słupsk and Energa-Operator Eksploatacja Toruń. Technical customer service is provided by Energa-Operator Techniczna Obsługa Odbiorców. All the companies together are responsible for executing the tasks assigned by the Distribution System Operator as the segment leader, that is, pursuant to the decision made by the President of the Energy Regulatory Office.

Energa-Operator Logistyka Sp. z o.o. provides comprehensive logistics services to the segment leader and other segment companies and supplies them with materials and equipment required for investment projects and ongoing operation of electric power grids. The companies specializing in the execution of investment projects: Energetyka Kaliska – Usługi Techniczne Sp. z o.o., Przedsiębiorstwo Budownictwa Elektroenergetycznego ENBUD Słupsk Sp. z o.o., ZEP – Centrum Wykonawstwa Specjalistycznego Sp. z o.o. and Zakład Budownictwa Energetycznego Sp. z o.o. build and repair grids and equipment as requested by the DSO and carry out emergency tasks for the operating companies.



182 thousand km
of power lines



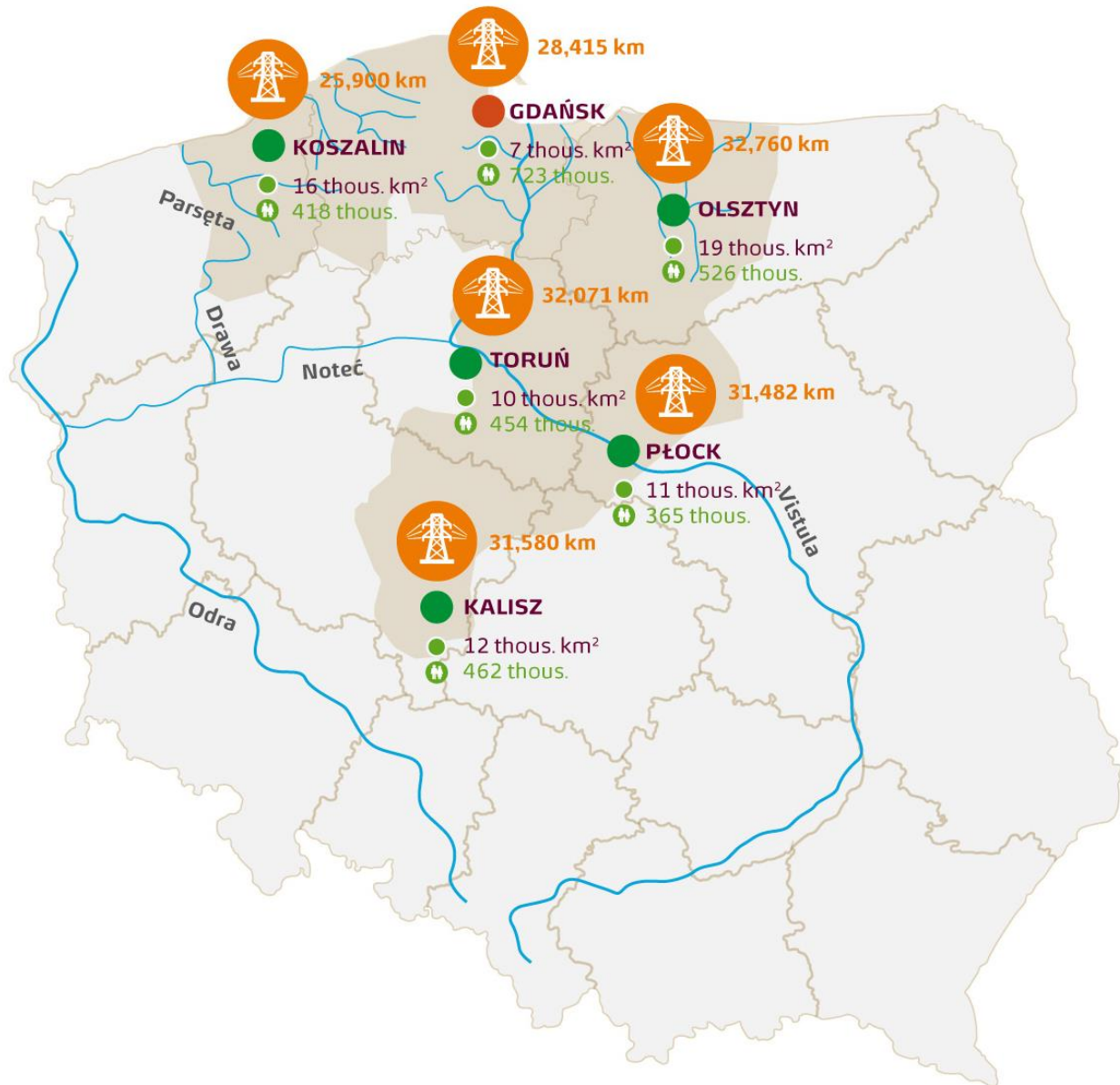
nearly **3 million**
customers



21.5 TWh
of energy supplied
to customers in 2015

The power infrastructure of Energa-Operator SA covers $\frac{1}{4}$ of Poland's landmass (northern and central portion of the country). The company operates **182 thousand km** of power lines used to transmit **21.5 TWh** of electricity to end-users annually. Additionally, the company's assets also include 282 main supply points and high voltage switchyards, roughly **60 thousand** medium/low voltage stations and medium voltage switchyards and roughly one million connections. It provides services to a total of **2.9 million** end-users.

Electricity distribution area served by Energa-Operator SA



-  Length of power lines
-  Number of connected customers
-  Electricity distribution area
-  Branches of Energa-Operator SA
-  Seat of Energa SA
-  Distribution of electricity
-  Sales of electricity

**GENERATION****DISTRIBUTION****SALES**

The **Sales Segment** is a business unit consisting of the segment leader - **Energa-Obrót SA** and its specialized subsidiaries, i.e. Energa Obsługa i Sprzedaż, Energa Oświetlenie, Energa Slovakia and Enspirion.

In its operating activity the segment focuses on trading on the domestic and international wholesale power market and on selling power to individual and business clients. It offers them innovative and environmentally-friendly technologies and services. It sells electricity to 2.9 million clients with almost 2.6 million of them being households. Additionally, it trades property rights referred to as certificates.

Energa-Obrót SA focuses its operations on developing modern client contact channels such as electronic channels (eBOK, meBOK), the telephone Customer Service Department (tBOK) as well as traditional channels such as showrooms and partnership outlets.

Street lighting services are the domain of Energa Oświetlenie. Enspirion renders services in aggregating and managing demand response, which lends support to the stability of the National Power System and to the continuity of electricity supply on the market. In turn, Energa Slovakia is expanding retail sales on international markets, primarily in Slovakia.

Energa SA

Energa SA is the parent company of all the other companies in the group. It is the sole shareholder or holds a majority stake. It is an active owner integrating key management and support functions in the Group and making decisions about strategic directions, the business model and managing the Group's value.

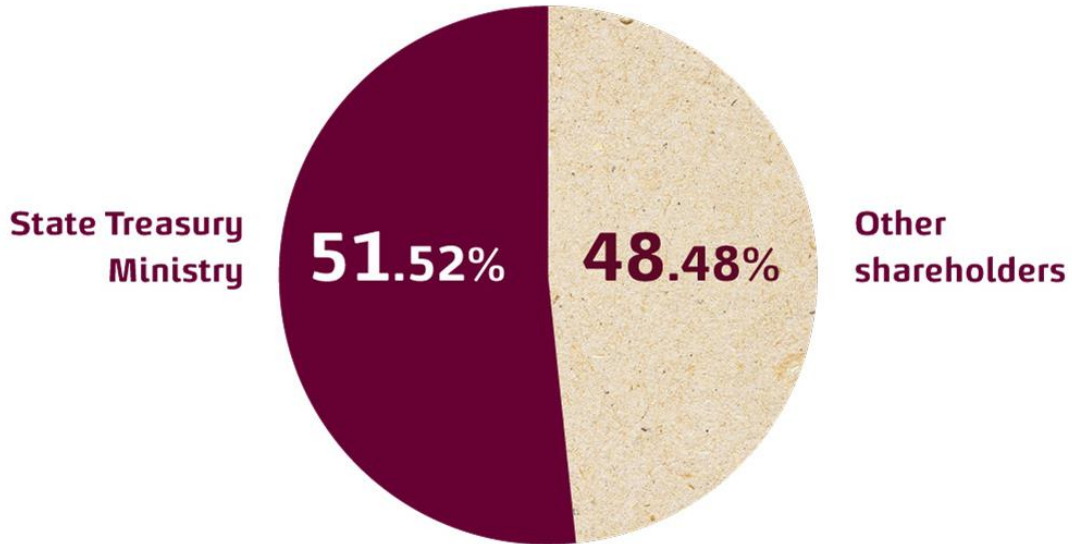
Since 2014 Energa has been listed on the Warsaw Stock Exchange (WSE), it is in the WIG 20 index made up by the largest companies on the WSE and it belongs to the RESPECT Index including Polish and international companies that follow corporate social responsibility principles from WSE's Main Market and operate in accordance with the highest management standards of corporate governance, information governance and investor relations while taking into account environmental, social and economic factors.

Other companies

The Group consists of three specialized business segments and two *Shared Services Center* companies: Energa Centrum Usług Wspólnych providing HR and payroll, accounting, financial and administration services and Energa Informatyka i Technologie managing the corporate IT systems. It also comprises companies established by Energa SA to perform tasks and function that are important to the Group and also those performing ancillary tasks not related to any specific business segment. These companies are designated for sale or, where sale is not an option, for liquidation.

Group structure by segment

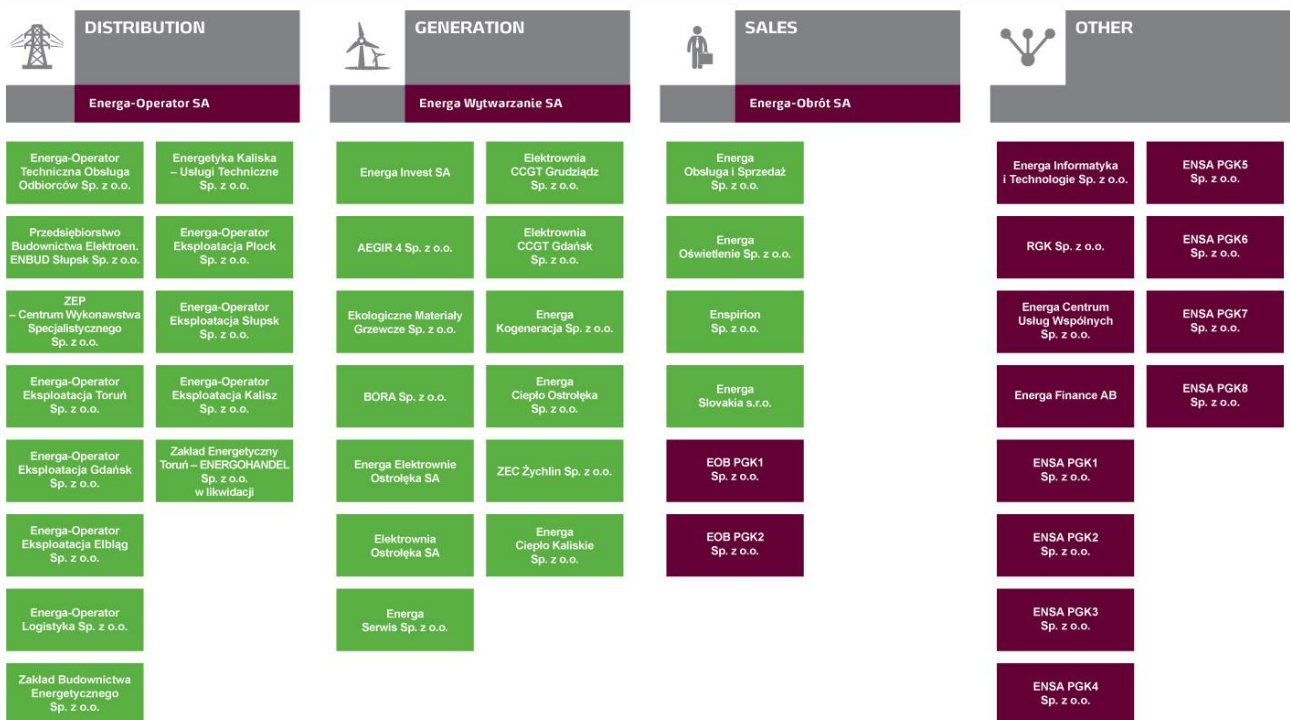
Shareholder structure



STRUCTURE OF THE ENERGA GROUP
Status as at 31 Dec. 2015

Direct subsidiary of Energa SA
 Indirect subsidiary of Energa SA

Energa SA



Membership in organizations

Energa SA is an active member of many organizations and initiatives, in particular Global Compact, the world's largest UN initiative for corporate social responsibility and supporting sustainable development. Membership in Global Compact obligated Energa to align its strategic business activities with 10 principles of the organization pertaining to human rights, labor standards, environmental protection and counteracting corruption.

In 2015, Energa joined the "UN Inland Waterway Transport Program". This long-term program was launched by two reports entitled "Vistula - Inland transport" and "Baltic Sea for Everyone" that identify the key areas, directions and collaboration methods to create an efficient, sustainable and environmentally-friendly transportation system in Poland integrated with its main transport industries. The participation of Energa SA in this program has a material and beneficial impact on the implementation of the Group's objectives for hydropower generation.

Other key organizations and initiatives in which our Group companies participate are presented in the GRI table at the end of this report.

Most important prizes and distinctions received in 2015

- Energa SA – Best Company of the Year in the CEE Capital Markets Awards competition.
- Energa-Operator SA – SAP Quality Awards 2014 Certificate for the project entitled "Automation of financial and accounting processes based on Workflow and Corporate Portal mechanisms".
- Energa-Operator SA – first certificate of compliance with the ISO 22301:2012 standard confirming that the company will operate efficiently even in the most difficult of situations. ENERGA-Operator SA is Poland's first electricity distributor to receive this certificate.
- Energa SA – Polityka's 2015 Golden Leaf Award for CSR – Energa was the only utility to win the highest award in the fourth edition of the list of firms employing the principles of corporate social responsibility in their operations.
- Energa-Obrót SA confirmed its application of the best sales practices by becoming a Certified Energy Seller.
- Energa SA was one of this year's top three public companies. On 19 March 2015 it received the Bulls and Bears award for the best company in the mWIG40 index.
- Enspirion Sp. z o.o. – Nowy Impuls 2015 distinction for implementing an innovative power balancing concept in the National Electrical Power System.
- Energa-Obrót SA and Energa-Operator SA – received Consumer Service Quality Certificates.
- Energa SA – received two distinctions for ENERGA SA in The Best Annual Report competition: for extensive progress in the quality of its report and for the preparation of the Internet marketing report.
- Energa SA and the Group's key companies – received the ISO 14001:2004 environmental certificate awarded by the Bureau Veritas Certification organization dealing with audit and certification of management systems for the Environmental Management System applied in the Energa Group (more on this subject in the "Natural Environment" chapter).

1.3. Responsible and ethical governance

New Organizational Governance

In its daily management practice, in addition to the rules and principles arising from the “Code of Best Practices for Warsaw Stock Exchange Listed Companies”, the Group also applies the guidelines governing the cooperation of companies and segments in the document entitled “Energa Group’s Organizational Governance”. In August 2015 changes were introduced to the document and to the operational concept of the Group and the holding company. The underlying message inherent in the new organizational governance is cooperation between the Group’s entities and employees and maintenance of high ethical standards. Governance determines how Energa operates and how it is managed as well as the rules for exercising control over the Group, allocating financial resources and its operating risk.

The document supports the execution of the key objectives in the Group’s strategy, through:

- closer cooperation between segments and companies;
- seeking synergies;
- mutual support.

Main changes in Organizational Governance

Governance regulates the key areas of the company’s activity, such as corporate governance, financial policy, investments, HR policy, IT, legal services, market and regulatory environment and investor relations.

The main changes in the Group’s operating model concern mutual cooperation between segments and companies, procurement of external services and growing the role of Energa SA as the Group’s coordinator.

Key assumptions for the new edition of the “Energa Group’s Organizational Governance”:

Cooperation defined as:

- seeking synergy from cooperation between segments and Group companies;
- striving to grow the Group’s value, while ensuring safety of its operation;
- activating and stimulating an entrepreneurial spirit among managers;
- mutual support, including high expectations and Energa SA’s role as a mediator.

Role played by Energa SA:

- control and mediation functions in the event of differences of interest;
- coordination and initiation of activities to boost the Group’s value through improved efficiency and seeking synergies in the following areas:
 - business supervision and corporate governance,
 - security systems,
 - CSR and environment,
 - legal services,
 - audit,
 - research and development activity,
 - personnel policy.

Energa SA appoints boards and teams to which Group company representatives are invited and the outcomes of the work they do together form the basis for recommendations to implement them in the segments.

Purchase of services

The segments purchase services from entities operating within the Energa Group, in particular in shared service centers, and externally only if there are no such Group entities.

Steadfast execution of the Group's CSR strategy

Responsible management



Execution of management objectives:

- implementation of the Code of Ethics in all Energa Group companies,
- determination and monitoring of CSR objectives for the segments,
- certification of the Environmental Management System consistent with the EMAS regulation,
- regular reporting on corporate social responsibility,
- dialog with, and engagement of, stakeholders in the evaluation of the Group's CSR activities and reporting process,
- taking into account CSR issues in supply chain management.

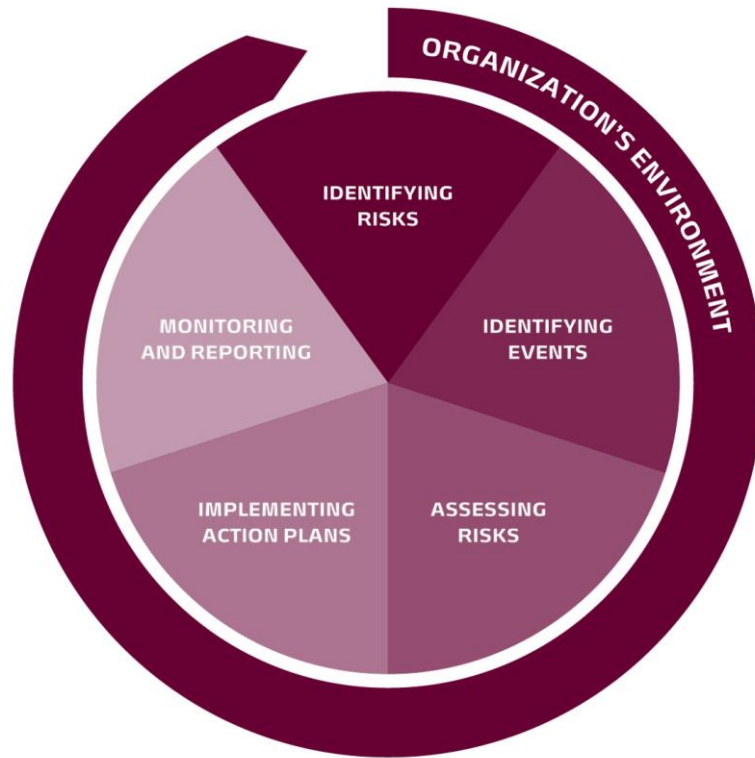
“Corporate Social Responsibility is built through comprehensive, long-term corporate management, in line with sustainable development. This is why we are steadily implementing the Group's CSR strategy. We have managed to unify the CSR management structure at the strategic and operational level in individual companies. We are working on setting CSR objectives for the segments. We want to act responsibly, but we also want to make sure that our business partners act in a similar fashion. Our goal for the future is to embed the CSR concept throughout the Group's supply chain.”

Jacek Szubstarski
Director of the Organizational and
Legal Services Division
Energa Shared Services Center

Risk management

All the key rules, organization, roles and ranges in the risk management process are regulated by the “Risk Management Policy in the Energa Group”, which Energa has been implementing using an Integrated Risk Management System. This approach guarantees that all the risks exerting a material effect on the Group's business are identified, measured, monitored and controlled. Oversight is provided by the Management Board, which approves the strategy and assumptions and sets the direction for risk management efforts. It also sets the risk appetite level and approves tolerance levels for individual risks. The Risk Management Committee supports the Energa SA Management Board in risk management, by supplying independent and objective information and opinions facilitating strategic and business decision-making in the Energa Group. Oversight over effectiveness of internal control and risk management systems is exercised by the Audit Committee.

Risk management process



Fraud and abuse prevention in the Energa Group

In 2015, the Energa Group also introduced the “Fraud and Abuse Prevention Policy in the Energa Group” thus accepting an obligation to conduct its business honestly and in accordance with the law and the Code of Ethics and not to tolerate any type of fraud, corruption or other abuse. The document is to assist in preventing fraud and abuse, reduce susceptibility to fraud and abuse, minimize the adverse effects thereof and primarily strengthen the ethical side of corporate culture. The current policy defines the key guidelines for preventing fraud and abuse in the Group and serves as the starting point for developing internal rules.

Training on the organization’s anti-corruption policy and procedures

Company/ Segment	SUPERVISORY BOARD		EMPLOYEES IN SUB-MANAGERIAL POSITIONS		EMPLOYEES IN MANAGERIAL AND SENIOR POSITIONS		TOTAL NUMBER OF EMPLOYEES (EXCLUDING SUPERVISORY BOARD MEMBERS)	
	2014	2015	2014	2015	2014	2015	2014	2015
	TOTAL NUMBER OF SUPERVISORY BOARD MEMBERS TRAINED	TOTAL NUMBER OF SUPERVISORY BOARD MEMBERS TRAINED	NUMBER OF EMPLOYEES TRAINED	NUMBER OF EMPLOYEES TRAINED	NUMBER OF EMPLOYEES TRAINED	NUMBER OF EMPLOYEES TRAINED	NUMBER OF EMPLOYEES TRAINED	NUMBER OF EMPLOYEES TRAINED
	PERCENTAGE OF SUPERVISORY BOARD MEMBERS TRAINED	PERCENTAGE OF SUPERVISORY BOARD MEMBERS TRAINED	PERCENTAGE OF EMPLOYEES TRAINED	PERCENTAGE OF EMPLOYEES TRAINED	PERCENTAGE OF EMPLOYEES TRAINED	PERCENTAGE OF EMPLOYEES TRAINED	PERCENTAGE OF EMPLOYEES TRAINED	PERCENTAGE OF EMPLOYEES TRAINED
Energa SA	0	0	81	85	27	27	108	112
			100	100	100	100	100	100

No corruption was recorded in the Energa Group in 2015.

Code of Ethics

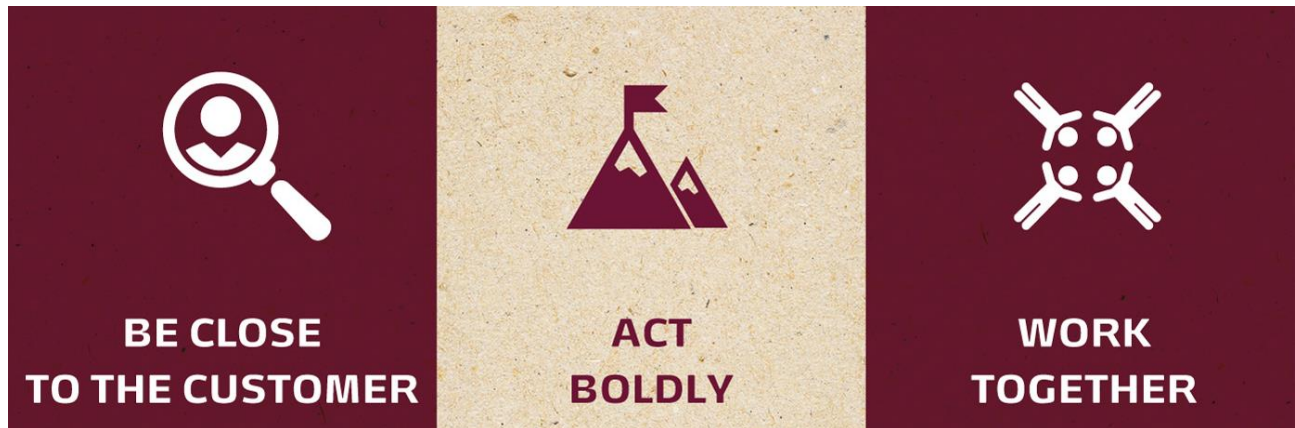
The “Code of Ethics” and the “Anti-Mobbing and Anti-Discrimination Policy in the Energa Group” introduced across the Group in 2015 describe the rules of conduct by which each employee should abide in relationships within the Group and in contacts with customers and other stakeholders. This policy has additionally strengthened the role of mutual respect and compliance with social norms. This is another step towards building a consistent organizational culture in the Energa Group, open to diversity and based on mutual respect and high ethical standards.

The “Energa Group’s Code of Ethics” defines the Group’s values (WORK TOGETHER, ACT BOLDLY, BE CLOSE TO THE CUSTOMER) and inspires open thinking, seeking of new solutions and bold actions and promotes ethical behavior. It defines the standards of work and shows what behavior is permitted and what is not.

IMPORTANT RULES GUIDING OUR CONDUCT	
WE OBSERVE THE LAW	WE CREATE A FRIENDLY AND SAFE WORK ENVIRONMENT
WE ACT HONESTLY	WE ARE RELIABLE IN OUR COOPERATION WITH BUSINESS PARTNERS
WE TREAT OTHERS WITH RESPECT	AT WORK WE HOLD A NEUTRAL WORLD VIEW AND ARE POLITICALLY NEUTRAL
WE ARE TRANSPARENT	
WE COMMUNICATE OPENLY AND CAREFULLY	WE DO NOT MISUSE THE ENERGA GROUP’S RESOURCES

The Energa Group's Ethics Council appointed by the Energa SA Management Board supervises compliance with the rules laid down in the code. Any irregularities may be reported to the Council at this e-mail address: etyka@Energa.pl.

Energa Group's values



Council for Counteracting Mobbing and Discrimination in the Energa Group

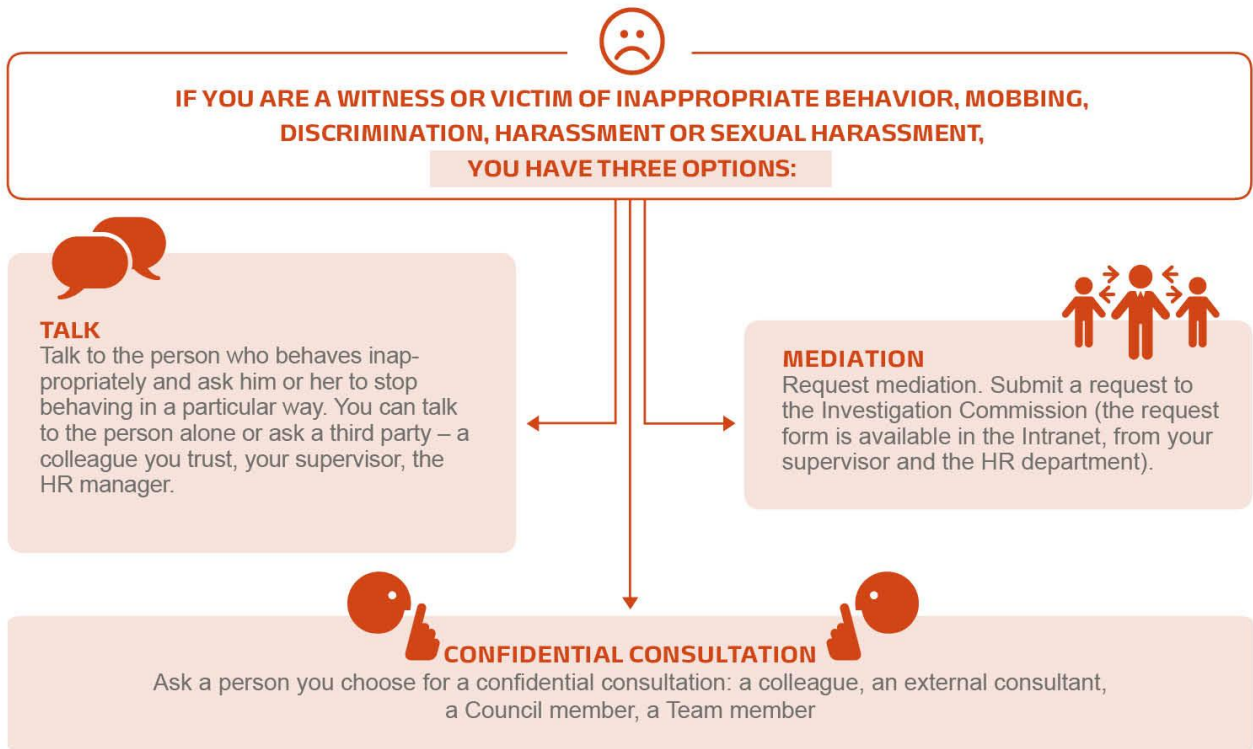
This policy lays down the rules for reacting to improper behavior, not only in the workplace but also during business trips, postings and in other locations where professional duties are performed. This document encourages the amicable clarification and resolution of problems with the support of certain persons such as "Trusted Persons", the Council for Counteracting Mobbing and Discrimination and when necessary – to refer a complaint to the Clarification Commission.

The Clarification Commission includes external impartial experts: lawyers and psychologists. Commission members, while adhering to confidentiality and impartiality, examine complaints on an ongoing basis, conduct interviews, mediate between parties and, when necessary, recommend further actions.

Implementation of the mobbing and discrimination prevention policy has been backed with a communication campaign and a training program for Energa Group employees. Information on the rules of ethical conduct with examples of specific behavior and instructions on how to react is presented in the "Emisja" corporate magazine, "Energa-Ekspres" and "Energa Group News" newsletters, bulletin boards and is discussed during meetings with employees. The e-learning platform will also be used to convey information and deliver training. By the end of 2015, a total of 6,981 Group employees had been trained, representing almost 82% of the employees trained on the mobbing and discrimination prevention policy.

Below you will find an extract from the official instructions for employees entitled "Counteracting Mobbing and Discrimination in the Energa Group".

Extract from the official instructions for employees entitled “Counteracting Mobbing and Discrimination in the Energa Group”.



REMEMBER! ALL THESE ACTIONS ARE SUBJECT TO CONFIDENTIALITY AND THEIR PURPOSE IS TO SOLVE THE PROBLEM YOU REPORT

The full text of the Policy, the procedure for submitting and reviewing complaints specified therein and document forms are available **from your supervisor, the HR department and Trusted Persons.**

Formal documents, educational and illustrative materials as well as up-to-date information on issues connected with ethical behavior at work can be found **in the Intranet in the tab „Energa etycznie” (Energa ethically)**

Number of employees participating in ethical and anti-mobbing training in 2015

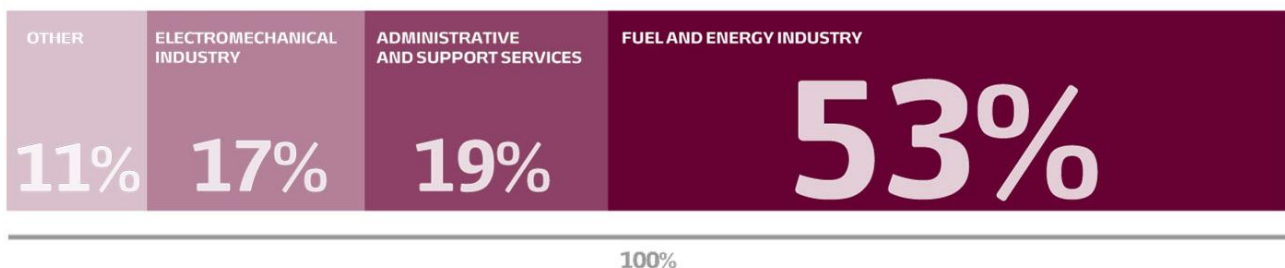
Company/segment	Persons trained
Energa SA	114
Distribution Segment	4,168
Generation Segment	1,256
Sales Segment	1,006
Shared Services	437
TOTAL	6,981

Supply chain

The Energa Group cooperates with roughly 3 thousand suppliers from across Poland; however, each segment manages a different supply chain aligned to the nature of its business and uses local suppliers to a varying extent.

The Group attaches great importance to responsible conduct of business and wants to make sure that its business partners act similarly. That is why CSR issues in the entire supply chain are one of the management objectives in the „Energa Group’s sustainable development and corporate social responsibility strategy for 2013–2020”. The Group has been gradually preparing for this objective. Since 2013 it has employed clauses in contracts with contractors pertaining to requirements such as concern for ethics, respecting human rights and the natural environment. In 2014, it simplified procurement procedures and contractor registration procedures in the Distribution Segment, which allowed it to initiate cooperation with over 800 companies. They were all scrutinized for compliance with employee criteria, mainly in respect to occupational safety and health. The Group wants to cooperate with entities that not only have the appropriate competence and experience but also guarantee the quality of their services.

Energa Group’s procurement of commodities, materials and services by industry



The Group companies’ expenses totaled roughly PLN 3.5 billion in 2014. The purchase of commodities and materials from the fuel and power industry accounted for more than half of that amount.

This information comes from the environmental impact analysis of the Energa Group’s CSR activity for the period from 2013– to H1 2015.

Work to centralize procurement processes was launched in the Generation Segment. This has made it possible to organize them better, achieve savings and boost the quality of goods and services. Moreover, Energa Wytwarzanie introduced the “Environmental, Occupational Safety and Health and fire prevention rules and requirements for contractors in Energa Wytwarzanie SA”. Since the effective date of the rules, i.e. 28 May to 31 December 2015, the company has already concluded 500 agreements (in different areas of its business activity) to which the “Environmental rules and requirements” are attached. The document obligates business partners and their subcontractors, during work in the company’s facilities, to observe the applicable provisions of law, hold all the permits and authorizations and qualifications required by law, have the relevant occupational safety and health training, doctor’s examinations and environmental protection knowledge. The document also requires that work be conducted in a way that prevents pollution of air, soil, water and sewage equipment with oil derivative hydrocarbons and other chemical substances and that business partners observe the rules of conduct in case of failures, take preventive measures when there is risk of degradation to the environment and take immediate action when the environment suffers damage to limit the adverse effects for human health and the environment.

The Company conducts occupational safety and health and environmental protection training for all business partners before they begin working in the premises of Energa Wytwarzanie. The training course takes the form of a briefing and is confirmed with the “Protocol of occupational safety and health and environmental protection training”. A business partner performing work in the company’s facilities is reviewed for its observance of the “Environmental, occupational safety and health and fire prevention rules and requirements for contractors in Energa Wytwarzanie SA”, among others by additional inspections during the performance of the commissioned work.

Percentage of suppliers assessed using employment criteria

Segment	2014	2015
Distribution Segment	100%	100%

1.4. Report as a tool for dialog with our stakeholders

On the Report

This report entitled “Our Responsibility 2015” is the fifth annual publication in the Energa Group’s history summarizing the corporate social responsibility actions taken. This report was prepared based on the basis of the **Global Reporting Initiative G4.0 guidelines at the Core level** (giving consideration to ratios in the supplement for utility sector companies) and has been **reviewed by an independent audit firm**.

“While preparing this report we took advantage of internal reporting systems and systems to collect non-financial data that were implemented for the first time in Group companies that were previously not subject to reporting. Starting from next year this will enable us to report information regularly on the various ratios in the Group and to benchmark them against the previous year”.

Anna Mańkowska
Chief Sustainable Development Specialist
Energa Centrum Usług Wspólnych Sp. z o.o.

Process for defining report content

This year we decided for the first time not only to present the data but additionally measure the impact of the CSR activities taken by the Energa Group on the society, environment and economy. This analysis was conducted in the first half of 2015. These calculations were made on the basis of the Energa Group’s data available in the finance and accounting systems at the end of the last financial year. The findings of the analysis are depicted in the report’s various chapters.

The reporting of non-financial data enables the Group to verify to what extent its CSR Strategy has been implemented and whether its objectives are being met. In addition, it affords an opportunity to identify areas in which the Group’s actions are producing satisfactory outcomes and those areas still in need of adjustment. The report takes into account the expectations of internal and external stakeholders (employees) and the Group’s business priorities. It also helps investors, counterparties and business partners to assess the company’s business risk and growth potential and enables the Group to be more transparent and credible in the market.

Companies covered by the CSR report in 2015

Energa SA			
DISTRIBUTION	GENERATION	SALES	OTHER
Energa-Operator SA	Energa Wytwarzanie SA	Energa-Obrót SA	
Energa-Operator Techniczna Obsługa Odbiorców Sp. z o.o.	Energa Invest SA	Energa Obsługa i Sprzedaż Sp. z o.o.	Energa Informatyka i Technologie Sp. z o.o.
Energetyka Kalliska – Usługi Techniczne Sp. z o.o.	Elektrownia CCGT Grudziądz Sp. z o.o.		ENSA PGK5 Sp. z o.o.
Przedsiębiorstwo Budownictwa Elektroen. ENBUD Słupsk Sp. z o.o.	AEGIR 4 Sp. z o.o.	Energa Oświetlenie Sp. z o.o.	RGK Sp. z o.o.
Energa-Operator Eksploatacja Plock Sp. z o.o.	Elektrownia CCGT Gdańsk Sp. z o.o.		ENSA PGK6 Sp. z o.o.
ZEP – Centrum Wykonawstwa Specjalistycznego Sp. z o.o.	Ekologiczne Materiały Grzewcze Sp. z o.o.	Enspirion Sp. z o.o.	Energa Centrum Usług Wspólnych Sp. z o.o.
Energa-Operator Eksploatacja Słupsk Sp. z o.o.	Energa Kogeneracja Sp. z o.o.		ENSA PGK7 Sp. z o.o.
Energa-Operator Eksploatacja Toruń Sp. z o.o.	BORA Sp. z o.o.	Energa Slovakia s.r.o.	Energa Finance AB
Energa-Operator Eksploatacja Kallisz Sp. z o.o.	Energa Ciepło Ostrolęka Sp. z o.o.		ENSA PGK8 Sp. z o.o.
Energa-Operator Eksploatacja Gdańsk Sp. z o.o.	Energa Elekrownie Ostrolęka SA	EOB PGK1 Sp. z o.o.	ENSA PGK1 Sp. z o.o.
Zakład Energetyczny Toruń – ENERGOHANDEL Sp. z o.o. w likwidacji	ZEC Żychlin Sp. z o.o.	EOB PGK2 Sp. z o.o.	ENSA PGK2 Sp. z o.o.
Energa-Operator Eksploatacja Elbląg Sp. z o.o.	Elektrownia Ostrolęka SA		ENSA PGK3 Sp. z o.o.
Energa-Operator Eksploatacja Gdynia Sp. z o.o.	Energa Ciepło Kalliska Sp. z o.o.		ENSA PGK4 Sp. z o.o.
Energa-Operator Eksploatacja Gdynia Sp. z o.o.	Energa Serwis Sp. z o.o.		
Zakład Budownictwa Energetycznego Sp. z o.o.			

Dialog with Stakeholders – analysis of the materiality of issues for the report

On top of business priorities, the long-term building of values must take heed of lasting relations with the community based on trust and transparency. That is why dialog with stakeholders is an important aspect of our activity.

Energa Group’s key stakeholders and methods of conducting dialog with them

Stakeholder community	Communication channels
Shareholders	Direct communication, website ww.ir.Energa.pl , current and periodic reports, events (including one-on-one meetings and conferences, broadcasts, chats, roadshows)
Clients, offtakers	Individual meetings, correspondence, communication via electronic channels, communication via marketing campaigns, undertaking intervention, provision of explanations, information line
Banks, financial institutions	Correspondence, regular reporting, individual meetings
Local government authorities	Consultations, direct meetings, correspondence
Public administration	Correspondence, lobbying activities, regular reporting in crisis situations, meetings, reporting of environmental threats
Vendors and business partners	Exchange of information, e-mail and telephone contacts, correspondence, publications on websites, Register of Qualified Contractors

Stakeholder community	Communication channels
Local communities	Dialog with local communities during social consultations in the course of the investment process, examination of applications, educational activity, charitable activities run by the Energa Foundation, patronage over important events for the local community
Employees, employee and trade union organizations	Intranet, employee portal, consultations and arrangements; Management Board meetings with employees and trade union organizations, "Emisja" and "Energa-Ekspres" and other internal publications, periodic employee evaluation system, contests for employees, training courses and workshops, integration meetings
Energa Group entities	Consultations, meetings, exchange of information, e-mail communication, regular meetings of the Group's Supervisory Board
Non-governmental organizations (social, environmental, other)	Cooperation in projects, patronage, responses to questions, correspondence, websites, the Energa Foundation's activities
Academic and scientific community	Meetings, job fairs, projects and conferences, financial support, „Acta Energetica”, scholarship and internship programs, contests
Representatives of parliament	Correspondence, meetings
Opinion leaders	Provision of information, presentations and lectures, study visits
Media	Current reports and press releases, interviews, press conferences and individual meetings, website
Trade organizations and competitors	Participation in the work of organizations, participation in trade conferences, joint projects
Services (Police, Fire Brigade, others)	Ongoing cooperation, correspondence, patronage, joint campaigns

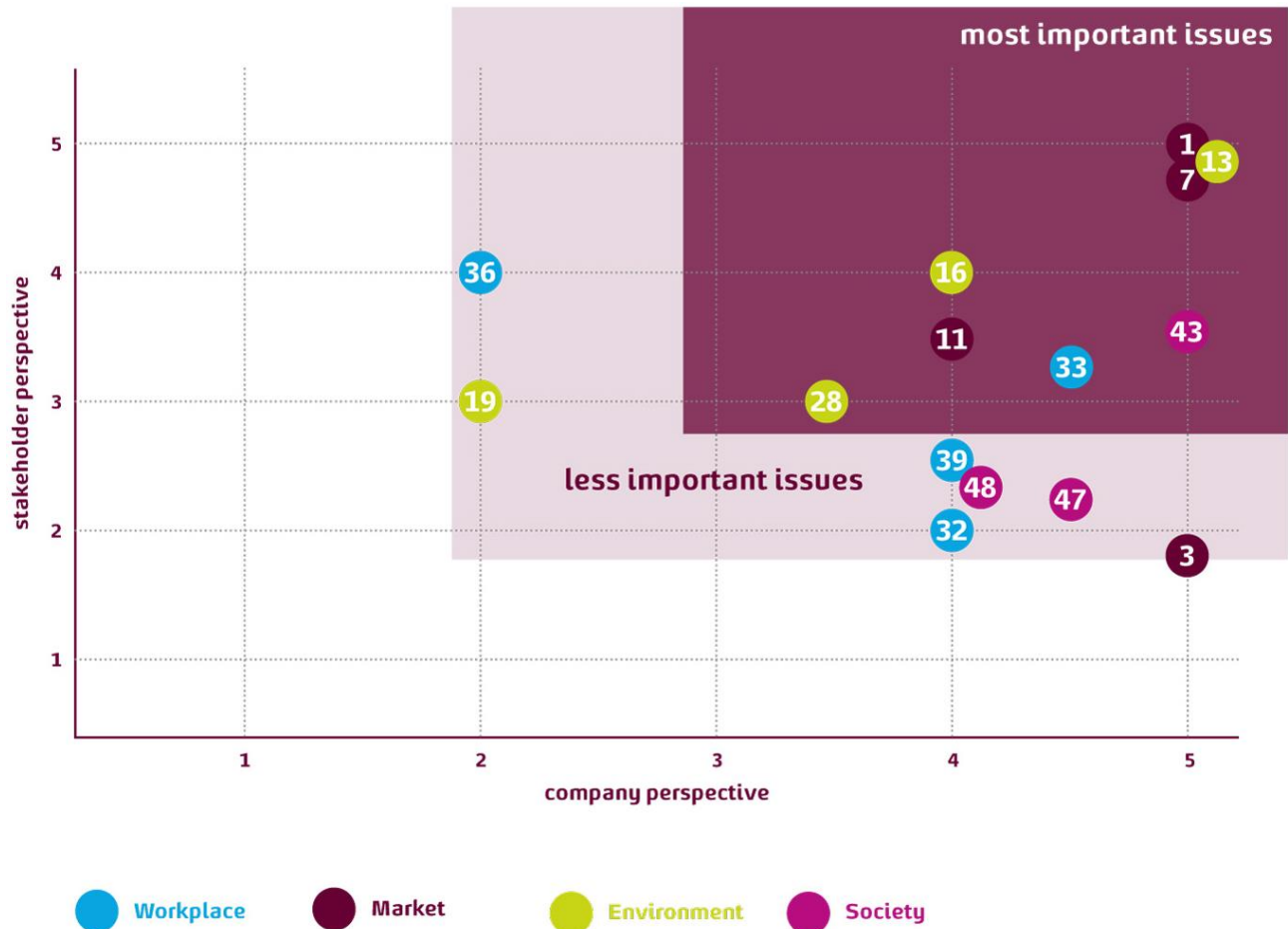
The basis for writing the 2015 report took the form of dialog with stakeholders, both internal and external. Its substantive contents have been reviewed from two vantage points: the expectations of stakeholders and the Company's objectives. First, the Energa Group's 2014 CSR Report was analyzed and then, through a process of consultation, topics were selected for inclusion in the subsequent report according to the stakeholders. 48 detailed issues in four areas were analyzed: the market (12), the environment (17), workplace (13) and the society (6) corresponding to the areas covered by the CSR strategy.

The opinion of external stakeholders was obtained during two panel meetings held on 26 and 27 May 2015 in Gdańsk and Warsaw. The panel included representatives of public institutions, the business community and non-governmental organizations such as:

- Corporate Social Responsibility Forum,
- Federation of Consumers,
- Children's "Help on Time" Foundation,
- Warsaw Stock Exchange,
- Ministry of Economy,
- Power Sector and Environmental Protection Chamber,
- Polish Member Committee of the World Energy Council,
- Polish Power Grid Company SA,
- Polish Association of Listed Companies,
- Hewelianum Center,
- Energy Conservation Foundation in Gdańsk,
- Pomeranian Power Sector Technology Platform,
- Employers of Pomerania,
- Regional Environmental Protection Directorate,
- Sopot Track and Field Club,
- Gdańsk Branch Office of the Office of Competition and Consumer Protection,
- Regional Fund for Environmental Protection and Water Management in Gdańsk.

The opinion of internal stakeholders, i.e. employees was obtained using survey research. The opinion concerning the Company's objectives was obtained during meetings held by the CSR Coordination Team in Energa.

At the subsequent stage, the results of identifying the key issues were juxtaposed with the responses given by the stakeholders. On this basis the CSR Coordination Team devised a matrix incorporating the materiality of the issues presented in the 2015 CSR Report.

Analysis of the materiality of issues in the 2015 CSR Report


The numbers in the graph represent the numbers of issues in the form used throughout the process

Market

- Standards of quality and security of energy supplies (grid security). (1)*
- Customer service standards, complaints handling system, consumer service. (7)*
- Investments to expand customer access to energy and distribution effectiveness (grid development and modernization, grid connection). (3)
- Balanced supply chain (consideration of CSR issues when selecting vendors, length of payment period, cooperation with vendors based on dialog, commitment to initiatives). (11)

Environment

- Environmental management strategy and the Company's total integrated approach to analyzing the environmental impact at every stage of the Company's operations (adopted policies, including systems and standards, objectives and metrics). (13)*
- Energy (energy consumption and usage of renewable sources of energy). (19)*
- Investments for environmental protection and funding research projects to curtail adverse environmental impact. (16)*
- Investments to augment the percentage of energy generated from renewable sources. (28)*

Workplace

- Code of ethics and values, training courses and advising employees of ethical standards. (32)*
- Education and development of employees at different levels, building employee competences, training courses. (36)*
- Employee security and health (including occupational health and safety). (33)*
- Employee involvement in the corporate management process. (39)

Society

- Social commitment strategy. (43)*
- Building employee involvement (employee volunteerism). (47)
- Evaluation of the effects of the Company's short and long-term social efforts. (48)

Material aspects for external stakeholders.

Report credibility

This report has been reviewed by an independent certifying entity and it was previously reviewed by the CSR Team consisting of the segments' CSR plenipotentiaries and the directors of the key areas in Energa SA.

Contact information

Please share your remarks and opinions concerning the report and the actions pursued by the Energa Group by sending them to the following address: csr@Energa.pl.

Customer relations



2. Customer relations

2.1. Responsible development of customer relations

The Energa Group is constantly toiling to measure up to the challenge of shaping partnership relations and building customer loyalty. The Group's clients are changing and their requirements are growing. That is why we continue to raise the bar. What yesterday was a source of making our offer attractive is today the prevailing standard.

Responsible management



Energa-Obrót is steadfastly expanding its product and service profile, it offers clients flexible solutions and it is rapidly growing its sales network while adding advisors with market acumen. It focuses on simplifying customer service and preparing a flexible offer built on the basis of employee dialog with customers. This is producing measurable results. Residents and economic agents from across almost the entire nation and in a multitude of industries are becoming clients.

The Company is constantly drilling down its customer segmentation. Gaining knowledge about its customers and their expectations translates into higher margins and focusing efforts on the most profitable segments.

Energa-Obrót has also managed to penetrate the natural gas market in Poland. Entities that for years have been electricity clients have signed up as its first natural gas clients. The firms that have signed up for the dual fuel offer receive better pricing and service comfort while at the same time having a guarantee of safety and supply stability. An attractive proposal is being prepared for individual customers including convenient billing of electricity and natural gas on a single invoice. The new customer service system currently being rolled out supports this solution.

In 2015 the Company undertook a number of projects directly and indirectly related to this year's priorities.

Objectives for 2015	Performance
implementing the NPS system	mechanisms were rolled out to introduce optimization efforts in specific sales and service processes on the basis of NPS research findings in the key contact channels with clients; NPS costs have been optimized for billing, acquisition, maintenance and service

enhancing the sales conversion ratio and sales processes;

building customer loyalty;

new organizational solutions for invoicing have been introduced, among others, by creating individual billing processes and new functionalities in IT systems (including self-billing);

a sales / service optimization program has been rolled out;

a dual fuel offering bundling electricity and natural gas and an offering bundling electricity with other products have been rolled out, among which the Office 365 offering devised with Microsoft has enjoyed the greatest success;

an innovative product in the power sector has been introduced giving customers the choice of flexible and customized offers and the ability to sell energy at prices benchmarked against commodity exchange prices on the Polish market;

Priorities for 2016

PRIORITIES

FOR 2016



Developing and optimizing sales network and strategic partnership, also developing the D2D channel and online channels



building and developing a digitalized transaction environment in the Sales Segment to combine sales in the online channel and mobile applications coherently



offering customers new products, including financial products, products related to power generation in solar panels, products with performance payments linked to optimizing energy consumption



developing the dual fuel offer using existing (gas) and new energy media on the Polish and international power markets



optimizing the Sales Segment in sales support processes (including measures to secure the company's revenues)

2.2. Clients of Energa-Obrót

Energa-Obrót SA has for several years consistently been a major player on the electricity sales market catering to the public sector. It continues to hold nearly a 30% market share.

Its clients include not just the most important urban centers in the Energa Group's traditional operating area such as Gdańsk and other communities in the Gdańsk Metropolitan Area, Olsztyn, Płock and Kalisz but also major cities in the competition's operating area – including Cracow that has set up a procurement group. PKP is also an important public sector client of Energa-Obrót. Another two-year long contract for 2016–2017 has been signed with it.

The Company also supplies energy to numerous smaller urban and township centers across Poland. At the end of September 2015, the portfolio of contracts signed for 2016 covered more than 65 thousand energy offtake points with a volume of 1.7 TWh.

Sales volume to public sector customers (TWh)



Number of registered individual, industrial, institutional and commercial users

Type of user	Number of users	
	in 2014	in 2015
individual	2,660,526	2,666,907
industrial	6,612	6,837
institutional	10,646	10,710
commercial	288,544	285,509
TOTAL	2,966,328	2,969,963

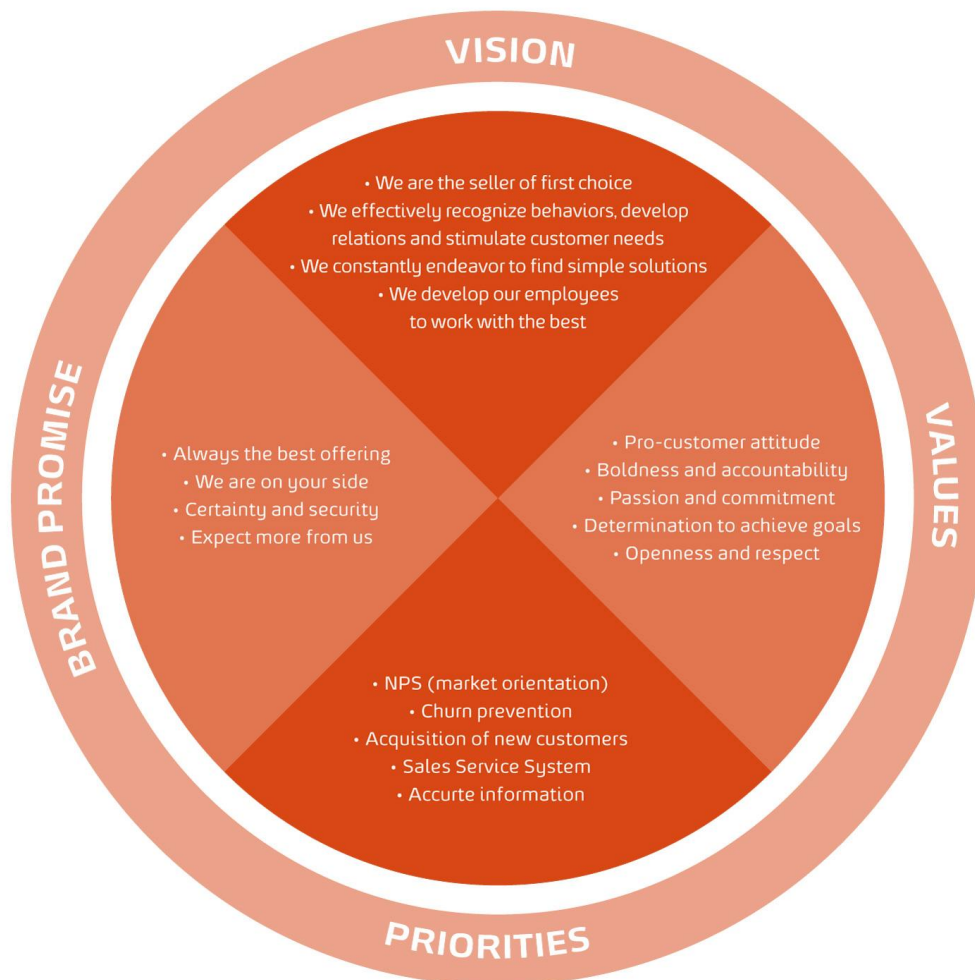
Number of residential disconnections for failure to pay energy bills by period of disconnection

	Energa Group	
	2014	2015
1. Number of clients by length of time between disconnections and remission of payment to be reconnected:		
up to 48 hours	0	0
48 hours to 1 week	0	0
1 week – 1 month	65,056	61,867
1 year and more	0	0
2. Number of clients by length of time between remission of payment and reconnection:		
up to 48 hours	0	0
48 hours to 1 week	88,360	51,985
1 week – 1 month	5	0
1 year and more	0	0

2.3. Service quality

The companies in the Energa Group's Sales Segment utilize their potential and superb organization of internal processes to attract the greatest number of new clients and to build a competitive advantage. Employee engagement at all the levels of the organization is the driving force behind the company's expansion beyond its operating area while also contributing to customer loyalty.

That is why the Energa-Obrót Management Board has selected the compass to define the company's directions and identity and to impart them to its mission, vision, key values, strategic and operating priorities and brand promises.



Energa-Obrót intends to build its competitive advantage on the following:

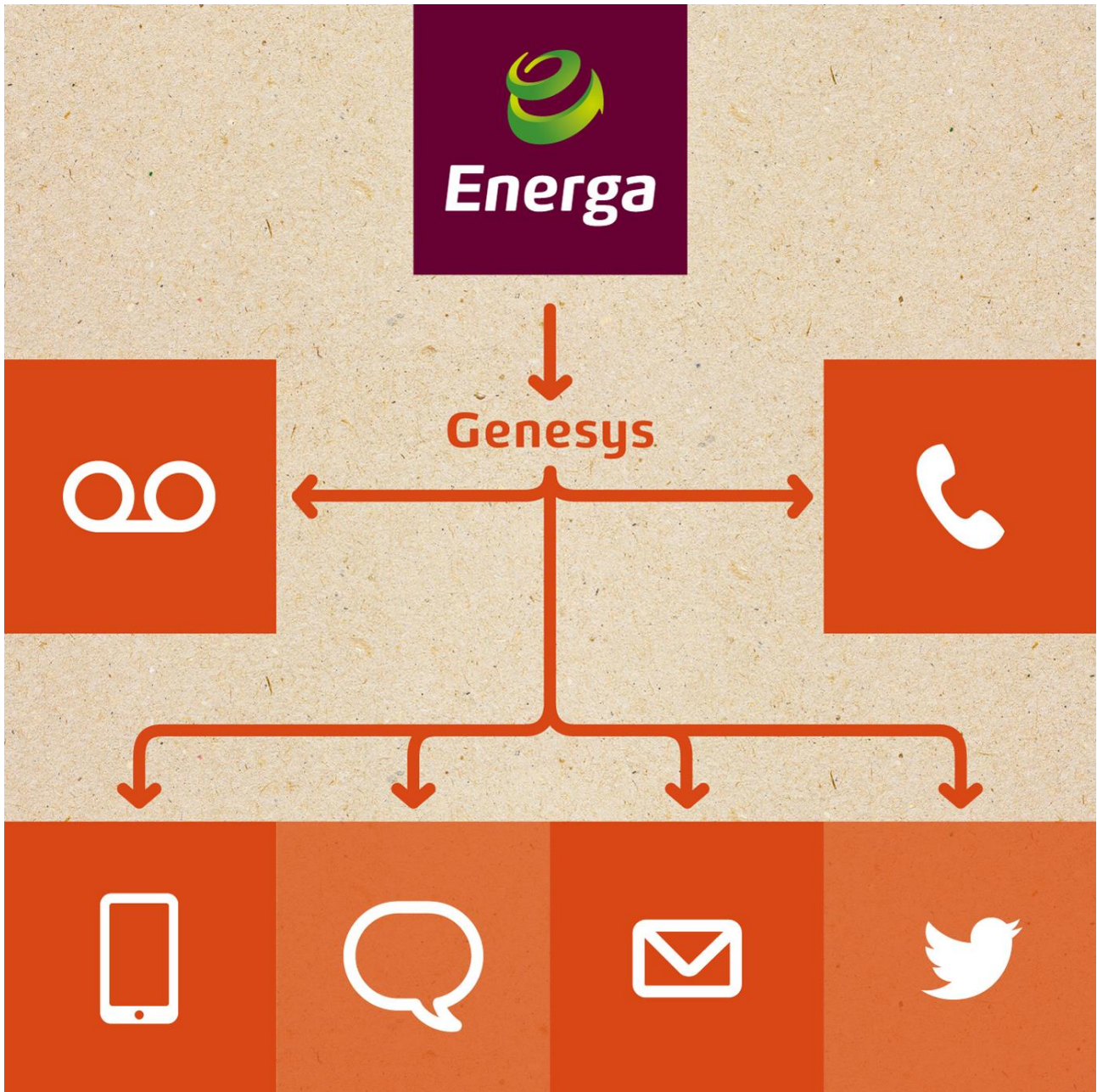
- not just competing for customers, but for the maximum share of their spending on the energy-related services and products they use;
- providing comprehensive service to customers, simple solutions, an attractive offering not just in terms of price but also, above all, innovativeness and its focus on customer and environmentally-friendly solutions;
- being a friendly company offering comfort, guaranteeing reliability and striving for perfection in its operations;

The Company is incessantly streamlining its operations to augment the return on its sales and service efforts. This means that customers can sign a contract with Energa, activate a new service or submit a form in more than 60 branches across the nation.

Scope of matters handled in the various types of branches.

	Showroom	eBOK	Infoline	energa.pl
Get information how to become our customer, about our offering, promotions, complaint filing procedure	✓	✓	✓	✓
Submit comments about your electricity meter	✓	✓	✓	✓
Download forms, ask a question using a contact form, charge a pre-paid account		✓		✓
Sign an agreement with us for a traditional meter or a prepayment meter	✓			✓
Register an account in eBOK, update your data	✓	✓	✓	
Check your current balance and bill payment deadlines	✓	✓	✓	
Check available discounts for your company	✓		✓	
Activate Actual Usage Settlement and e-Invoice	✓	✓		
Check your balance of PAYBACK points, check your energy consumption statistics, activate free text message and email notifications, pay your electricity bill		✓		

From year to year, the number of customers who use on-line channels (eBOK, MeBOK) to contact the Company keeps growing. That is why the Company is already now engaged in running projects to enhance the attractiveness of these channels and to extend the available functionalities. The most important projects include the following:



- **developing the contact center** (infrastructure development using the Genesys system and provision functionalities such as video calls, webchats and shortening service time and improving the system's stability);
- **offer configuration** (making the omni-channel web platform available to clients to craft their own offer and to all advisors so that they can customize offers in separate configurations);
- **developing the on-line service channel** (increasing the level of utilization of the eBOK and meBOK electronic channels by rolling out a safe and intuitive multifunction mobile application for service and information-related purposes and launching a self-service customer service channel outside Energa's IT environment);

- **developing a WEB / PC platform** (expanding functionalities, including self-service solutions, also to track the operation of micro sources of energy, home area networks (HAN), to offer self-billing and to customize them to the needs and capabilities of the elderly with sight dysfunctions);
- **SMS balance** (facilitating rapid access to information related to account balance and billing via SMS).

Information on your bill

The image shows a detailed VAT invoice from Energa. It includes the company logo, website URLs (www.energa.pl, www.ebok.energa.pl), and contact information (Infolinia: 555 555 555). The invoice is for electricity supply and distribution services. It lists the seller (ENERGA OBRÓT SA) and the buyer (Nabywca). A summary table shows electricity consumption of 116 kWh and a total payment amount of 121.10 zł. Below the table, there are instructions on how to pay, including QR code, bank transfer, and paypoints. A QR code is visible for online payment.

Information on www.energa.pl

The image shows the Energa website's customer service interface. It features several service tiles: 'Potrzebujesz szybkiej i rzetelnej pomocy?' with a 'SPRAWDŹ' button, 'Kontakt online' with a 'Kontakt online' button, and 'Znajdź naszą placówkę w swojej okolicy'. There are also sections for account balance (555 555 555) and a '991' service number. The interface is clean and user-friendly, with clear navigation options.

Energa-Obrót SA is enhancing the efficiency of its internal processes and support systems that directly contribute to accelerating customer service quality. It is rolling out the SMILE IT sales service system to facilitate customer relationship management and optimize service processes. This new system will ultimately improve customer service quality, improve the efficacy of billing and raise the efficiency and level of service in all contact channels. It will also be conducive to greater flexibility and higher sales conversion while shortening the time to bring new products to the market, and as a consequence it will make the Energa Group more competitive on the energy market. SMILE software is the first solution that is so modern in the utility industry in Poland.

INVOICES AND PAYMENTS

Can we make our invoice even more accessible?

Can we obtain readings more efficiently?

How can we shorten the time of issuing corrected invoices?

- #friendly invoice
- #minimum number of corrections
- #verification
- #rapid non-DSO data
- #smart bill
- #AMI
- #certainty and safety

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INITIATIVES



CUSTOMER SERVICE

How should we develop eBOK?

Why is client knowledge so valuable?

What do we need to advise customers of their case status effectively?

How can we identify customers rapidly?

- #expect more of us
- #challenging cases
- #rapid customer check
- #single base
- #first time right
- #classification of notifications
- #status notice
- #constant monitoring
- #simple documents
- #new eBOK
- #IT solutions
- #customer information

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INITIATIVES



SALES

Why is measuring satisfaction so important?

Can we streamline service by deploying automated solutions?

How do we respond to lines in points?

- #customer quality
- #mobile service
- #seller of first choice
- #sales network
- #pro-sales culture
- #sales network
- #book a visit
- #NPS
- #ENERGOBUS
- #DOCUMENT MACHINE
- #customer base maintenance

23
INITIATIVES



IT SYSTEMS

How can we streamline complaint handling processes?

Is it plausible to have a single system for all Group companies?

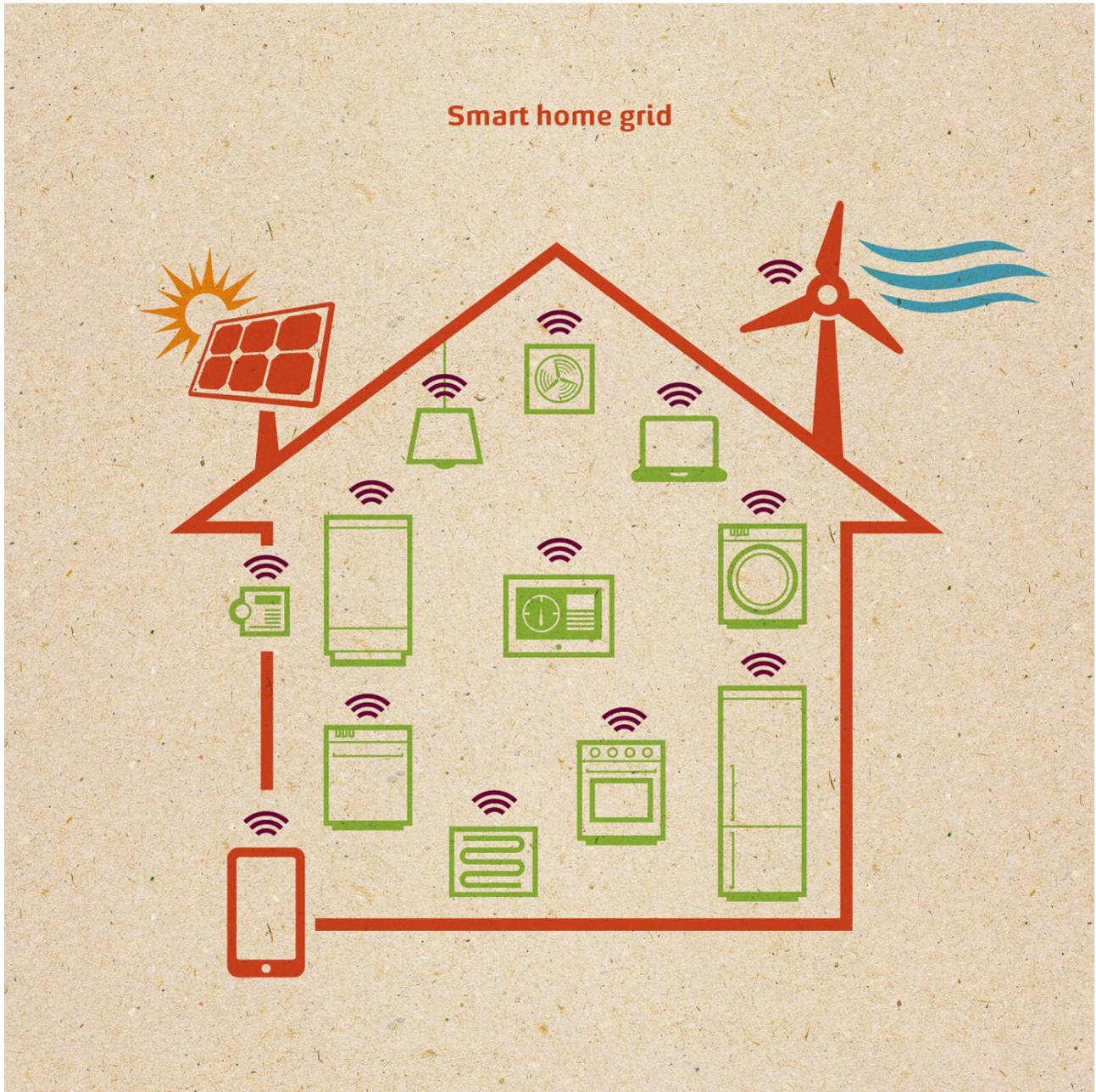
How can we bring SMILE closer to perfection?

- #database
- #integrated system
- #SMILE
- #accurate information

9
INITIATIVES



Espirion, a member of the Energa Group's Sales Segment, has set up the first modern utility sector laboratory jointly with its clients under the Living Lab project. Starting in Q2 2015, 300 households in Gdynia tested pilot demand response solutions and assessed their day-to-day performance. Multiple-zone price programs with variable rates for electricity over the day and innovative services such as personalized reports, data visualization of consumption patterns and the costs incurred and Smart Home Grid (SHG) technology gave them control over their bills and ongoing electricity consumption while helping them to plan it.



SHG using Wi-Fi devices communicates with the meter facilitating data tracking directly on mobile devices or personal computers.

The project to optimize electricity management in households has won advocates among households not only among the original participants but also among their friends and families, and this will certainly translate into creating a better environment by reducing the CO₂ emissions accompanying the generation of energy.

This lab has also made it possible to demonstrate amply the capabilities offered by a Smart Home Grid as a tool to use electricity effectively. More importantly, the findings of the Energa Living Lab will be utilized in other cities.

2.4. Energa's products and services dear to its clients

ENERGA endeavors to respond to the various needs of its individual customers. By offering comprehensive solutions consisting of modern products such as Super Energa and Office with Energa, Simply the Family, Calculate and Change as well as services offered to date such as pay as you go, pre-paid billing, payments with PAYBACK points, SMS balance and e-Invoice,, 380 thousand customers are already using pay as you go billing for energy based on meter readings, known as billing for actual energy consumption, representing 1.5% growth compared to last year. More than 110 thousand people, mostly those who let out their apartments buy electricity in a pre-paid system (by card), with their numbers steadily growing. In addition, Energa is the only utility in Poland to have created the opportunity for its regular clients to pay their bills with PAYBACK points which can be earned by timely remitting their electricity bills. More than 130 thousand households, i.e. roughly 6% of the customers of Energa-Obrót SA are already using this solution.

In turn, the company offers businesses products matched to industry specifics and their size, such as compensation for passive energy capacity, aligning metering systems to TPS and the newest offer to sell natural gas.

Offer: risk-free electricity

Pre-paid billing is a convenient way of buying electricity in a pre-paid system (by card) recommended chiefly to those who let out their apartments. Any quantum of energy may be purchased that will suffice for a given period depending on the transaction value chosen by the customer.

Prepaid meters may be replenished or topped up on the website www.Energa.pl, in the electronic service department or in shopping chains and petrol stations.

This solution's strengths include the ability to avoid accumulating debt and the absence of any additional costs related to demands for payment or reconnection that are subject to additional fees.

Customers interested in the pre-paid billing service may also take advantage of the offer to install a pre-paid meter for a fee and to spread the fee for the meter into installments.

Offer: Pay with PAYBACK points

Every PLN 2 spent in Energa equals 1 point in PAYBACK! Only electricity bills (net of fixed and distribution fees) are subject to gratification with PAYBACK points. To receive PAYBACK points the PAYBACK card number should be provided in the Electronic Customer Service Office (eBOK) run on the website: www.ebok.Energa.pl or on the service run on the website: www.24Energa.pl.

Customers who have a PAYBACK card may collect points from nearly 900 program partners, take advantage of special discounts, promotional campaigns and participate in contests.

Offer: natural gas sales

This offer has been prepared for business customers who want to reduce the costs associated with purchase of high-methane natural gas. It is customized to the individual consumption profile, tariff group and contractual capacity.

Offer: Super Energa

In May 2015 Energa-Obrót SA, Hestia and Europe Assistance launched a joint offer packaging a three year fixed electricity price guarantee with an insurance bundle. Clients may use without limitation

information concerning the network of service providers, including firms offering locksmith, hydraulic, electric, roofing, glass, carpentry, masonry, painting, tiling and parquet floor services and for heating equipment and installations. In addition, if there is a failure in an electrical installation, the Alarm Center will organize the assistance of an expert electrician within 24 hours at the customer's request. The client has the right to use this service free of charge up to two times a year if the gross value of the services rendered does not exceed PLN 500.

The payment of benefits is also contemplated in the event of the risk of joblessness, temporary inability to work and hospitalization as a result of an accident. In the first two instances the insured may receive up to PLN 1,500 during the term of insurance.

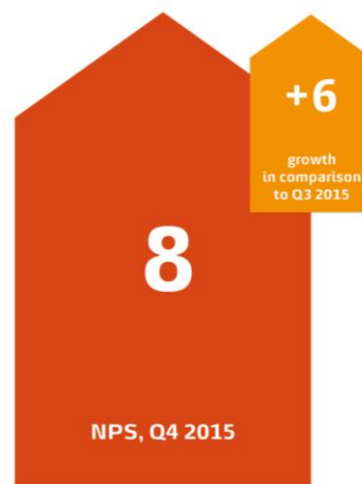
2.5. Opinions of our clients

Client satisfaction and the Company's image

Individual customers' overall satisfaction with Energa's services

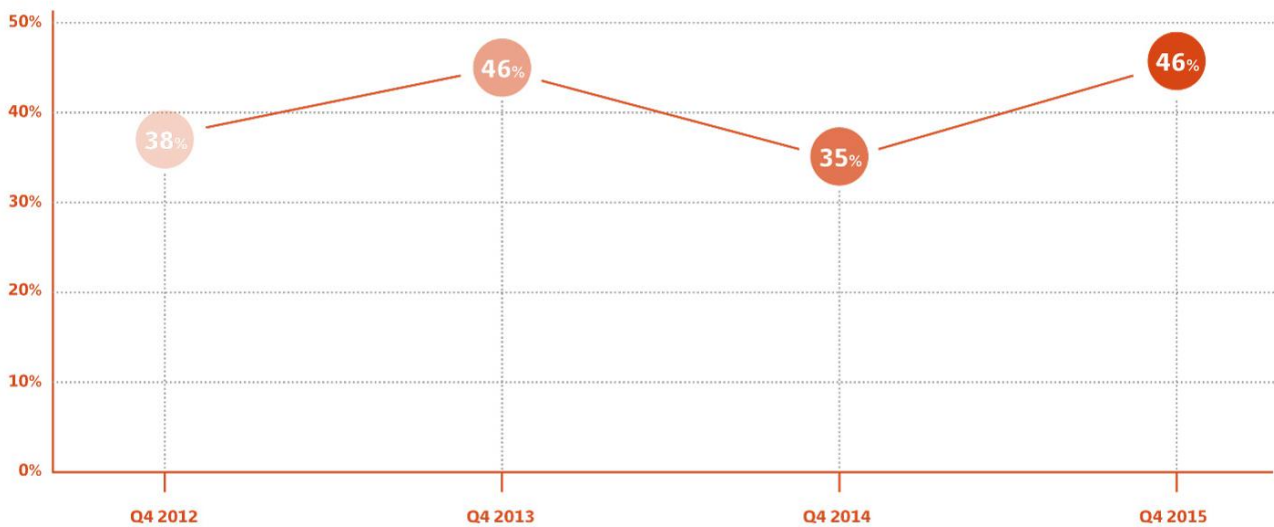


Individual client loyalty to Energa (NPS)



In the fourth quarter of 2015 the **overall satisfaction with Energa's services** hit 85%, meaning that it remained steady throughout 2015.

The level of **client loyalty (Net Promoter Score)** rose by 6 percentage points for Energa to 8 in the fourth quarter of 2015.

Energa brand's aided awareness among the competition's individual customers


Energa's aided brand awareness among the competition's individual customers in the fourth quarter of 2015 climbed to 46%. Customers who recognize the Energa brand and who live outside the area in which the ENERGA Group conducts its distribution business perceive Energa above all

“The level of retail client satisfaction with Energa's services has demonstrated a steady upward trend in recent years. It is similar to the level of customer satisfaction in leading utilities. Analyses indicate that energy price stability and aligning the offer to retail customers' needs are the driving forces behind the level of satisfaction.

In the longer term, an upward trend is visible in the Energa brand's aided awareness among the competition's clients, with declines being short-lived and regularly appearing after wrapping up nationwide image campaigns”.

Elżbieta Dereniowska-Przybył
 Chief Development Specialist
 Development and Market Analysis Sub-
 department

as a credible, professional and innovative company.

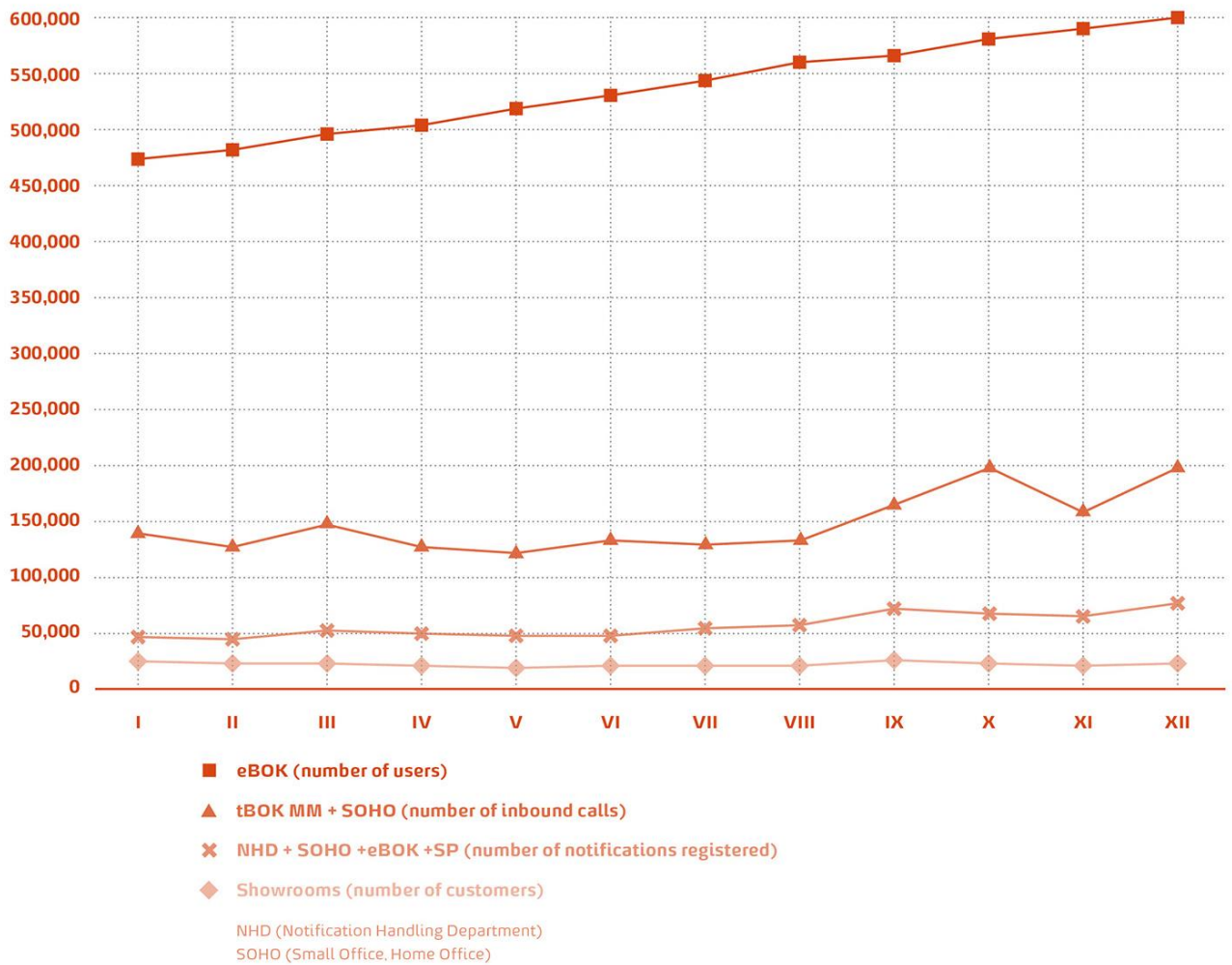
Customer contact channels

In 2015 Energa furnished its clients the opportunity to enter into contracts by phone and through the information line run by Energa-Obrót. In turn, the Company gives clients who value direct contact and persons who are required for formal reasons to affix their signature in person:

- the ability to handle their affairs in 10 sales outlets (islands) located in the largest shopping centers in cities in the operating area of Energa-Operator and elsewhere;
- 43 partnership outlets;
- 9 showrooms located in the largest cities in the operating area of Energa-Operator.

Additionally, in 2015 customers who purchase natural gas received the ability to submit complaints and notices by phone and electronically.

Frequency of using various contact channels



2015	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
eBOK (number of users)	473,689	482,700	492,590	504,224	518,024	532,428	546,906	559,414	571,798	582,655	590,455	597,503
tBOK MM + SOHO + bill collection (number of inbound calls)	146,502	134,885	151,105	134,058	130,636	143,263	141,086	144,613	168,494	206,673	162,396	206,037
DOZ MM + SOHO + eBOK + SP (number of registered notices)	45,773	41,978	49,760	45,703	43,026	44,183	48,156	50,841	70,558	65,281	63,610	75,607
Showrooms (number of clients visiting)	24,112	22,421	22,547	19,798	17,010	18,720	18,610	18,118	21,565	19,605	19,402	20,655

Customer Service Audit

In August and September 2015 the Federation of Consumers in cooperation with B2C Audit conducted an audit of managers and employees in Energa-Obrót's information line, showrooms and sales outlets. Its purpose was to check the level of knowledge of the consultants and as a consequence to care for customer service quality. The overall audit result was nearly 93% of correct responses, enabling the company to receive the Certificate of Consumer Service Quality.

Information line and branches under the auditor's scrutiny

307 employees from 9 showrooms, 8 sales points and 7 outlets in its own information line and 2 outlets in an external information line participated in this audit by providing a total of more than 17,000 responses.

All the outlets taking part in the audit achieved the required minimum number of correct responses, with the mean result for all employees being 93.59%.

"External call center consultants participated in the audit. Their average correct response outcome was 86.27%. In this area we will take decisive measures to augment their knowledge. Our goal is to attain 100%, with it being of no consequence whether we are talking about in-house outlets or an external partner. We believe in quality and it must go hand in hand with knowledge and competence".

Krzysztof Dwojacki
Director of the Mass Market
Service Division

Energa-Obrót SA

Complaints handling

In April 2015 Energa-Obrót SA commenced the implementation of a new system to handle notifications and complaints (SIEBEL). This program supports management of all customer contacts in a single venue. It means that clients who call, write an e-mail or send a letter will be served in an identical manner as swiftly as possible.

On account of the ever more frequent contacts with foreigners the Company has decided to launch customer service in English for phone calls, e-mails and letters.

The number of remote contacts is growing steadily and rapidly, chiefly in the electronic channel and in the remote channel to handle notices. From 2012 to 2015 the quantity of inbound correspondence has doubled. Since 2012 the contact channel most frequently used by clients has unwaveringly been the information line that fields roughly 75% of all contacts.

Rate of change in customers' usage of various contact channels, 2014 to 2015

Contact channel	Rate of change	2014	2015
Notification Handling Department - incoming correspondence	38%	109,227	150,865
eBOK - incoming correspondence	86%	285,683	531,120
tBOK – inbound calls	16%	1,612,462	1,869,748

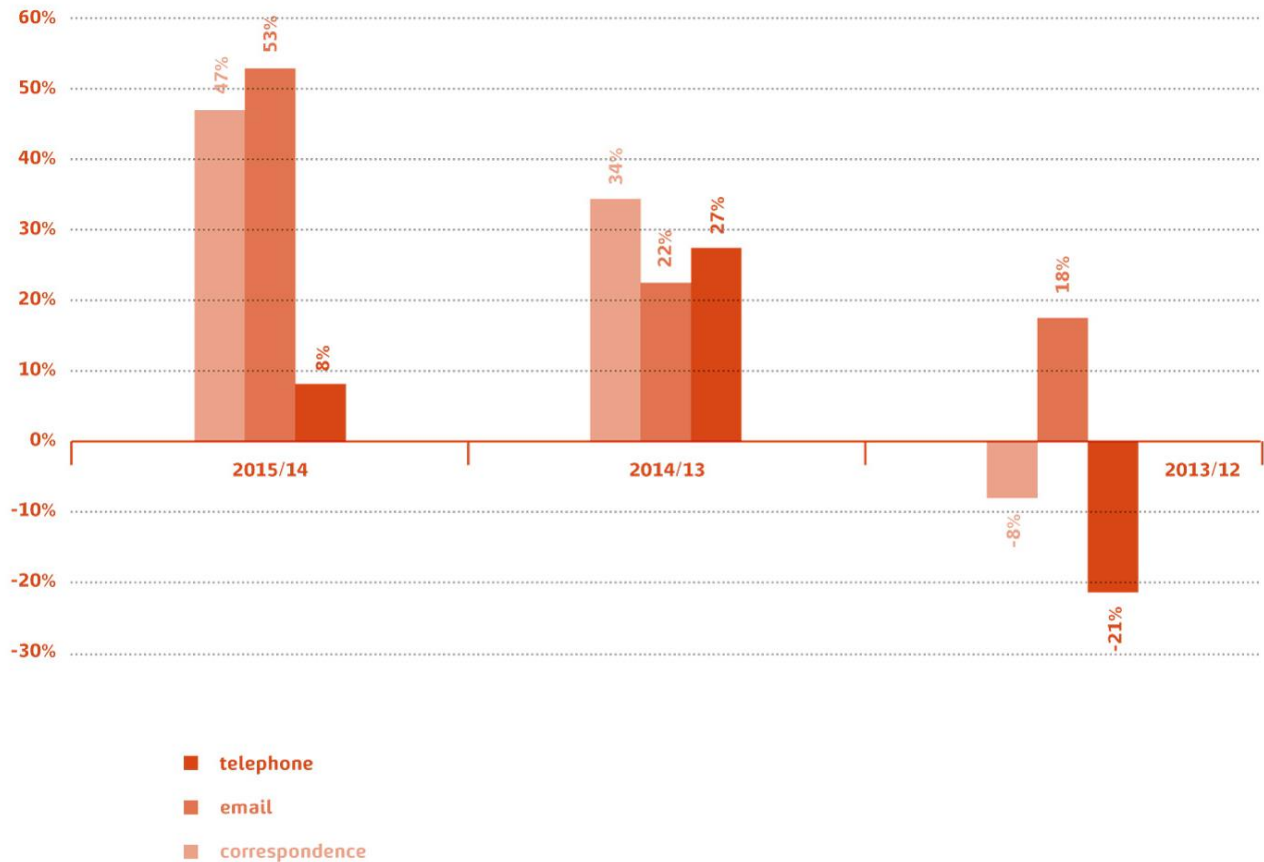
Rate of change in customers' usage of various contact channels, 2013 to 2014

Contact channel	Rate of change	2013	2014
Notification Handling Department - incoming correspondence	34%	81,759	109,227
eBOK - incoming correspondence	22%	233,314	285,683
tBOK – inbound calls	27%	1,267,396	1,612,462

Rate of change in customers' usage of various contact channels, 2012 to 2013

Contact channel	Rate of change	2012	2013
Notification Handling Department - incoming correspondence	-8%	88,731	81,759
eBOK - incoming correspondence	18%	198,344	233,314
tBOK – inbound calls	-21%	1,604,609	1,267,396

Rate of change in customers' usage of various contact channels

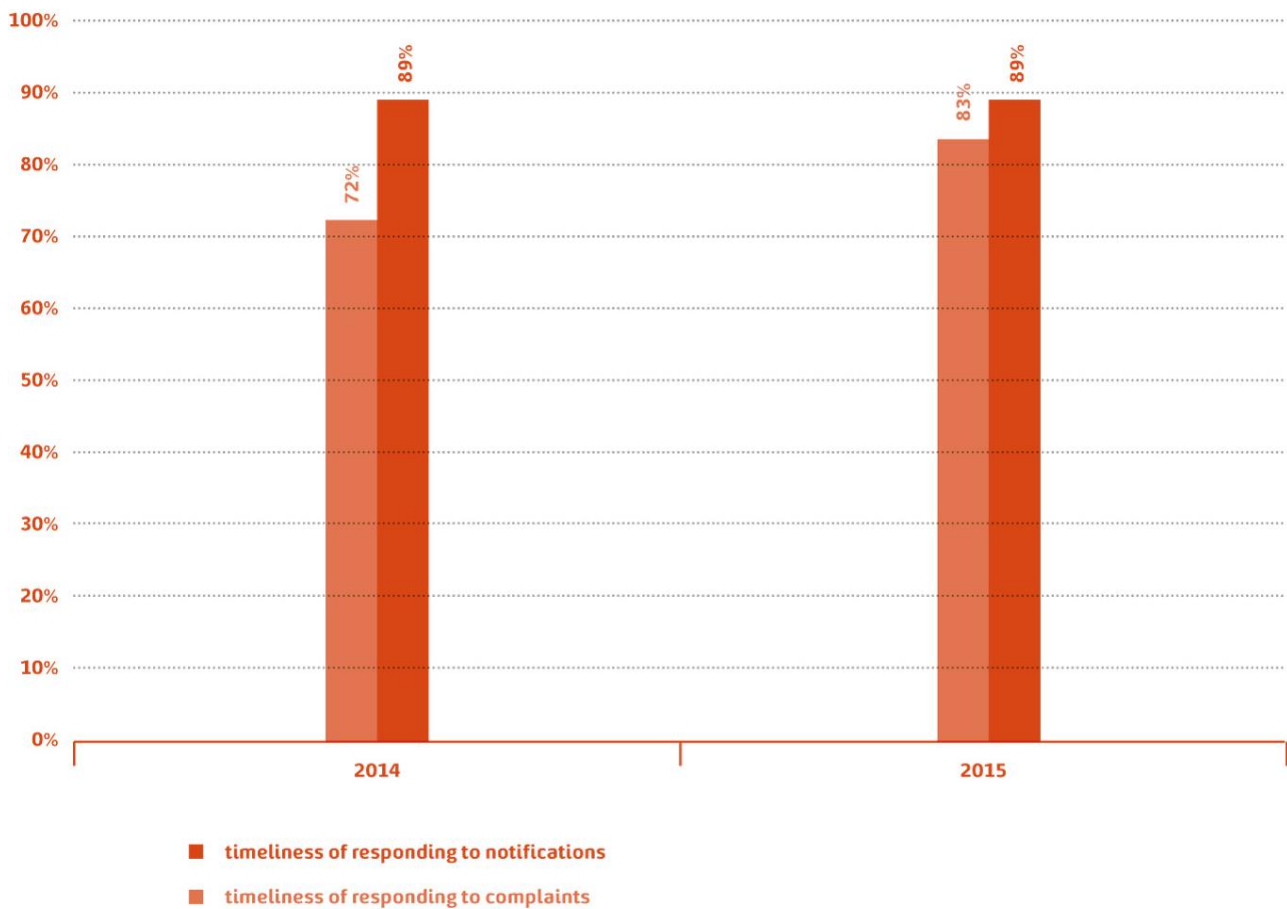


Since 2013 one may observe a positive growth rate in clients' usage of all forms of contact. It is particularly visible in the case of inbound electronic and paper correspondence. In turn, the growth rate of phone service has experienced slight deceleration (down from 27 to 16%); even so it continues to stay positive.

Timeliness of providing responses to client correspondence in 2014 and 2015

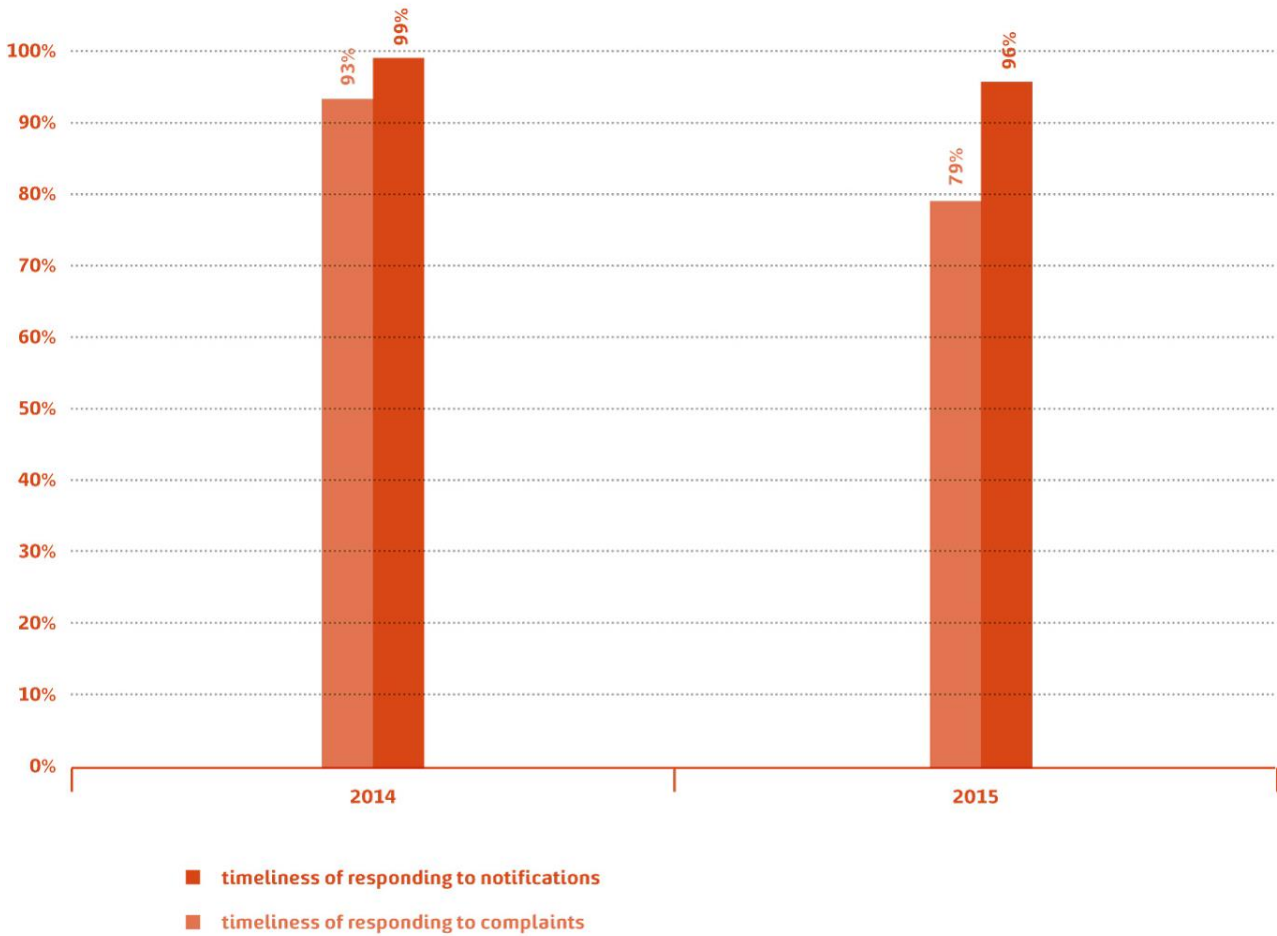
The deadline for providing a response to a complaint prescribed by the Energy Law Act is 14 calendar days. In turn, the lawmaker does not impose a regime on the entities operating on its basis for giving a timely response to notifications. Energa-Obrót responds within 30 calendar days.

Timeliness of providing responses to client notifications and complaints sent by traditional channels in 2014 and 2015



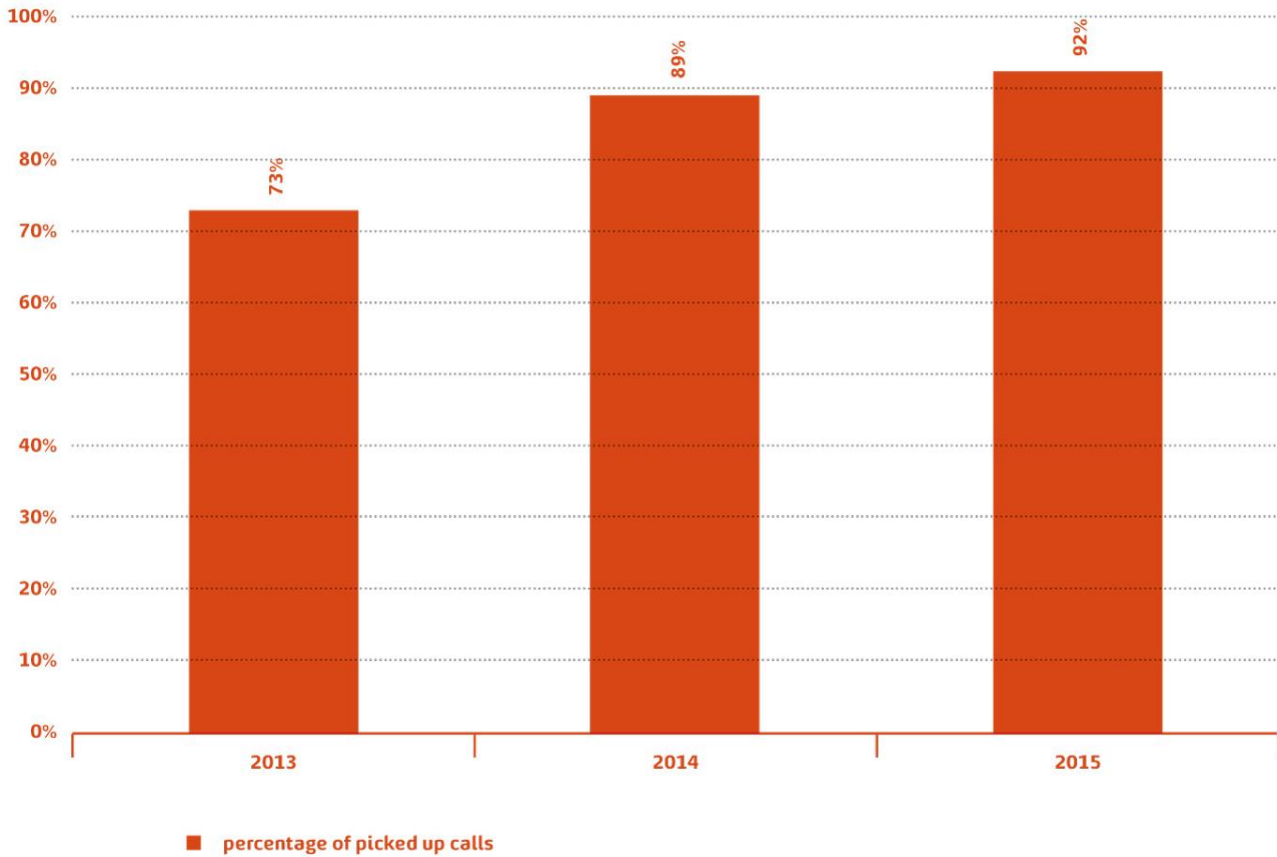
The ratio concerning the timeliness of providing responses to complaints sent by traditional correspondence rose in 2015 by 11 percentage points while the ratio concerning the timeliness of providing responses to notifications in this channel remained unchanged. Both ratios exceed 80% and are 83% and 89%, respectively.

Timeliness of providing responses to client notifications and complaints sent by electronic channels in 2014 and 2015



The ratios concerning the timeliness of providing responses through the electronic channel in 2015 fell 14 percentage points for complaints and 3 percentage points for notifications. These ratios are 79% and 96%, respectively.

In 2013, 2014 and 2015, the tBOK pickup rate



The pickup rate for telephone calls constantly improved from 2013 to 2015. At present, the pickup rate for inbound calls is a whopping 89%.

Net Promoter Score

On a competitive market it is crucial to do research on customer experiences in contacts with the firm. Energa’s level of customer loyalty and their inclination to recommend its services to their friends have been tracked for several years now. Even so, starting in 2015 Energa paid greater attention to measuring the Net Promoter Score (NPS). Customers served by Energa employees are also asked to substantiate their assessment. When managing customer service and defining the relevant standards one cannot overestimate the value coming from observing this score and analyzing customer feedback. This makes it possible to identify areas and processes in need of tweaking and to streamline these actions.

2.6. Responsible customer communication

For the second time Energa has been involved in a nationwide education and information campaign targeting clients, namely, end users of electricity. The campaign organizer, the Association of Energy Trading (TOE) advised consumers by radio, nationwide and local press and the internet of their rights, named the companies that have adopted the “Code of Best Practices” guaranteeing clear and transparent rules for entering into contracts and promulgated standards of fair play on the electricity

market and encouraged them to make decisions with full awareness when selecting their seller. The President of the Energy Regulatory Office (URE) was the honorary patron for this campaign.

Its involvement in the campaign is also Energa's response to the numerous client grievances concerning dishonest actions taken by the sales representatives of some sellers.

In 2015 the first sellers of electricity, including Energa-Obrót SA, received a TOE Certificate confirming the positive outcome of the audit conducted in their companies on the acceptance of the "Code of Best Practices of Electricity Sellers".

At the same time, in 2015 Energa-Obrót SA ran an extensive communication effort with clients related to rolling out a new service system. For this purpose it used tools such as letters written directly to clients, SMS alerts, local press reports and nationwide announcements placed for a fee, a dedicated website and its profile created in December 2015 on the Facebook social portal. Clients were advised of the change in the bank account number, the change in the client number and the change in invoice numbers. More importantly, they were also advised of the lack of necessity to amend their contracts to date, which was to help eliminate the threat posed by unethical practices employed by the competition as it tried to leverage this opportunity.

Employee involvement in the process of streamlining and improving customer service quality

The "I am an Energa client" project targeted Group employees and engaged them in the process of examining customer needs and streamlining customer service. During these workshops 120 active users and 77 supporting consultants voiced nearly 200 proposed solutions in crucial areas affecting the customer satisfaction level with products and services such as, for instance, contact channels, offer, payments and invoices, complaints, connections, stationary service points.

The participants had access to a group of internal experts who on a day to day basis manage areas related to customer service, billing, invoicing, sales and debt collection. The responsibility for implementing the ideas formulated during the project rests primarily on this Group.

Moreover, project participants assumed the role of "program ombudsmen" and "information points" for other employees. All the initiatives underwent a detailed check run by the jury consisting of business representatives and experts in IT, marketing and strategy. Some of the projects involved streamlining, some –were linked to the Sales Segment's strategic projects and some were attributed the status of standalone initiatives and will be subject to examination in the future.

Program participants continue to be involved in developing initiatives - those that have already been submitted and new ones, such as developing SMS Balance services and communicating important changes to clients related to the rolling out of a new service system.

Total number of incidents of non-compliance with regulations and voluntary codes of conduct concerning product and service marking and information, by type of outcome

	2014	2015
Incidents of non-compliance with regulations leading to the imposition of a fine or penalty	3	9
Incidents of non-compliance with regulations leading to a warning	0	0
Incidents of non-compliance with voluntary codes of conduct	0	0
TOTAL NUMBER OF INCIDENTS	3	9

Total number of incidents of non-compliance with regulations and voluntary codes of conduct regulating marketing communication, including advertising, promotion and sponsorship, by type of outcome

	2014	2015
Incidents of non-compliance with regulations leading to the imposition of a fine or penalty	0	0
Incidents of non-compliance with regulations leading to a warning	0	0
Incidents of non-compliance with voluntary codes of conduct	0	0
TOTAL NUMBER OF INCIDENTS	0	0

Monetary value of major penalties for non-compliance with the law and regulations concerning the supply and usage of products and services

	2014	2015
Total value of penalties (PLN) imposed on the organization for non-compliance with the law and regulations concerning the supply and usage of products and services	370,000	170,000

**Natural
environment**

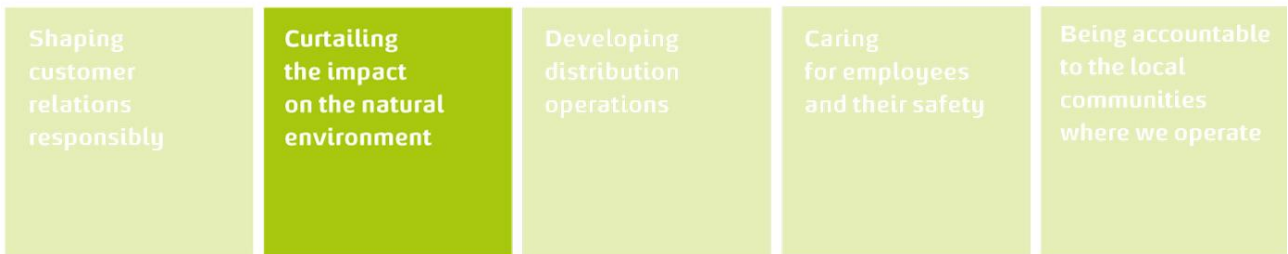


3. Curtailing the adverse environmental impact

The Energa Group has a customized approach to environmental protection issues. For critical environmental aspects are different for most Generation Segment or Distribution Segment companies and for companies conducting office and administration activity. Despite that, Group companies are unified in their efforts to minimize the adverse effect their operations may have on their surroundings.

This is achievable among others through identification, evaluation and management of activities affecting or that may affect the environment. In 2015, the approach to the process of identifying and evaluating environmental aspects in Group companies was unified. Valuation offers the possibility of making balanced and responsible decisions concerning operating activity and planned capital expenditures and minimizing environmental risk.

Responsible management



3.1. Environmental objectives in 2015

OBJECTIVES FOR 2015	PERFORMANCE
Increase share of RES in energy production and supply to customers	Completed: - construction and launch of the 20 MWe Myślino wind farm - construction and launch of the 3.77 MWe Czernikowo solar park Capital expenditures: - construction of the 26 MW Parsówek wind farm
Verification of the environmental management system by an external certification unit, completed by registration in the EU system	In October 2015, Group companies received the ISO 14001:2004 certificate. At present, the procedure of registering Group companies in the EMAS register kept by the General Directorate for Environmental Protection is pending
Development of the subsidy project entitled: "Nature Fund"	We provided grants with a total net value of PLN 35 thousand

“Implementing an environmental management system based on EMAS requirements will optimize resource consumption, including energy and water, diminish pollutants and waste produced, thereby driving down operating expenses. This prevention-based approach to identifying environmental risks minimizes the likelihood of fines being imposed for non-compliance with legal requirements.

Implementing this environmental management system in Group companies was a great challenge for all of its employees. It helped tidy up its processes, resulting in a more precise allocation of responsibility to individual positions. As a result, we can be more efficient in our operations, while fully respecting the natural environment.”

Katarzyna Karolak
 Chief Environment and Sustainable
 Development Specialist
 Energa Centrum Usług Wspólnych Sp. z o.o.

Priorities for 2016/2017

Priorities

for 2016/2017



Growing the percentage of RES in the electricity generation mix and the percentage of green energy supplied to customers



Implementing an environmental management system in all Group companies



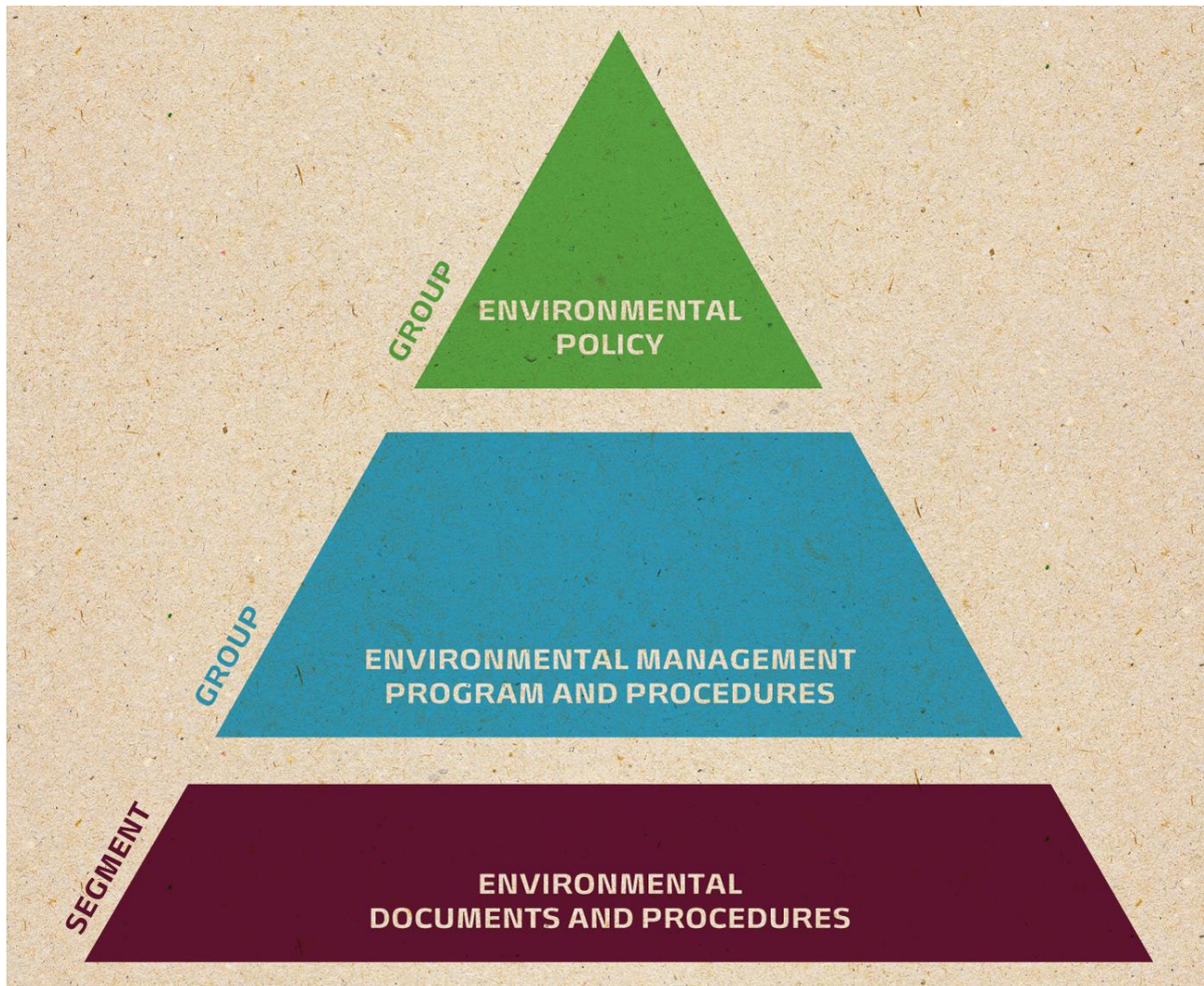
Implementing an ISO 50001 compliant energy management system

3.2. Comprehensive Environmental Impact Management

Since 2014, the main companies in the Group’s value chain have had in place an environmental management system compliant with the EMAS regulation. The “Energa Group’s Environmental Policy” is a key element of the system obligating us to maintain compliance with all legal regulations, continuously improve the effects of our operations and limit the adverse effect on the environment. The document creates the framework for setting environment-related goals and tasks. For more information about the environmental management system in the Energa Group, see the “Our Responsibility 2014” report.

According to the assumptions of the management system, Group companies document their plans and effects of their activities, which contribute to the minimization of emissions and other negative impacts, economic consumption of natural resources, energy efficiency, maintenance of biodiversity) and efficiency of management. The registers of environmental goals and tasks contain investment tasks and organizational and technical undertakings, which can contribute to such effects. The segment companies and leaders monitor the implementation of goals and document them accordingly and the effects of this process are submitted to the Energa SA Management Board. In August 2015, the Management Board of Energa SA conducted the first management review based on the review of implementation of environmental goals and tasks conducted in 2015 in Group companies. A report from this review forms the basis for planning priorities for the coming years.

Environmental management system structure



From June to August 2015, Bureau Veritas Polska Sp. z o.o. as an independent certifying entity carried out an external verification of the implemented management system. The audits, which were aimed at confirming compliance of activities with the EMAS regulation, were conducted for all the installations and facilities of the companies covered by the system (a total of 159 locations).

Group Companies, whose locations and facilities passed external audit for compliance with EMAS regulation

ENERGA SA	ENERGA -OPERATOR SA	ENERGA Wytwarzanie SA	ENERGA Obsługa i Sprzedaż	Energa-Obrót SA
ENERGA Elektrownie Ostrołęka	ENERGA Kogeneracja	ENERGA Oświetlenie	ENERGA OPEC	Energa Centrum Usług Wspólnych

In October 2015, Group companies received the ISO 14001:2004 certificate. Currently, the procedure is pending to register Group companies in the EMAS register kept by the General Directorate for Environmental Protection.

Operation of the EMAS system offers numerous benefits, including economic benefits related to more efficient resource management; however, it also poses certain challenges, such as the need to unify how the organization manages its environmental footprint. In the coming years, Energa will try to face these challenges while improving its environmental management.

You can read more on environmental policy and the environmental management program in the “Environmental Declaration of the Energa Group” available at https://grupa.Energa.pl/zaangazowanie_spooleczne.xml

EMAS performance indicators for companies subject to EMAS review

The Energa Group recognizes and analyzes eco-management performance indicators as required by the EMAS regulation. The indicators are calculated for the entire Group as well as for the individual segments. You can read more about EMAS indicators in the “Environmental Declaration of the Energa Group” available at https://grupa.Energa.pl/zaangazowanie_spooleczne.xml

Energy efficiency

A slight increase in energy consumption for production purposes was observed in 2015, which was driven mainly by the connection of new energy sources. Consumption of energy in administrative processes has also increased in the Group. In order to improve energy efficiency in companies with the highest consumption of energy, a decision was made to introduce an ISO 50001 compliant energy management system by the end of 2017.

The table below presents the consumption of energy broken down into key operating segments/companies in 2014–2015.

Energy consumption in the organization (the summary includes all the Group companies)

Company/segment	Total power consumed/from renewable and non-renewable fuel resources [GJ]		Total power consumed/from non-renewable fuel resources [GJ]		Total power consumed/from renewable fuel resources [GJ]		Total power consumed/purchased power [GJ]	
	2014	2015	2014	2015	2014	2015	2014	2015
Group management	0	1,704	0	1,704	0	0	1,111	1,806
Distribution Segment	336,912	41,080	336,912	41,080	0	0	5,732,336	6,642,296
Sales Segment	0	510	0	510	0	0	477,168	465,834
Generation Segment	45,401,497	35,726,846	34,786,140	25,398,081	10,615,357	10,328,765	1,274,192	1,527,253
Energa Elektrownie Ostrołęka SA	37,597,840	27,681,256	31,335,710	21,743,488	6,262,130	5,937,768	0	0
Energa Kogeneracja Sp. z o.o.	3,520,360	3,711,490	3,286,763	3,316,867	233,597	394,623	4,396	4,455
Ciepło Kaliskie Sp. z o.o.	162,892	336,939	162,892	336,939	0	0	295,041	471,461
Energa Wytwarzanie SA	4,120,405	3,990,427	775	787	4,119,630	3,989,641	5,036	8,896
Energa Ciepło Ostrołęka Sp. z o.o.	0	0	0	0	0	0	969,553	949,554
Energa Serwis Sp. z o.o.	0	0	0	0	0	0	0	0
Energa Invest SA	0	0	0	0	0	0	166	163
AEGIR 4 Sp. z o.o.	not available*	0	not available*	0	not available*	0	not available*	0
ZEC Żychlin Sp. z o.o.	not available*	1	not available*	1	not available*	0	not available*	92,395
Elektrownia Ostrołęka SA	not available*	0	not available*	0	not available*	0	not available*	85
Elektrownia CCGT Gdańsk Sp. z o.o.	not available*	6,597	not available*	0	not available*	6,597	not available*	79
Elektrownia CCGT Grudziądz Sp. z o.o.	not available*	0	not available*	0	not available*	0	not available*	0
Ekologiczne Materiały Grzewcze Sp. z o.o.	not available*	137	not available*	0	not available*	137	not available*	164
BORA Sp. z o.o.	not available*	0	not available*	0	not available*	0	not available*	0
Shared Services	0	0	0	0	0	0	7,299	7,770
Energa Group's Segments	45,738,409	35,770,140	35,123,051	25,441,375	10,615,357	10,328,765	7,492,106	8,644,959

*The Company did not report in 2014. 2014 data apply to 15 Group companies

Company/segment	Energy sold by the organization		Organization's total energy consumption	
	[GJ]		[GJ]	
	2014	2015	2014	2015
Group management	0	0	1,111	3,510
Distribution Segment	0	4,943	6,069,248	6,678,434
Sales Segment	470,678	0	6,490	466,343
Generation Segment	41,584,666	33,160,326	5,091,022	4,093,772
Energa Elektrownie Ostrołęka SA	34,243,447	25,089,538	3,354,393	2,591,718
Energa Kogeneracja Sp. z o.o.	2,085,470	2,595,706	1,439,286	1,120,238
Ciepło Kaliskie Sp. z o.o.	353,570	664,849	104,363	143,551
Energa Wytwarzanie SA	4,060,348	3,897,092	65,092	102,232
Energa Ciepło Ostrołęka Sp. z o.o.	841,831	829,894	127,722	119,660
Energa Serwis Sp. z o.o.	0	0	0	0
Energa Invest SA	0	0	166	163
AEGIR 4 Sp. z o.o.	not available*	0	not available*	0
ZEC Żychlin Sp. z o.o.	not available*	76,651	not available*	15,745
Elektrownia Ostrołęka SA	not available*	0	not available*	85
Elektrownia CCGT Gdańsk Sp. z o.o.	not available*	6,597	not available*	79
Elektrownia CCGT Grudziądz Sp. z o.o.	not available*	0	not available*	0
Ekologiczne Materiały Grzewcze Sp. z o.o.	not available*	0	not available*	301
BORA Sp. z o.o.	not available*	0	not available*	0
Shared Services	0	0	7,299	7,770
Energa Group's Segments	42,055,344	33,165,269	11,175,170	11,249,830

*The Company did not report in 2014. 2014 data apply to 15 Group companies

Use of commodities and materials

In 2015, a total of 1,594,441 Mg of raw materials was used to produce electricity and heat, which was roughly 22% less than in the previous year. Coal consumption was reduced significantly, by about 26.5%.

We continued actions to minimize the use of non-renewable commodities and improve equipment's technical efficiency, among others:

- we renovated and modernized equipment to improve power generation capacity in hydropower plants;
- we overhauled, renovated and modernized power and heat generation installations on an ongoing basis.

Commodities/materials used by weight or volume (summary covers all Group companies)

Materials	2014	2015
NON-RENEWABLE		
coal [Mg]	1,572,690	1,156,660
natural gas [m ³]	1,032,039	1,671,923
heating oil [Mg]	1,780	1,790
other non-renewable [Mg]	0	340
use of other non-renewable commodities and resources [Mg]	31,864	28,916
TOTAL USE OF NON-RENEWABLE COMMODITIES [m³]	1,032,039	1,671,923
TOTAL CONSUMPTION OF NON-RENEWABLE COMMODITIES [Mg]	1,606,333	1,187,707
RENEWABLE:		
biomass [Mg]	436,066	406,350
TOTAL CONSUMPTION OF RENEWABLE COMMODITIES [Mg]	436,066	406,350
consumption of direct materials (e.g. steel) [Mg]	403	384
TOTAL CONSUMPTION OF COMMODITIES [m³]	1,032,039	1,671,923
TOTAL CONSUMPTION OF RAW COMMODITIES [Mg]	2,042,803	1,594,440

Company/segment	Total direct emissions of greenhouse gases [tCO ₂]		Emission related to power generation [tCO ₂]		Emission related to heat generation [tCO ₂]		Emission related to transport of materials/employees [tCO ₂]		Biogenic emission [tCO ₂]		Emission from gas leaks, including emission related to failures [tCO ₂]	
	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015
Elektrownia CCGT Gdańsk Sp. z o.o.	not available*	0	not available*	0	not available*	0	not available*	0	not available*	0	not available*	0
Elektrownia CCGT Grudziądz Sp. z o.o.	not available*	0	not available*	0	not available*	0	not available*	0	not available*	0	not available*	0
Ekologiczne Materiały Grzewcze Sp. z o.o.	not available*	11	not available*	0	not available*	9	not available*	1	not available*	0	not available*	0
BORA Sp. z o.o.	not available*	0	not available*	0	not available*	0	not available*	0	not available*	0	not available*	0
Shared Services	141	130	0	0	0	0	141	130	0	0	0	0
Energa Group's Segments	3,316,910	2,380,979	2,876,552	1,999,811	428,688	368,652	11,671	12,427	0	633,438	0	89

*The Company did not report in 2014. 2014 data apply to 15 Group companies

In 2015, we undertook numerous actions to curtail emissions of greenhouse gases. In order to increase the efficiency of heat and power generation, our equipment and installations underwent a thorough modernization. We also gradually replaced company cars with vehicles meeting the standards for exhaust emissions.

**BEST
PRACTICE**

In Energa Wytwarzanie, a joint policy was developed for the entire segment as regards the rules of allocation, purchase and recording the mileage of company cars, so as to use means of transport primarily to supervise and operate installations. According to these rules, the company purchases cars produced in the current calendar year only. Company cars are regularly serviced, decreasing the likelihood of breakdown and adverse environmental impact. This policy also imposes an obligation on drivers to drive cars economically.

Cars are also monitored using GPS systems thereby improving car fleet management.

At Energa-Operator, we regularly replace transformers and modernize grid infrastructure, thereby contributing to lower network losses.

Potential reduction in CO₂
emissions obtained in 2015
by lowering transmission
and distribution losses
in the Energa Group is

-340
thousand
tons

This quantum of CO₂ is equivalent to the emissions produced by

65,000 cars in a year.

8,000,000 trees

in 10 years should be planted to accumulate that quantum

This information comes from the Energa Group's CSR environmental impact analysis for the period from 2013 to H1 2015.

Emission of pollutants into the air

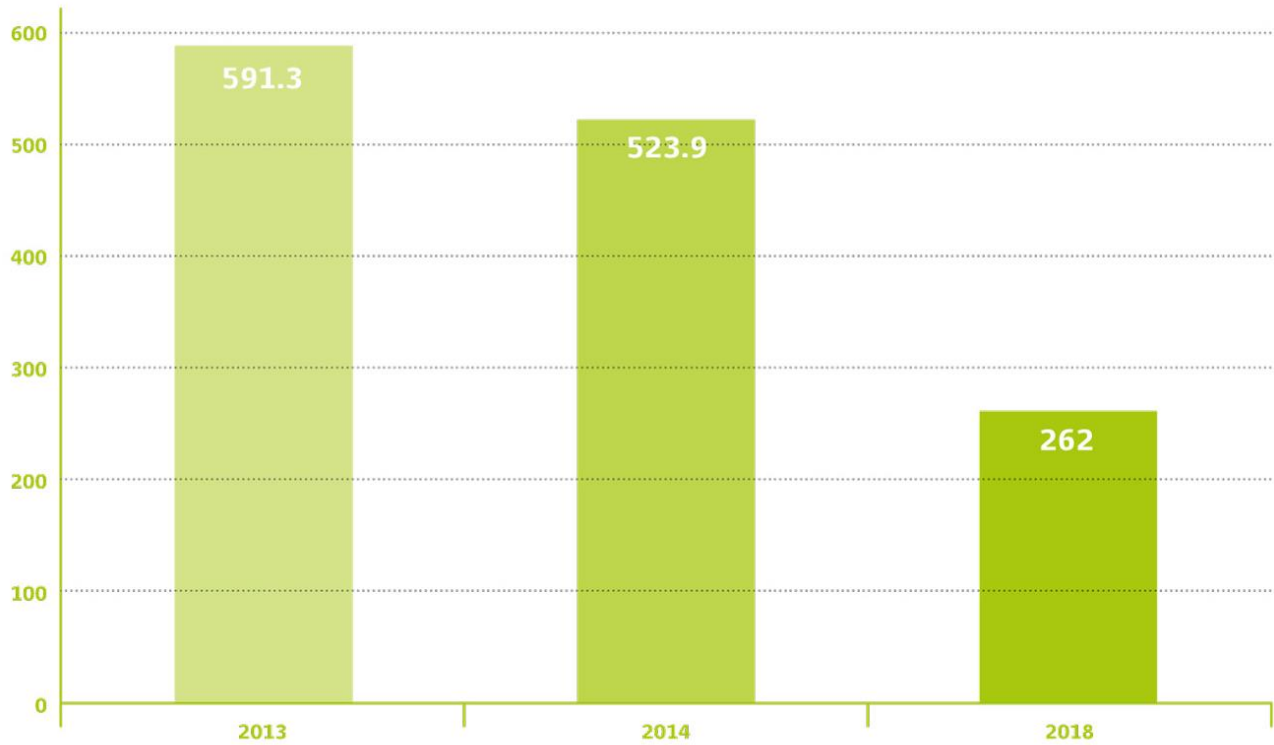
One of the Group's paramount objectives in environmental protection as set forth in its sustainable development strategy is curtailing the emission of pollutants into the air, primarily nitride oxides, sulfur and dust.

In 2015, the Group met emission standards and complied with all conditions of permits and regulations on emission of air pollutants, including sulfur dioxide (SO₂), nitride oxides (NO_x), dust particles and other substances (e.g. volatile organic compounds and mercury). While the quantity of generated energy rose, air pollutant emissions in 2015 were approximately 28% lower than in the previous year. During the year, emission of dust was brought down by at least 50%, mainly due to modernized electrostatic precipitators at the Ostrołęka power plant. By June 2017, the plant will also have completed the construction of an installation to denitrify exhaust gases, allowing emission of nitride oxides to be decreased as many as five times.



This information comes from the Energa Group's CSR environmental impact analysis for the period from 2013 to H1 2015.

Emissions of dust by the Energa Group from 2013 to 2018 (forecast) (in Mg)



This information comes from the Energa Group's CSR environmental impact analysis for the period from 2013 to H1 2015.

Company/segment	Total emissions of pollutants into the air		NO _x		SO _x		Volatile organic compounds		HCl		Dust		Others	
	[Mg]		[Mg]		[Mg]		[Mg]		[Mg]		[Mg]		[Mg]	
	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015
Elektrownia CCGT Gdańsk Sp. z o.o.	not available*	0	not available*	0	not available*	0	not available*	0	not available*	0	not available*	0	not available*	0
Elektrownia CCGT Grudziądz Sp. z o.o.	not available*	0	not available*	0	not available*	0	not available*	0	not available*	0	not available*	0	not available*	0
Ekologiczne Materiały Grzewcze Sp. z o.o.	not available*	0	not available*	0	not available*	0	not available*	0	not available*	0	not available*	0	not available*	0
BORA Sp. z o.o.	not available*	0	not available*	0	not available*	0	not available*	0	not available*	0	not available*	0	not available*	0
Shared Services	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Energa Group's Segments	20,006	14,222	6,495	4,823	11,397	7,107	3	10	303	293	559	315	1,249	1,674

*The Company did not report in 2014. The 2014 data apply to 15 Group companies

Since 2012 the Group has been the only entity in the Polish energy industry to report its emissions of greenhouse gases resulting from its operations to the independent Carbon Disclosure Project organization. Such reporting allows company activities focused on sustainable development and their results as regards emission of greenhouse gases to be compared with other companies in the energy sector.

Allowances to emit CO₂

Our activities related to generating electricity and heat, and thereby our business results, are largely dependent on the number of free allowances to emit CO₂ awarded in a particular period. For two years, Group companies producing electric energy acquire some of their allowances to emit CO₂ for free as a benefit of derogation granted under the UE ETS directive, on condition of completing the investments reported to the National Investment Plan. Moreover, companies that generate heat receive free allowances to emit CO₂ in their installations as part of the National Allowances Allocation Plan.

Number of free CO₂ emission allowances awarded*

Company/segment	Number of free CO ₂ emission allowances awarded	
	2014	2015
Energa Elektrownie Ostrołęka SA Elektrociepłownia Ostrołęka A	139,494	119,080
Energa Elektrownie Ostrołęka SA Elektrownia Ostrołęka B	1,247,687	1,084,471
Energa Kogeneracja Sp. z o.o. Elektrociepłownia Elbląg	165,978	138,457
Energa Kogeneracja Sp. z o.o. Ciepłownia Żychlin	10,489	8,827
Energa Kogeneracja Sp. z o.o. Elektrociepłownia Kalisz	43,346	36,338
Ciepło Kaliskie Sp. z o.o.	25,714	20,715
Generation Segment	1,632,708	1,407,888

* The presentation of results for 2014–2015 has been modified. Only allowances compliant with the pool of awarded free allowances to emit CO₂ (for electricity and heat production) in line with the National Allowances Allocation Plan have been considered.

Water resources

Water is one of the main natural resources used by the Energa Group. In 2015, the Energa Group obtained water from surface intakes and deep wells to cool power generation installations, generate power in hydropower plants and provide potable and household water to employees, among other uses.

The quantity of drawn water was approximately 27,868,207,422 m³, down 18% from the previous year, of which water used directly for production and social purposes accounted for approximately 27,413,432,194 m³, compared to nearly 454,775,228 m³ utilized for cooling purposes.

The largest water intake was noted in Energa Wytwarzanie, even though hydropower plants do not experience water losses while producing electric energy. Once used to generate energy, water is returned in identical quantities to a river. However, when a power plant is modernized, highly efficient turbines are installed, capable of increasing electricity production using a smaller quantity of drawn water compared to former technologies. The most important thing is that water moving through turbines and release devices is aerated water, an occurrence conducive to water organisms, especially during periods of high temperatures.

BEST PRACTICE

Energa Elektrownie Ostrołęka took comprehensive action in 2015 to curtail the consumption of water:

- water lost in the hydro ash removal process was offset by neutralized waste from the Technological Water Treatment Station, allowing for reduced consumption of surface water;
- the installation for the hydraulic transport of ash mixtures has been renovated, preventing excess consumption of water for dilution purposes in the technological process.

The production of electricity in hydropower plants depends on hydrological conditions. In 2015, such conditions have been especially unfavorable to Energa Wytwarzanie – the warm winter of 2014/2015 with minimum snowfall, followed by spring, summer and autumn with low rainfall, translated directly into a very low level of rivers and ground water, and thus to a decrease in produced energy. The largest difference in energy production as compared to the previous year has been noted at the Włocławek Hydropower Plant located on the Vistula River. To safeguard against the future impact of weather conditions on production of energy, in 2016 we plan to optimize the usage of the hydropower potential of the Włocławek plant by equipping the plant's computerized control system with an additional function to select the optimum plant operation mode using current hydropower characteristics. The expected outcome is higher efficiency of turbines and an increased quantity of produced electricity.

Total water consumption by source (summary covers all Group companies)

Company/segment	Total volume of water drawn from all sources taken into consideration		Rivers (for cooling purposes)		Rivers (for purposes other than cooling)		Lakes (for cooling purposes)		Underground water (for purposes other than cooling)		Water from the municipal utility network	
	[m ³ /year]		[m ³ /year]		[m ³ /year]		[m ³ /year]		[m ³ /year]		[m ³ /year]	
	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015
Group management	849	1,606	0	0	0	0	0	0	0	0	849	1,606
Distribution Segment	81,642	82,835	0	0	0	0	0	0	505	230	81,137	82,605
Sales Segment	2,076	2,467	0	0	0	0	0	0	0	0	2,076	2,467
Generation Segment	33,949,321,737	27,868,119,555	578,696,226	452,984,208	33,368,319,439	27,413,027,992	1,956,500	1,791,020	295,261	248,048	54,311	68,288
Energa Elektrownie Ostrołęka SA	555,834,422	429,573,170	551,090,190	425,074,799	4,452,210	4,253,201	0	0	292,022	245,170	0	0
Energa Kogeneracja Sp. z o.o.	17,722,576	19,312,270	17,473,826	19,048,499	205,436	209,169	0	0	0	0	43,314	54,602
Ciepło Kaliskie Sp. z o.o.	5,431	9,377	0	0	0	0	0	0	0	0	5,431	9,377
Energa Wytwarzanie SA	33,375,758,693	27,419,223,992	10,132,210	8,860,910	33,363,661,793	27,408,565,622	1,956,500	1,791,020	3,239	2,878	4,952	3,562
Energa Ciepło Ostrołęka Sp. z o.o.	568	510	0	0	0	0	0	0	0	0	568	510
Energa Serwis Sp. z o.o.	0	0	0	0	0	0	0	0	0	0	0	0
Energa Invest SA	46	31	0	0	0	0	not available*	0	0	0	46	31
AEGIR 4 Sp. z o.o.	not available*	0	not available*	0	not available*	0	not available*	0	not available*	0	not available*	0
ZEC Żychlin Sp. z o.o.	not available*	188	not available*	0	not available*	0	not available*	0	not available*	0	not available*	188

Company/segment	Total volume of water drawn from all sources taken into consideration		Rivers (for cooling purposes)		Rivers (for purposes other than cooling)		Lakes (for cooling purposes)		Underground water (for purposes other than cooling)		Water from the municipal utility network	
	[m ³ /year]		[m ³ /year]		[m ³ /year]		[m ³ /year]		[m ³ /year]		[m ³ /year]	
	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015
Elektrownia Ostrołęka SA	not available*	0	not available*	0	not available*	0	not available*	0	not available*	0	not available*	0
Elektrownia CCGT Gdańsk Sp. z o.o.	not available*	0	not available*	0	not available*	0	not available*	0	not available*	0	not available*	0
Elektrownia CCGT Grudziądz Sp. z o.o.	not available*	0	not available*	0	not available*	0	not available*	0	not available*	0	not available*	0
Ekologiczne Materiały Grzewcze Sp. z o.o.	not available*	18	not available*	0	not available*	0	not available*	0	not available*	0	not available*	18
BORA Sp. z o.o.	not available*	0	not available*	0	not available*	0	not available*	0	not available*	0	not available*	0
Shared Services	1,173	958	0	0	0	0	0	0	0	0	1,173	958
Energa Group's Segments	33,949,407,477	27,868,207,422	578,696,226	452,984,208	33,368,319,439	27,413,027,992	1,956,500	1,791,020	295,766	248,278	139,546	155,924

*The Company did not report in 2014. The 2014 data apply to 15 Group companies

Total volume of sewage by quality and destination (summary covers all Group companies)

Company/segment	Total volume of sewage [m ³]		Sewage discharged to the sewage system [m ³]		Sewage discharged to a sewage treatment plant using means of transport [m ³]		Sewage discharged into surface waters (lake, river, etc.) [m ³]		Sewage discharged into the soil [m ³]	
	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015
Group management	849	1,606	849	1,606	0	0	0	0	0	0
Distribution Segment	75,490	80,832	75,490	76,601	0	4,231	0	0	0	0
Sales Segment	2,076	7,558	2,076	4,350	0	0	0	0	0	3,209
Generation Segment	19,650,515	21,071,386	80,103	72,962	1,249	1,054	19,568,708	20,996,941	455	428
Energa Elektrownie Ostrołęka SA	1,875,956	1,636,301	52,645	52,820	0	0	1,823,311	1,583,481	0	0
Energa Kogeneracja Sp. z o.o.	17,657,995	19,342,472	24,372	16,750	0	0	17,633,623	19,325,722	0	0
Ciepło Kaliskie Sp. z o.o.	633	966	633	958	0	8	0	0	0	0
Energa Wytwarzanie SA	115,354	90,983	1,876	1,771	1,249	1,046	111,774	87,738	455	428
Energa Ciepło Ostrołęka Sp. z o.o.	531	430	531	430	0	0	0	0	0	0
Energa Serwis Sp. z o.o.	0	0	0	0	0	0	0	0	0	0
Energa Invest SA	46	31	46	31	0	0	0	0	0	0
AEGIR 4 Sp. z o.o.	not available*	0	not available*	0	not available*	0	not available*	0	not available*	0
ZEC Żychlin Sp. z o.o.	not available*	188	not available*	188	not available*	0	not available*	0	not available*	0

Company/segment	Total volume of sewage [m ³]		Sewage discharged to the sewage system [m ³]		Sewage discharged to a sewage treatment plant using means of transport [m ³]		Sewage discharged into surface waters (lake, river, etc.) [m ³]		Sewage discharged into the soil [m ³]	
	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015
Elektrownia Ostrołęka SA	not available*	0	not available*	0	not available*	0	not available*	0	not available*	0
Elektrownia CCGT Gdańsk Sp. z o.o.	not available*	0	not available*	0	not available*	0	not available*	0	not available*	0
Elektrownia CCGT Grudziądz Sp. z o.o.	not available*	0	not available*	0	not available*	0	not available*	0	not available*	0
Ekologiczne Materiały Grzewcze Sp. z o.o.	not available*	15	not available*	15	not available*	0	not available*	0	not available*	0
BORA Sp. z o.o.	not available*	0	not available*	0	not available*	0	not available*	0	not available*	0
Shared Services	1,160	955	1,160	955	0	0	0	0	0	0
Energa Group's Segments	19,730,089	21,162,337	159,678	156,474	1,249	5,285	19,568,708	20,996,941	455	3,637

*The Company did not report in 2014. 2014 data apply to 15 Group companies

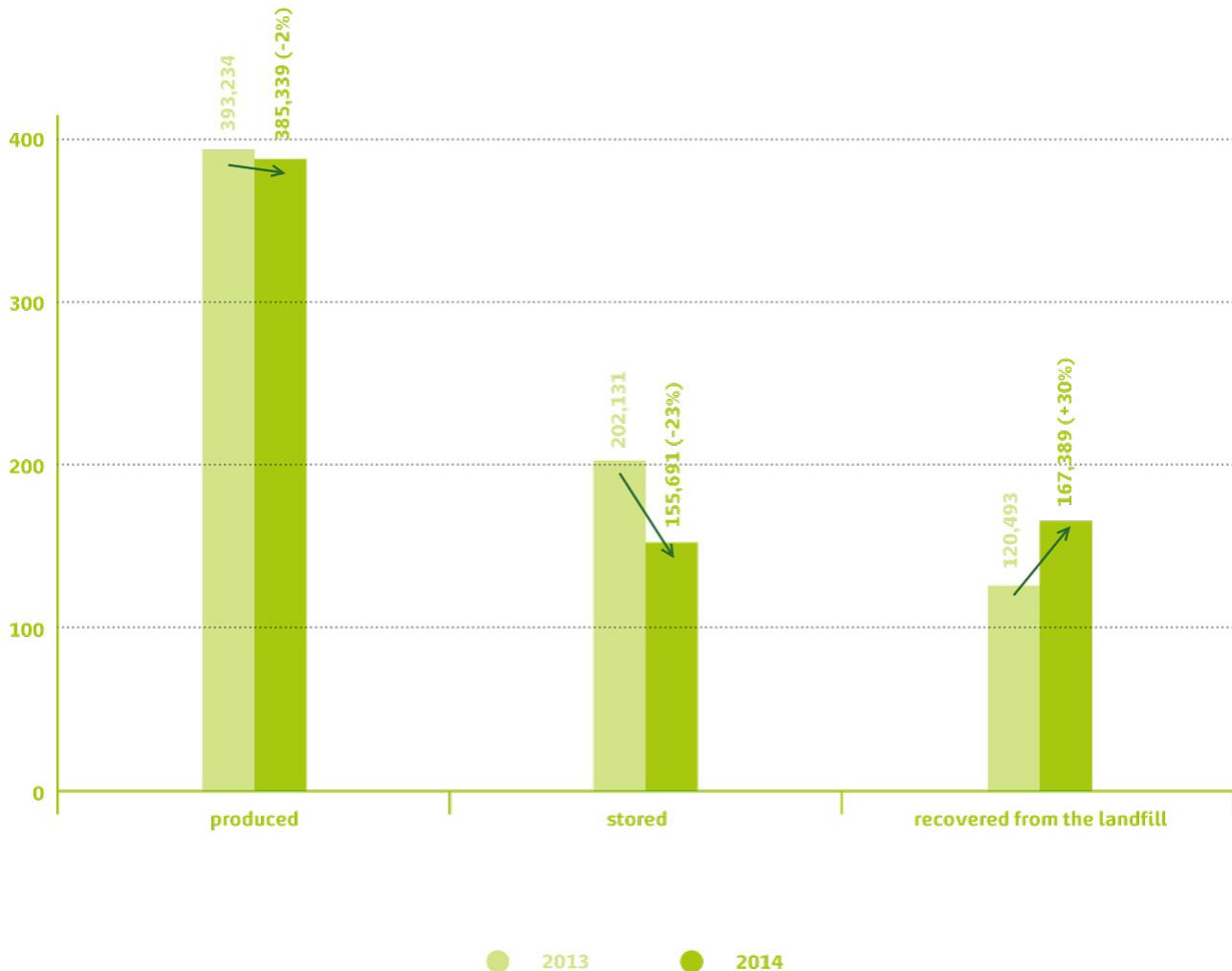
Waste management

The total amount of waste produced in the Group in 2015 was 353,280 Mg, approximately 22% less than in the previous year.

All waste was segregated, stored or recycled in conformity with the binding regulations and delivered to companies authorized to pick it up.

Firing by-products (fly-ash, ash and slag mix and gypsum) had the greatest share in the produced waste (about 56%), a situation typical for conventional generation sources. The share of firing by-products in the total mass of waste produced by the companies has been regularly decreasing since 2013 due to proper waste management, both by using it in other technological processes and transferring it to third parties as an additive used, for example, in the production of construction materials.

**Energa Group's waste production and management mix
[in Mg] in 2013-2014**



This information comes from the Energa Group's CSR environmental impact analysis for the period from 2013 to H1 2015.

**BEST
PRACTICE**

During two years, Energa Group has produced 96,309 tons of gypsum in firing processes. The entire quantity was transferred to producers of construction materials. This will make it possible to smoothen 48,000,000 m² of walls in more than 320,000 apartments, each 100 m² in size.

In case of energy generation based on renewable sources, special attention is paid to waste becoming lodged in trash racks of hydropower plants. When water is drawn from a river into hydropower plant equipment, the debris brought by the current is filtered out. The racks stop plastic, glass, metal and rubber items, as well as organic pollutants, which are subsequently segregated and neutralized at the sole expense of Energa Wytwarzanie.

Total weight of waste by type and treatment method (summary covers all Group companies)

Company/segment	Total weight of waste [Mg]		Weight of hazardous waste [Mg]		Weight of non-hazardous waste [Mg]		Weight of ash-and-slag [Mg]	
	2014	2015	2014	2015	2014	2015	2014	2015
Group management	0.19	0.11	0	0	0.19	0.11	0	0
Distribution Segment	4,499	4,890	1,555	1,865	2,945	3,025	0	0
Sales Segment	142	144	9	19	133	125	0	0
Generation Segment	444,127	348,241	40	106	214,765	149,702	229,322	198,434
Energa Elektrownie Ostrołęka SA	409,785	310,559	7	54	213,597	148,360	196,181	162,145
Energa Kogeneracja Sp. z o.o.	31,891	32,254	5	8	205	300	31,681	31,947
Ciepło Kaliskie Sp. z o.o.	1,435	4,386	2	0	1	44	1,432	4,342
Energa Wytwarzanie SA	459	365	22	38	437	327	0	0
Energa Ciepło Ostrołęka Sp. z o.o.	0.44	1.70	0.02	0.05	0.42	1.64	0	0
Energa Serwis Sp. z o.o.	557	671	4	6	524	666	28	0
Energa Invest SA	0	0	0	0	0	0	0	0
AEGIR 4 Sp. z o.o.		0	not available*	0	not available*	0	not available*	0
ZEC Żychlin Sp. z o.o.		4	not available*	0	not available*	4	not available*	0
Elektrownia Ostrołęka SA		0	not available*	0	not available*	0	not available*	0
Elektrownia CCGT Gdańsk Sp. z o.o.		0	not available*	0	not available*	0	not available*	0

Company/segment	Total weight of waste [Mg]		Weight of hazardous waste [Mg]		Weight of non-hazardous waste [Mg]		Weight of ash-and-slag [Mg]	
	2014	2015	2014	2015	2014	2015	2014	2015
Elektrownia CCGT Grudziądz Sp. z o.o.		0	not available*	0	not available*	0	not available*	0
Ekologiczne Materiały Grzewcze Sp. z o.o.		0	not available*	0	not available*	0	not available*	0
BORA Sp. z o.o.		0	not available*	0	not available*	0	not available*	0
Shared Services	2.38	5	0.1	1.721	2.3	3.1	0	0
Energa Group's Segments	448,771	353,280	1,604	1,991	217,845	152,855	229,322	198,434

*The Company did not report in 2014. 2014 data apply to 15 Group companies

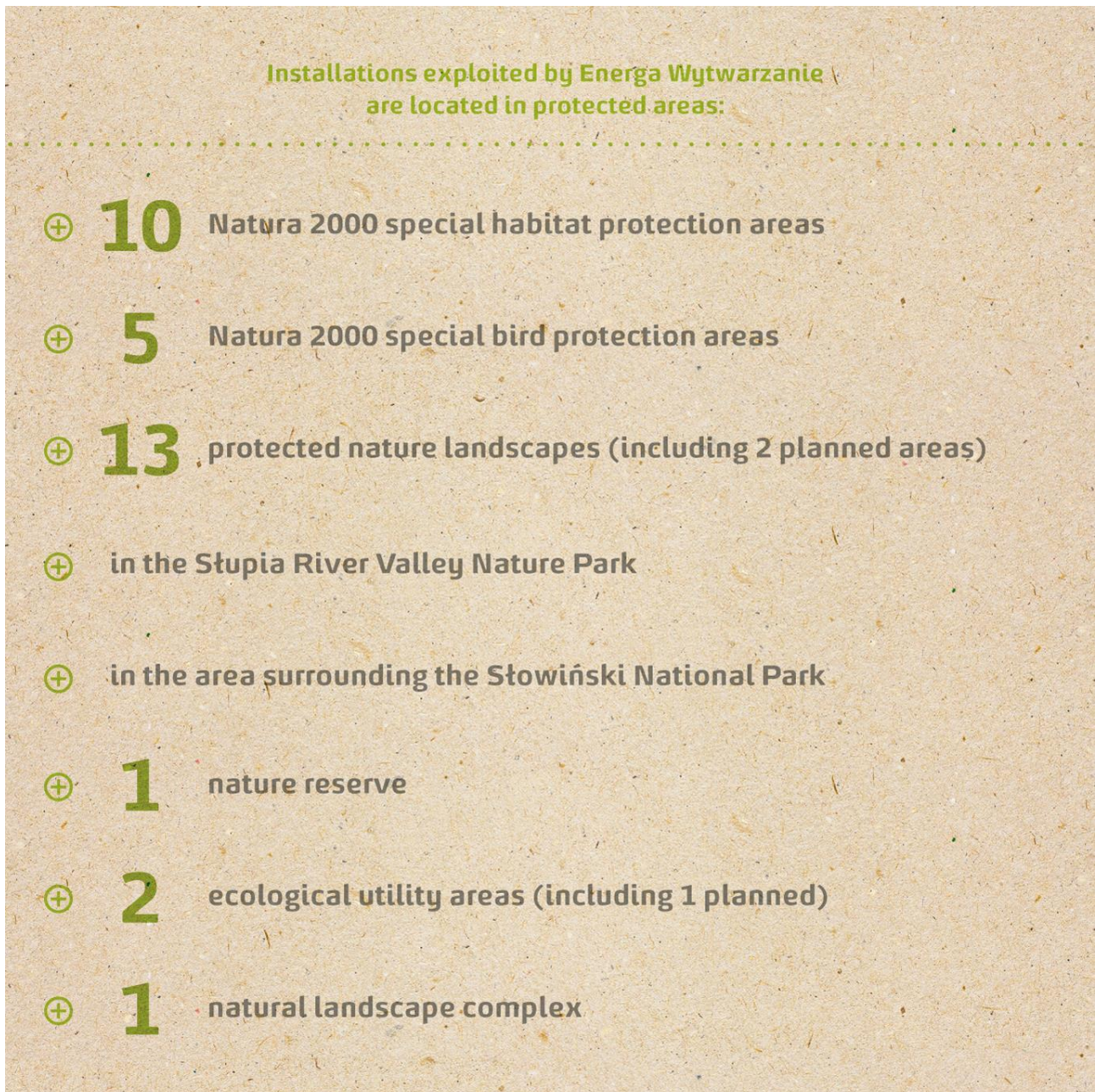
Company/segment	Total weight of waste [Mg]		Recycled waste [Mg]		Recovered waste (incl. energy recovery) [Mg]		Storage at waste dumps [Mg]		Storage on plant premises [Mg]		Other methods of waste handling [Mg]	
	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015
AEGIR 4 Sp. z o.o.	not available*	0	not available*	0	not available*	0	not available*	0	not available*	0	not available*	0
ZEC Żychlin Sp. z o.o.	not available*	4	not available*	0	not available*	0	not available*	4	not available*	0	not available*	0
Elektrownia Ostrołęka SA	not available*	0	not available*	0	not available*	0	not available*	0	not available*	0	not available*	0
Elektrownia CCGT Gdańsk Sp. z o.o.	not available*	0	not available*	0	not available*	0	not available*	0	not available*	0	not available*	0
Elektrownia CCGT Grudziądz Sp. z o.o.	not available*	0	not available*	0	not available*	0	not available*	0	not available*	0	not available*	0
Ekologiczne Materiały Grzewcze Sp. z o.o.	not available*	0	not available*	0	not available*	0	not available*	0	not available*	0	not available*	0
BORA Sp. z o.o.	not available*	0	not available*	0	not available*	0	not available*	0	not available*	0	not available*	0
Shared Services	2.38	4.87	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.38	4.87
Energa Group's Segments	448,771	353,280	1,801	4,325	282,495	32,565	2,277	2,183	1,075	115	161,123	314,091

*The company did not report in 2014. 2014 data apply to 15 Group companies

Environmental protection

The Energa Group's environmental management strategy includes an integrated environmental approach at each business stage and organizational level, from the parent to single installations and facilities.

However, activities conducted by Group companies, especially as regards energy and distribution of electricity and heat, occasionally have to interfere with areas protected under environmental regulations. Such interference cannot be avoided because of the public utility character of such activities.



Even though most facilities of Energa Wytwarzanie are located in protected areas, no major impact of the company's activities on habitats or protected species has been recorded.

Even so, the Group is very fastidious when choosing locations for its wind farms. Minimal impact is ensured already at the investment design stage. Locations are chosen with regard to ecological corridors and other forms of nature protection, especially Natura 2000 special protection areas for birds or areas of nature reserves, while preserving the windiness or terrain layout parameters required to ensure that the investment is viable. Bird and bat migrations are subject to mandatory monitoring on an annual basis, allowing the potential migration-related risk to be assessed. All wind farms are subject to constant as-built monitoring, allowing their actual impact on the environment to be determined.

In 2015, the Energa Group conducted activities to preserve the biological diversity of watercourses where its hydro power plants are situated. The Group kept losses in the ichthiofauna to a minimum, mainly by gradually equipping its power plants with fish passes. Additionally, Energa Wytwarzanie a Group company, participates in the costs of stocking rivers with fish to maintain the proper population sizes of various fish species. The costs of stocking are rising steadily, reaching PLN 95,451.65 in 2015, or 7.42% more than in the previous year.

The Group cooperates with research institutions involved in nature monitoring, including the Inland Fishing Institute in Olsztyn (Migratory Fish Department in Gdańsk), which monitors the eel population around the hydro power plant in Smółdzin. Together with the Technical University in Koszalin, the Group monitors anadromous and potanadromous fish at the hydropower plant in Rościno during their migration periods.

To minimize the environmental impact exerted by a flue gas waste dump situated in a special protection area for birds, the Lower Narew River Valley (PLB 140 014) forming part of the Natura 2000 network, Energa Elektrownie Ostrołęka regularly irrigates the area and successively reclaims depleted plots. Since 2009, the company has been monitoring avifauna at the flue gas waste dump, which has become a site for bird gatherings in the post-breeding period. The Group deploys nesting boxes on the waste dump in order to safeguard bird nesting sites.



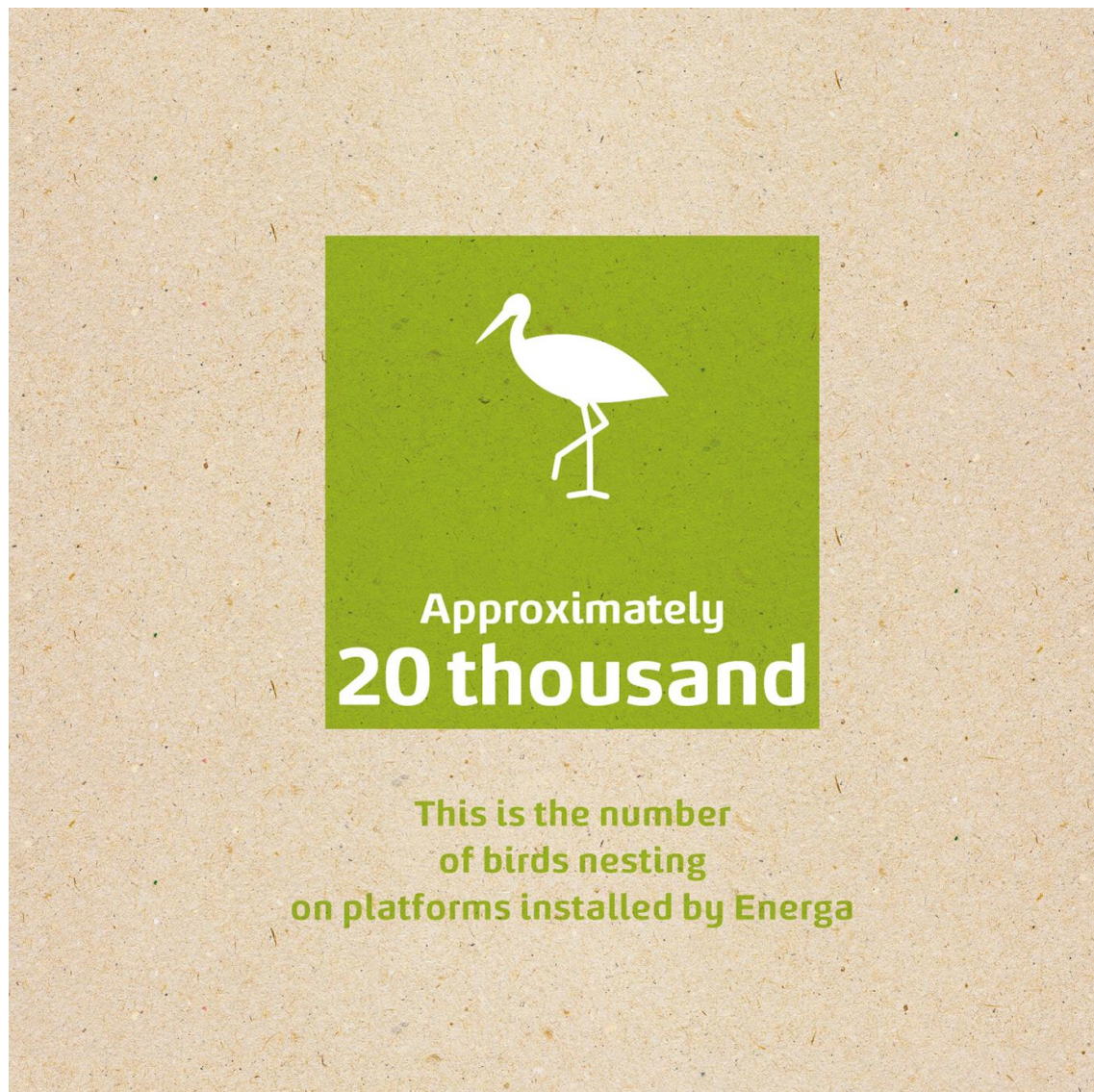
All investments of Energa-Operator, including investments to build power lines situated near to or in protected areas, are subject to environmental impact assessment procedures. The relevant reports are published on our website <http://www.energa-operator.pl/25231.xml>

▶ <http://www.Energa-operator.pl/25231.xml>

The development and impact of infrastructure investments and the services provided to the society have been described in the Society chapter.

Expansion of the “Energa for Nature” program

In the “Energa for Nature” program, special attention has been devoted to the white stork, as it resides in great numbers in areas where Energa-Operator operates. The birds often choose utility poles for nest building, which can not only endanger their life, but also cause low and medium voltage line failures. Therefore, company employees have installed about 18,000 platforms on which stork nests can be built.

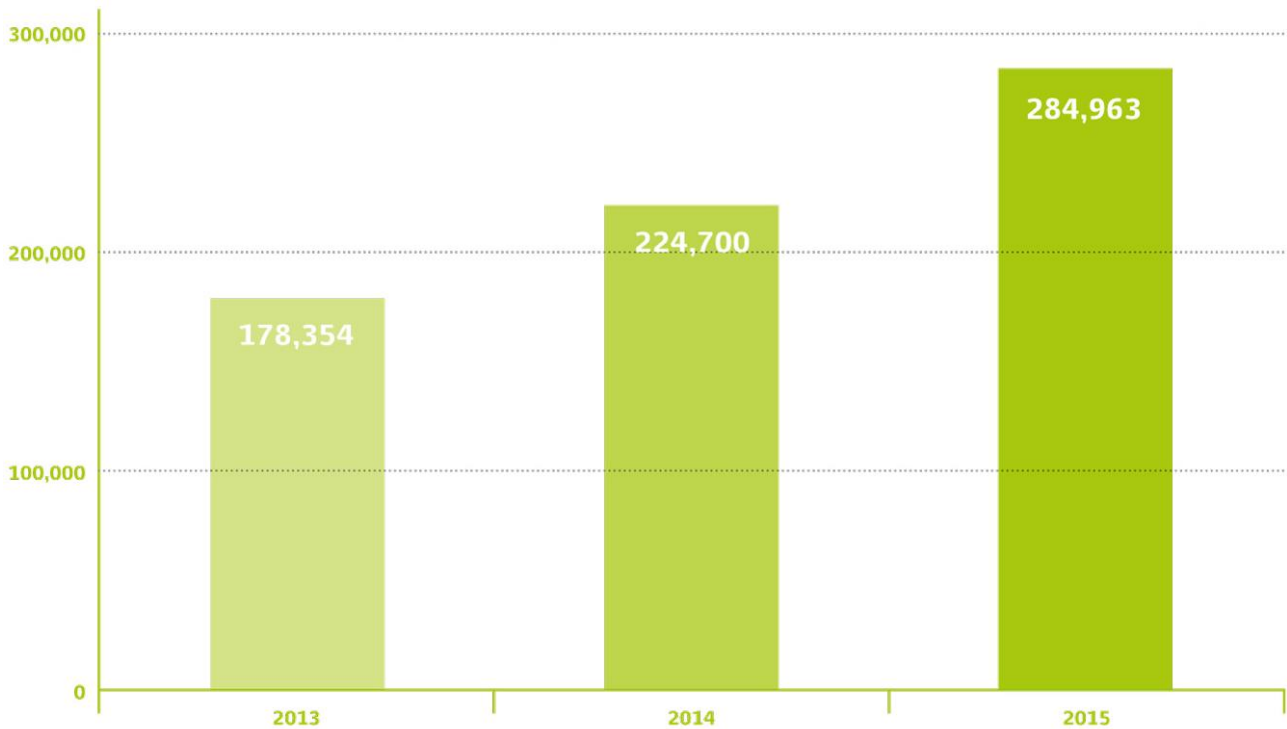


The Group is a partner in the “Bociany.pl” program run by the Polish Nature Friends Society “pro Natura”, whose aim is to preserve the stork population in Poland. A National Database of White Stork Nests has been launched at the www.bociany.pl website, showing the status and condition of stork habitats. The website is also a compendium of information about this species, allowing anyone who is interested to contribute to bird watching and protection efforts. Energa Group also popularizes information about storks and their protection at the following websites: www.dbajobociany.pl and

www.bocianopedia.pl. Thanks to the Group's involvement, the "pro Natura" association has for two years been operating a free-of-charge information desk 801 BOCIAN (telephone number 801-26-24-26), Monday to Friday, manned by experts. The hotline's importance is invaluable, especially in early spring, when persistent frosty weather is a hazard for storks returning to Poland. Since the hotline's launch, the operators have registered more than four thousand reports and provided assistance to storks all over the country.



This information comes from the Energa Group's CSR environmental impact analysis for the period from 2013 to H1 2015.

Expenditures for stork protection from 2013 to 2015 (PLN)

Nature Fund

The company has been organizing an annual competition called “Nature Fund” in which experts select nature-related projects to award financial grants. This is Poland’s first joint nature protection initiative of its kind, pooling the resources of PNSF “pro Natura” society as a non-governmental organization and Energa as a business entity.

In 2015, the expert panel received 38 applications related to various kinds of solutions to assist specifically endangered and rare species living near human settlements. **A total prize of PLN 35,000 has been awarded to 9 projects**, among them a project by the KULING Waterfowl Research Group to construct **Pomerania’s first artificial cliff for sand martins (*Riparia riparia*)**. Other beneficiaries included the Association of Godzięcin Village Inhabitants, the FUTURAMA Foundation, the Biebrza Nature Reserve, the Cracow Talent Factory Association, the Blessed Virgin Mary Roman Catholic Parish from Góra Karmel in Bydgoszcz, the DRAPOLICZ Association of Migratory Bird Watchers, The Lower Silesian Nature Protection Movement and the GNIAZDO Society of Brodnica Land Friends.

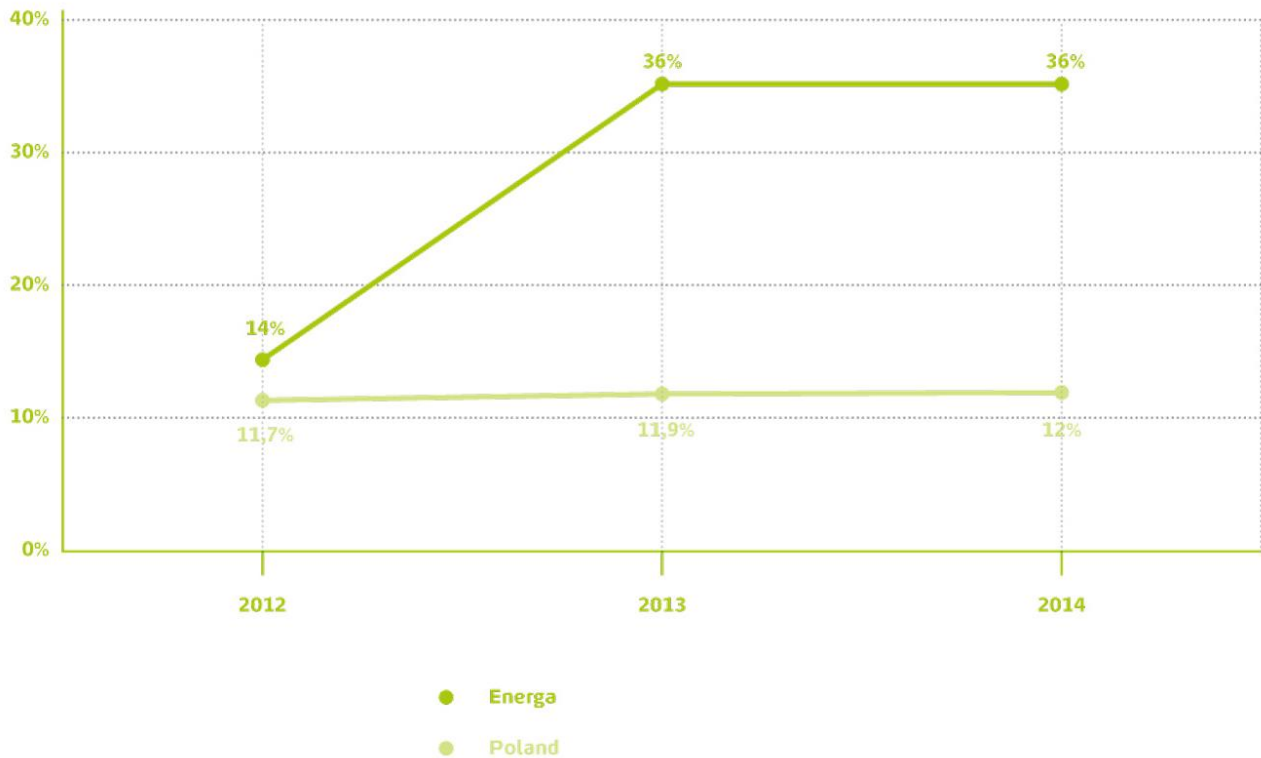
3.3. Specialization in energy generation from renewable sources

Development of environmentally friendly power generation sources is one of the basic strategic priorities of the Energa Group, next to ensuring energy security and competitiveness. The direction of the Group's activity is to implement and develop generation technologies whose emission levels are very low or even close to zero.

The Group focuses on intense development of renewable energy sources. They include wind farms, solar parks, biomass power plants and hydropower plants. Already today, the Group fully uses natural resources by generating energy from wind on the shores of the Baltic Sea as well as from the sun in the territory of North-Eastern Poland and waters of the Lower Vistula and the rivers of Pomerania. As its green energy generation stated as a percentage of total output is the highest, the Group is the leader among Polish utilities.

The Group's growth rate in this area is considerably higher than average in Poland.

Energa Group's renewable energy generation stated as a percentage of energy generation in Poland



This information comes from the analysis of the environmental impact of the Energa Group's CSR activity for the period from 2013 to H1 2015.

**Maximum achievable generation capacity by main commodity type
(and regulatory requirements)**

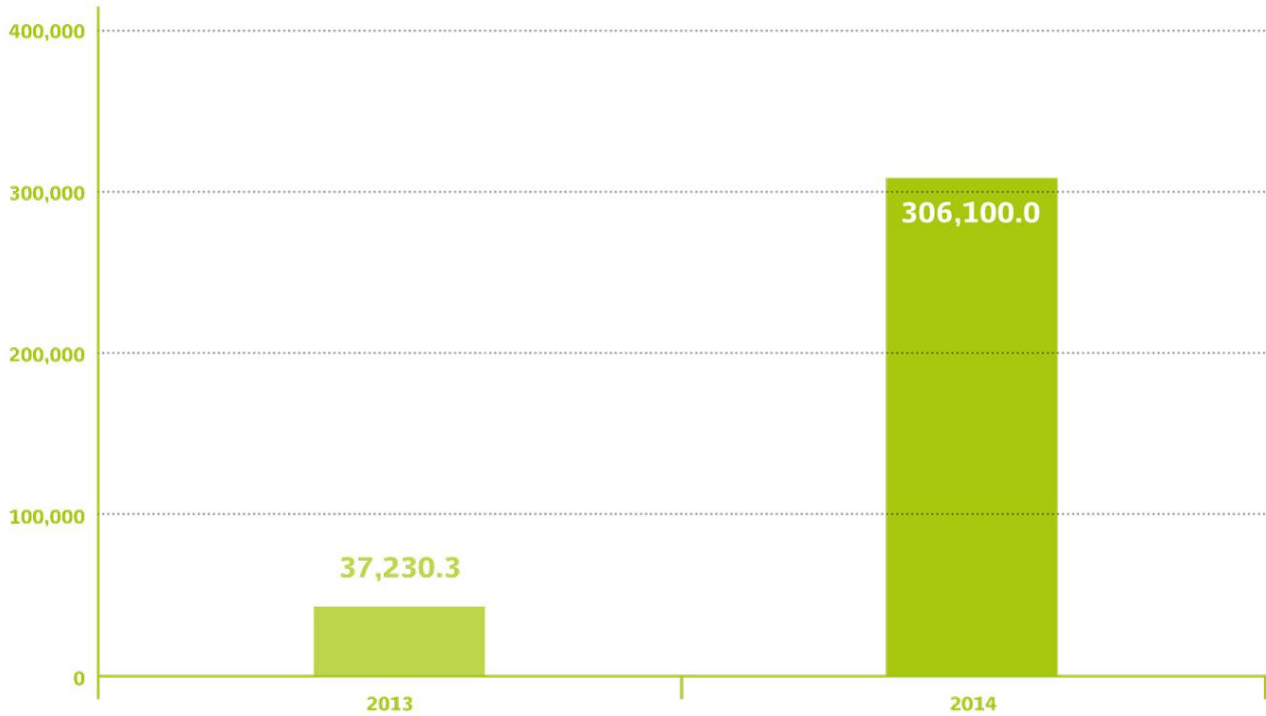
Company	Energy source	2014		2015	
		Electrical energy [MW]	Heat [MW]	Electrical energy [MW]	Heat [MW]
Ciepło Kaliskie Sp. z o.o.	Coal	0	58	0	58
ENERGA Elektrownie Ostrołęka SA	Coal	581.1	539.3	581.1	539.3
	biomass	140.9	74.5	140.9	74.5
	water	352.23	0	352.44	0
Energa Wytwarzanie SA	Wind	165	0	185	0
	Solar	0	0	3.77	0
Energa Kogeneracja Sp. z o.o.	Coal	49	246.8	49	246.8
	biomass	581.1	539.3	581.1	539.3
TOTAL		1,313.23	948.60	1337.21	948.60

**Net quantity of power produced by main energy source
(and regulator's requirements)**

Energy source	2014		2015	
	Electrical energy [MWh]	Heat [MWh]	Electrical energy [MWh]	Heat [MWh]
coal	2,956,000	947,064.72	2,134,000	898,324.44
biomass	607,000	52,485.44	575,000	105,521.38
hydro	856,000	0	711,000	0
wind	306,100	0	413,000	0
gas	0	3,818.05	0	7,311.38
solar	0	0	4,000	0
TOTAL	4,725,100	1,003,368.21	3,837,000	1,011,157.2

One of the directions of our Group's development is wind energy. The volume of energy generated by wind farms in a year has increased eightfold.

Wind-generated electricity production in 2013 and 2014
[MWh]



More than

102,000 tons of coal

would be consumed to generate that quantum of energy in a conventional power plant

This information comes from the analysis of the environmental impact of the Energa Group's CSR activity for the period from 2013 to H1 2015.

3.4. Investments in environmental protection

The Energa Group initiates and performs actions whose environmental effect follows from a harmonized approach to setting up and developing the organization. These actions are directed not only towards increasing the Group's value and fulfilling the shareholders' expectations but also towards minimizing the legal risk connected with the environment, ensuring improvement of energy efficiency and reducing emission level as well as developing products for customers.

Performing the Development Strategy for the years 2013-2020 and the Long-term Strategic Investment Plan of the Energa Group (WPIS, updated on 6 November 2014, for the years 2014-2022), the Group incurred capital expenditures of PLN 1.6 billion in 2015, of which 70% fell to investments in the Distribution Segment (PLN 1.1 billion).

Environmental effects in the form of reduced emission level follow both from the construction of new energy sources – low- or zero-emission ones – as well as from reduced losses from electricity and heat transmission and implementation of methods of smart energy management.

In 2014–2022, according to the WPIS plan, the total capital expenditures for basic and additional development investments are to be PLN 18.2 bn. These expenditures include development investments building the Group's value totaling approx. PLN 6.4 billion and cover, among others, expenditures for RES generation units, acquisitions, research and development projects.

The planned investments in the Generation Segment:

- construction and commissioning of a wind farm in Parsówek (26 MWe)
- construction of a system for reducing nitrogen oxides at Ostrołęka Power Plant B
- modernization of electrostatic precipitators in units 1, 2, 3 in Energa Elektrownie Ostrołęka
- modernization of the turbine assembly and replacement of a step-up transformer at unit no. 2 in Ostrołęka Power Plant B
- equipping unit BB20p at the Elbląg Heat and Power Plant with the SNCR system
- reduction of heat transmission losses at Ostrołęka
- construction of a dam and power plant with a capacity of 80 MW on the Vistula at Siarzewo

Planned investments in the Distribution Segment:

- grid development related to connecting new customers
- grid development and modernization related to connection of RES plants
- grid modernization to improve reliability of supply

Planned investments in the Sales Segment:

- development projects regarding eBOK (more on this topic in the chapter: “Relations with clients”)
- demand management
- ENERGA Living Lab project – demand response management tested by households (more on this topic in the chapter: “Relations with clients”)
- modernization of lighting networks by Energa Oświetlenie

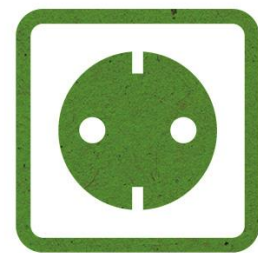
More on environmental objectives and tasks can be found in the “Environmental Declaration of the Energa Group” available at https://grupa.Energa.pl/zaangazowanie_spoeczne.xml

**Total expenditures and investments for environmental protection in the Group
(summary covers all Group companies)**

Type of expenditure	PLN
Total discharge of sewage to water or ground	121,502
Intake of surface or underground waters	607,559
Emissions of gas or dust into the air	7,644,384
Waste disposal	6,030,177
Costs of waste treatment, including costs of land reclamation in connection with leakages	2,394,326
Costs of waste collection	209,760
Expenditures for purchase and use of emission permits	361,140
Testing and measuring emissions of substances into the air, noise emissions, water and sewage quality, height of water surface in wells	942,700
Expenses reducing emissions into the air (for filters, substances)	3,151,470
Depreciation of machines and equipment contributing to a reduction of the environmental impact, costs of maintaining materials and the associated services	11,066,158
TOTAL EXPENDITURES	32,529,175

Type of investment	PLN
Environmental management system (implementation)	363,999
Third party services concerning environmental protection management (training)	110,196
External certification of management systems	223,380
Additional expenses for the purchase of ecological products (recycled paper, energy saving bulbs, etc.)	4,494
Expenditures for research and development	139,365,806
Capital expenditure for large, important investments to reduce the environmental impact	139,784,183
TOTAL EXPENDITURES	279,859,058

Distribution



4. Development of distribution activity

The Distribution Segment stimulates economic development of the areas in which the Energa Group operates. Projects for power infrastructure which appear to be remote from the customer are now crucial for the improvement of not only service quality but also the life or operation of electricity customers.

Energa-Operator takes up challenges in technological innovations, such as the implementation of selected smart power grids in its activity, as a result of which the customer becomes a real partner rather than a passive recipient.

A smart power grid makes it possible to ensure continuous secure services of electricity distribution and creates technical opportunities for offering customers new services optimizing the use of electricity and allowing them to participate effectively in the process of power generation. Furthermore, a smart grid augments user comfort in such basic issues as the possibility of automated read-out of meters every month or an easy change of tariff but, first of all, it reduces the number and duration of failures.

Energa-Operator meets to the greatest possible extent the expectations of its customers, counterparties and business partners. The company monitors strategic and operational plans for the development of districts where it has its energy infrastructure, invests in its expansion and modernization, always when it is necessary to connect new housing estates, large industrial facilities and small local businesses, and, in particular, dispersed energy generation facilities. The company is present wherever business activity and development of local communities require its presence.

4.1. Model: selected area against the CSR strategy model



4.2. Objectives for 2015 and their performance

Objectives for 2015	Performance
Connection of new end-users and renewable energy sources	Connection of over 30 thousand new customers and RES of the capacity of 679 MW
Modernization of the distribution network	Construction and modernization of 4,383 km of high, medium and low voltage lines
Expenditures on smart metering and other elements of implementation of smart grids	The highest number of smart meters installed among DSOs – 802 thousand

The highest capital expenditures were incurred for grid modernization to improve reliability of supply and grid expansion related to connecting new customers. Nearly PLN 878 million was earmarked for the above objectives, which is almost 80% of the total capital expenditures. A considerable challenge is the need to expand and modernize gradually the 110 kV grid with HV connections, which is to make it possible to connect renewable energy sources, especially wind farms. In 2015, the company earmarked PLN 41 million for 110 kV grid expansion and modernization, including PLN 17.7 million for connecting new sources (including RES).

As a result of these investments, over 30 thousand new clients were connected, 4,383 thousand km of high, medium and low voltage lines were built and modernized and 973 new RES sources, including 793 micro installations of the capacity up to 40 kW, were connected to the grid.

4.3. Priorities for 2016

PRIORITIES

for 2016

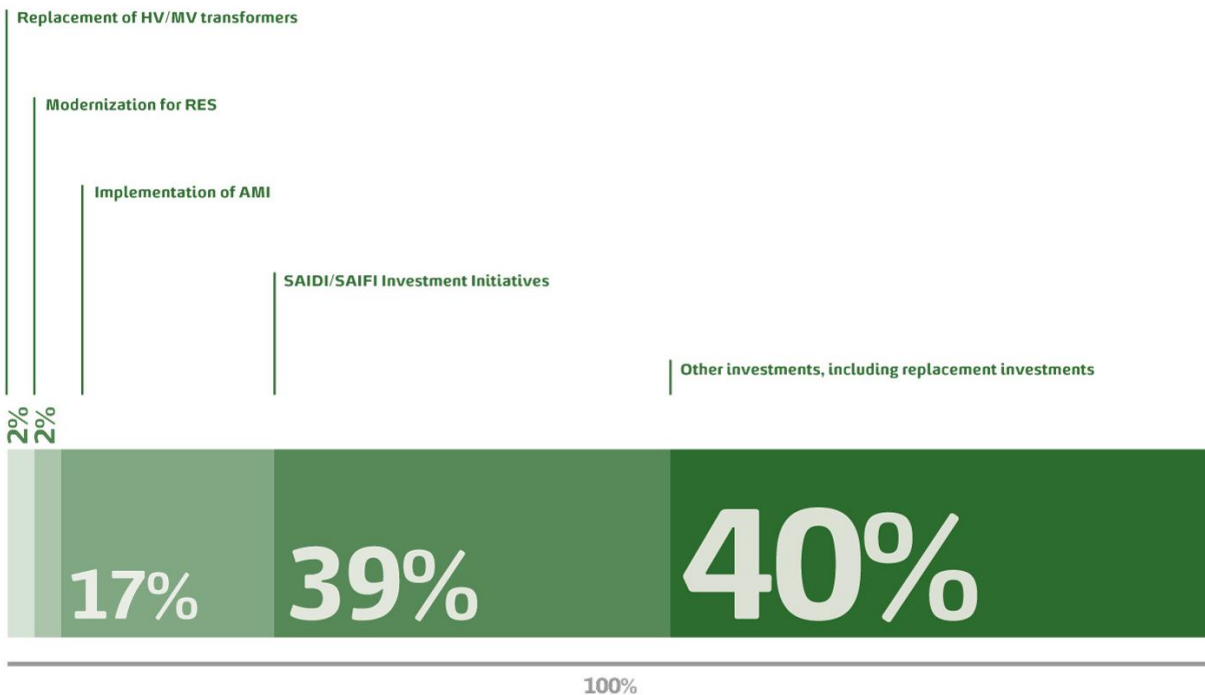


connect new entities, both consumers and producers, to the distribution grid



ensure the highest possible level of energy security understood to mean an uninterrupted supply of energy of appropriate quality

In 2015, Energa–Operator SA earmarked PLN 604 million for modernization of the power grid, including PLN 238 million for projects aiming to improve SAIDI and SAIFI, indicators of the reliability of electricity supply.



In 2015, the company focused on improving the service quality and increasing effectiveness in all the key areas of operation. The number of failures of power infrastructure was reduced. Using smart metering systems, the power industry for prosumers was managed more effectively by monitoring and analyzing the condition of power grids.

As regards SAIDI (System Average Interruption Duration Index calculated per customer per year), we drove the result down from 603 minutes in 2011 to less than 286 minutes in 2015, i.e. by 53%. On the

other hand, SAIFI (System Average Interruption Frequency Index per customer per year) was reduced by 37% i.e. from 5.45 interruptions in 2011 to 3.43 interruptions in 2015.

Length of distribution lines by branch

Branches/companies	High voltage power grids [km]		Medium voltage power grids [km]		Power grids with connectors [km]	
	Overhead	Underground	Overhead	Underground	Overhead	Underground
Gdańsk	911	27	5,319	3,684	7,827	10,686
Kalisz	1,099	0	9,714	1,361	14,542	4,808
Koszalin	1,167	0	8,938	2,557	5,710	7,570
Olsztyn	1,245	0	11,745	1,910	11,853	5,807
Płock	891	0	10,866	937	15,828	2,960
Toruń	1,071	11	8,913	1,604	14,341	6,143

Planned transmission capacity of power grid and expected demand for electricity

The planned transmission capacity of the power grid is analyzed and taken into consideration during preparation of the “High Voltage Grid Development Program” (at present, the 5th edition of the “Development Program for 2016–2025 is in force), prepared on the basis of the following:

- expert opinions pertaining to the impact of connecting generation sources or customers to a 110 kV grid on the Polish National Power System;
- concept of operation of low voltage transmission grid and 110 kV distribution grid closed for Northern Poland;
- power flow analyses in the calculation system performed by Energa-Operator.

The “High Voltage Grid Development Program” binding now takes into consideration increased demand for electricity and presents a road map of investments adjusted to the needs of the operation of high voltage grid and to the development of renewable energy sources from 2016. At present, the development program is updated each year, which makes it possible to adjust its scope to the present legal requirements and market conditions (e.g. the introduction of an auction support system for RES). The construction or reconstruction of a number of power grids have been often delayed in order to consider actual needs for the grid, including outputting the power from RES.

The program presents a road map of investments adjusted to the needs of the operation of high voltage grid and to the development of renewable energy sources from 2016 as well as to the uncertain situation resulting from the introduction of auction support system for RES.

The modernization of power grids following the need to distribute wind power is delayed to consider the actual needs for the grid.

The fact that Energa-Operator has obtained a Certificate of Registration for its Business Continuity Management System – ISO 22301:2012 is undoubtedly, for business partners, confirmation that our organization is reliable and can be trusted as it operates in compliance with the most up to date standards, while for employees, it is an undertaking to continue to improve their ability to seek solutions in emergencies. Our stakeholders require us to ramp up reliability, both in terms of providing distribution services and in other critical areas of the company's operation. Over the year, we conduct tens of tests and audits, also with public administration institutions, activating their crisis management structures when threats to citizens emerge. All this is to make sure that we will be able to conduct ourselves correctly in unusual or disruptive circumstances and that the organization will cope with them quickly.

Aleksander Rzepa
Chief Risk Management Specialist
Energa-Operator SA

Energy supply interruption frequency

The key technologies for the company are those that will contribute the most to improving reliability of energy supply. Energa-Operator SA assumes that implementation of selected smart grid solutions will allow it to reduce the average duration of interruption in energy supply considerably.

System Average Interruption Frequency Index (SAIFI) and System Average Interruption Duration Index (SAIDI)

SAIFI	2014	2015
Planned	0.39	0.34
Unplanned including disasters	3.15	3.09
TOTAL	3.54	3.43
SAIDI	2014	2015
Planned	58.4	46.4
Unplanned including disasters	203.7	239.4
TOTAL	262.2	285.8

Smart grid development for quality regulation

In 2015, Energa-Operator installed 4,798 Concentrator and Balancing Meter Sets (CBMS) as parts of its smart grid. Following the installation of these devices, 67% of its customers are supplied via monitored medium voltage stations. Concentrator and Balancing Meter Sets combine the functionalities of balancing meters and measurement data concentrators.

4.4. Distribution management according to sustainable development principles

Enspiron, a company owned by the Group, is the first company in Poland to start providing services of electricity demand response. In exchange for voluntary reduction of electricity consumption, business customers receive financial compensation. Negawatts, or unused megawatts, are an effective way of supporting the Polish Power System in the event of an energy deficit.

In 2015, the Company increased its negawatt potential to 432 NW. Poland's total potential is estimated to be 2 thousand NW.

The business model promotes entities that are able and willing to reduce their demand for electricity for a certain period, voluntarily and without damage to their technological processes. This minimizes the risk associated with the necessity to reduce power for many entities in the market, and thus reduces their potential losses.

End users may reduce energy consumption from the power grid by:

- temporary delay of energy consumption;
- change of the time of performing ancillary elements of processes that do not have a direct impact on manufacturing;
- buffering the manufacturing process by accumulating energy in cooling facilities or using warehouse inventories;
- generation of electricity from their own energy sources.

“Being reliable means being constantly ready to fulfill our basic obligations to customers. Our objective is to ensure the highest level of reliability in electricity supplies to our customers. Our customers want to be sure that electricity will be available any time they need it. To meet these requirements, we consistently take action in various areas to improve the continuity of power supply.

The key projects have been included in the power supply continuity improvement scheme, covering primarily all the tasks to ensure strengthening the resilience of the power grid to adverse weather conditions, increasing, to a considerable extent, the possibility of controlling disconnectors located deep in the MV grid and dissemination of technology to work on live installations. Furthermore, there are many supporting projects performed in the company to improve work organization and the quality and effectiveness of grid operation. Due to this, every year, we consistently improve SAIDI and SAIFI performance, enhancing the quality of the services we provide.”

Artur Żuk
 Chief Engineer for Operation Management
 Energa-Operator SA

Transmission and distribution losses

Company	2014		2015	
	Transmission losses	Distribution losses	Transmission losses	Distribution losses
Energa-Operator SA	0	5.97	0	6.43
Energa Kogeneracja Sp. z o.o.		7.91		8.08
Energa Wytwarzanie SA	0.18	n/a	0.18	n/a

Modernization of heat distribution network in Kalisz – best practice

BEST PRACTICE

Energa completed modernizations of the heat grids in Kalisz and Ostrołęka, which were the most extensive in the history of the cities and required record high expenditures. A smart management system is implemented to collect and analyze all the grid-related data in a single venue to repair outages more quickly, to enhance the reliability of heat supplies and to curtail transmission losses. The total cost of the projects launched several years ago exceeds PLN 58 million, with PLN 35 million coming from EU funds.

Reconstruction of a municipal heating system means not only energy saving but also reduction of air pollution by decreasing carbon dioxide emissions.

Reduction of network losses

Technical and commercial losses of Energa-Operator are at a relatively low level compared with other utility groups operating in Poland. It should be added that a smart metering system provides access to up-to-date data about electricity consumption and is also equipped with a balancing module to analyze commercial losses accurately down to single medium/low voltage stations.

The following measures are applied to prevent losses:

1. To curtail technical losses:

- construction of new 110/15 kV stations with connections in the MV grid;
- construction of new HV lines (including, among others, by closing radial connections, completion of additional connections within a HV grid);
- modernization of HV lines (including, among others, increasing the cross-section of working conductors, use of low-loss low-sag conductors);
- replacement of exploited HV/MV and MV/LV transformers;
- construction of new MV/LV stations to shorten LV circuits;
- modernization of exploited MV/V stations;
- construction/modernization of MV and LV lines (including, among others, increasing cross-sections of power conductors or cables).

2. To curtail commercial losses:

- area balancing.
- moving metering and billing systems outside.
- remote data acquisition system (CONVERGE and AMI).
- controlling metering and billing systems (semi-indirect, indirect, prepayment).
- testing the quality of connections of HV, MV, LV current channels – thermal imaging (monitoring and prevention in the grid).
- grid work using technology of working under high voltage.
- limiting/detecting illegal use of electricity.

4.5. Modern and safe solutions

Energa-Operator is responsible for distribution of electricity on the area with the best wind conditions in Poland. Today, more than half of all renewable energy sources are connected to its power grid.

In 2015, as much as 36% of electricity supplied to customers came from renewable sources connected to a local distribution network. Therefore, the company, while planning its development, must deploy new solutions and technologies involving smart power grids.

For several years, Energa-Operator has actively analyzed and implemented selected technical and organizational solutions to improve reliability and connection capacity of its distribution network. The basic framework of research and development and innovative projects concerning smart grids (SG) has been defined in the document: “Vision of implementation of a smart grid at Energa-Operator SA by 2020”. The Smart Grid Program at Energa-Operator includes such projects as:

- smart meter implementation project in its entire operating area; planned completion by the end of 2019, with the “Smart Hel Peninsula” project already completed;
- “Roadmap of smart grid implementation at EOP by 2020” project, already completed;
- “UPGRID” project performed in a consortium with, among others, three leading DSOs in Europe; planned completion – 2015–2018;
- “Smart Toruń” project performed in a consortium of four companies in the Energa Group; planned completion – March 2016;
- Feasibility Study for SPS system implementation project performed with NEDO and Hitachi; planned completion – March 2016;
- completed “Consumer Test in Kalisz”, performed with Energa-Obrót;
- “Energy for saving” project; planned completion – June 2016;
- “Local Balancing Areas” project; planned completion – December 2018;
- “From idea to implementation” contest;
- “Academy of Innovativeness” project completed in March 2015.

“Energy for Saving”

The “Energy for Saving” project was launched in April 2015 and covered 900 customers, selected at random, in Gdynia, Malbork and Drawsko Pomorskie, who had advanced metering infrastructure (AMI) installed. The aim of the project is to support end-users in reasonable use of electricity.

All the end-users in the pilot program “Energy for saving” receive reports on their own use of electricity, valuable advice about more rational use of electricity and information how they appear compared to other customers with a similar consumption profile. The chart presenting the daily distribution of electricity use shows three times a day when the highest use was recorded as well as the zones when it is most and least advantageous to use electricity from an ecological perspective. The information is available online almost on an ongoing basis, on a specially prepared website, and also provided by mail every month.

Every report recapping each stage of the project has shown steady reduction of electricity consumption by the participants, demonstrating that their potential for energy saving has not been exhausted yet.

Savings obtained by customers:

Reduction in each month:	Drawsko Pomorskie	Malbork	Gdynia	Total
Cycle I – May	-3.71%	-9.86%	-1.50%	-5.09%
Cycle II – June	-7.39%	-4.52%	-3.29%	-4.96%
Cycle III – July	-8.34%	-8.39%	-4.90%	-7.21%
Cycle IV – August	-6.43%	-9.09%	-2.57%	-6,12

Smart Grid implementation

In 2015, the consortium led by Energa-Operator performed a project called “Smart Toruń pilot implementation of a Smart Grid by the Energa Group”. The project received over PLN **17.5** m of subsidies from the National Fund for Environmental Protection and Water Management with the total cost of the project amounting to PLN **75.3** m.

The project involved:

- construction of a solar park in Czernikowo;
- modernization of lighting controlled by an ICT system in Chełmża;
- automation of the distribution network and preparation of advanced metering infrastructure (AMI) with data processing system, preparation and testing of new products and tariffs for customers.

The project was run in Czernikowo, Chełmża, Łysomice, Lubicz, Obrowo, Zbójno, Radomin, Golub Dobrzyń, Ciechocin, Kikół and Toruń, covering at least 200 thousand inhabitants. The expected ecological effect is reduction or prevention of carbon dioxide emissions by 8,901.01 tons a year and reduction of demand for electricity by over 6.5 thousand MWh a year.

“From 2011 to 2015, the company ran a project to rebuild the heating grid co-financed from the European Union Cohesion Fund under the Infrastructure and Environment Operational Program, priority IX: Environmentally-friendly power infrastructure, measure 9.2: Effective energy distribution. The project’s effect is to reduce transmission losses, augment the reliability of heat supplies and comfort of end-users. The project also supplied tools making it possible to optimize grid operation. Indirectly, it reduced the emissions of harmful dust and gas from heating sources.

The system controlling the heating grid facilitated the detection of interruptions and operation disruptions to the grid, and, as a result, shortening the time for their repair. This implementation allowed for better adjustment of parameters of heat supplies to changing conditions, including weather conditions.

Jerzy Grec
Operation Department Manager
Ciepło Ostrołęka

Energa-Operator implements a system of trunking communication in the TETRA standard supporting voice communication between power rescue brigades and dispatchers and for transmission of technological data for SCADA systems. The project will increase safety of work on the power grid, make it possible to shorten the time of repairing mass failures and improve continuity of energy supplies due to reliable and fast communication channel for remotely controlled devices.

In the TETRA network, consisting of approx. 115 base stations, over 2 thousand radio-telephones will operate and, eventually, over 8 thousand modems. The full commissioning of the grid is planned by 2017.

At present, work is going on to prepare systems of TETRA base stations slated to begin in the spring of 2016. Technical rooms are being modernized and telecommunication towers are being strengthened and reconstructed. Stage I of supplies and systems for secure power stations has also been completed. The stations were placed on 50 facilities where TETRA base stations were originally installed. Tenders were launched for the construction of missing towers and containers. Factory tests of Motorola network infrastructure, performed in December, were also completed successfully. The Contractor provided, installed and launched central nodes of the network in the main and reserve location. Preparation of a working design for the TETRA network was completed.

Employees

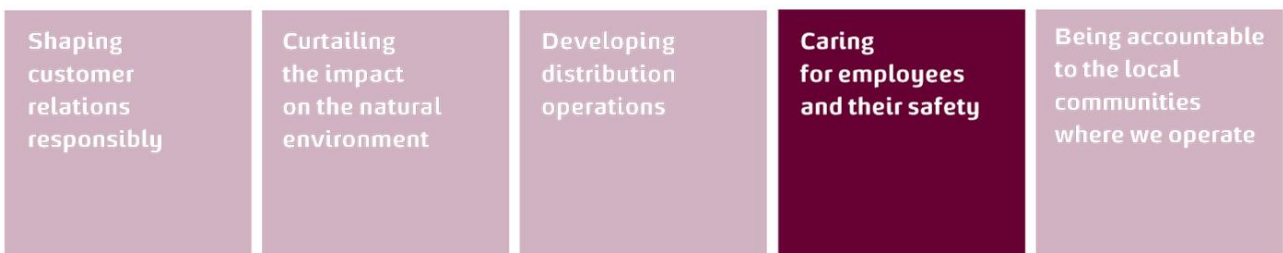


5. Energa as a responsible employer

5.1. Care for employees and their safety as a strategic area

Employee occupational safety and health have been, are and will be of primary importance to us. The Energa Group is taking preventive measures: it organizes training courses, it makes sure employees are equipped with protective gear and individual and collective means of protection. It drafts the appropriate work safety procedures and instructions and it is also cognizant of its subcontractors in its efforts. It develops procedures dedicated to subcontractors and conducts additional training courses for them.

Responsible management



Priorities stemming from the CSR Strategy and progress in their execution

The Energa Group is keen on creating a safe and friendly workplace for employees. Its strategic objectives focus on the following:

- constantly reducing the number of accidents in the workplace,
- improving the efficiency of the tools used in communication with employees,
- ensuring employees' work life balance,
- raising employee satisfaction and involvement.

Objectives for 2015 and progress in their execution

Objectives for 2015	Performance
Improving occupational safety and health	Delivering practical training and examinations in the training center in Straszyn; delivering training to electrical installation personnel
Aligning third party contractors to our safety standards	Holding audits on the working conditions of our contractors and subcontractors administered by Energa Wytwarzanie SA and Energa-Operator SA
Building a culture of commitment in our Group	Delivering training and implementing others measures from our employee opinion survey and developing employee volunteerism.

Priorities for 2016

Further improvement of occupational safety and building a culture of commitment will be, as in previous years, among our priorities.

PRIORITIES

FOR 2016



reduce the accident rate and the accident severity rate in the entire Group



Grow the employee commitment rate

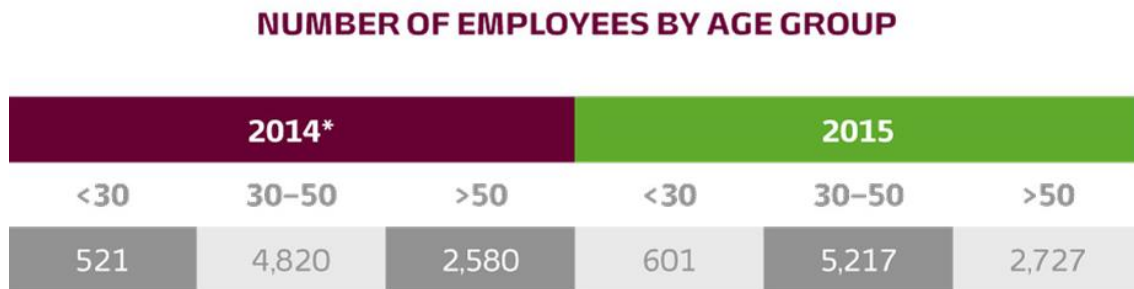
5.2. Group employees

Characterization of the headcount structure

The Energa Group is one of the largest employers in Pomerania. At the end of 2015, it employed over 8.5 thousand employees. The prevalent form of employment (99%) is the employment contract with 8.5 thousand employees hired in this manner. 94% of the employees are hired in the form of an employment contract for an indefinite term. A vast majority of employees has previous professional experience and is aged over 30. Men account for 73% of the employees.

Total number of employees by gender*


* 2014 data apply to 15 Group companies, i.e. 92% of the persons employed.

Total number of employees by age group


* 2014 data apply to 15 Group companies, i.e. 92% of the persons employed.

Total number of employees by contract type

Contract type	2014*	2015
Fixed term contract	248	433
Indefinite term contract	7,627	8,064
Management contract	46	48

* 2014 data apply to 15 Group companies, i.e. 92% of the persons employed.

Trade unions in the Energa Group

Good cooperation with trade unions and employee councils make it possible to initiate changes that may affect headcount levels and employment conditions in the Group. At the end of 2015, there were 30 trade union organizations in Energa Group companies. Nearly 5 thousand Group employees belonged to trade unions. Arrangements pertaining to pay hikes and the payment of additional benefits, as well as organizational changes to the Group’s various companies were the subject of talks in 2015. In conformity with the provisions of the Trade Union Act, decisions and actions concerning hiring must be agreed with the trade unions. The trade unions are advised of them with at least thirty day’s advance notice.

Percentage of employees covered by collective agreements by segment

Segment	Percentage of employees covered by collective agreements	
	2014	2015
Group management	89.8%	79.6%
Distribution Segment	99.9%	98.5%
Sales Segment	97.4%	96.7%
Generation Segment	78.8%	71.1%
Shared Services	53.9%	52.4%
Energa Group	92.6%	90.6%

* 2014 data apply to 15 Group companies, i.e. 92% of the persons employed.

Collective agreements – binding collective agreements encompass agreements signed by the organization itself or employer organizations of which the organization is a member. These agreements may pertain to the following levels: sector, country, region, organization or workplace.

5.3. Safety of employees and subcontractors

Management approach to occupational safety and health

2015 was another year in which occupational safety and health were priority issues for the Energa Group. The Group ran initiatives and preventive measures: it delivered training on safety, it devised and improved instructions and procedures affecting occupational safety, it improved employees’ protective gear and individual and collective protection measures – applying ever more modern solutions that are effective and ergonomic. In its actions the Group was also cognizant of the safety of its contractors and subcontractors, which in the future should accrue measurable results in the form of augmenting occupational safety in the external firms cooperating with the Group.

Culture of safety for employees and subcontractors

BEST PRACTICE

Energa-Operator, a Group company has created uniform tools to perform an annual appraisal of the efficacy of the actions taken in occupational safety and health and to devise plans to improve the conditions for occupational safety and health. The tools that will be implemented in Q1 2016 based on uniform criteria will enable the company to create a strategy in occupational safety and health for the next few years. The evaluation of the efficacy of actions in occupational safety and health also takes into account the company's cooperation with external contractors. Branches of Energa-Operator and the companies involved in their processes will regularly self-assess several crucial aspects of their activity that affect the level of work safety. On the basis of these appraisals, objectives and initiatives in occupational safety and health will be defined that, subject to approval, will be pursued and monitored in a given year.

Under actions to instill safe employee attitudes Energa-Operator produced six movie clips on safe work in power grids in cooperation with employees of companies involved in their processes. These movie clips that share one single slogan, namely "No shortcuts in occupational safety and health" portray the fundamental requirements for the various work done on power grids. At the same time, the storyline in these movie clips emphasizes proper conduct by electrical installation workers and supervision workers underscoring the importance of robust communication and mutual cooperation.

BEST PRACTICE

Energa Wytwarzanie, a Group company has administered a series of drills on the usage of fire fighting equipment and to extinguish a simulated fire using fire fighting equipment within the range of fires that take place in its facilities. In addition, in agreement with a State Fire Brigade unit, drills were conducted to evacuate people from the office building in Pruszcz Gdański.

Occupational safety and health and fire prevention standards for subcontractors

BEST PRACTICE

In 2015 Energa Wytwarzanie, a Group company adopted the "Environmental, occupational safety and health and fire prevention rules and requirements in Energa Wytwarzanie SA". They contain information for the entities doing work on the company's premises on the threats present, the rules in force in the company and the persons designated for contact to provide first aid and for fire prevention. Based on this regulation, training courses are run for external contractors and subcontractors. Safety audits are also run by the company's occupational safety and health employees. ENERGA Wytwarzanie SA performed 37 inspections of the working conditions offered by its contractors during the year. In 2015 no incidents of unsafe conduct among the subcontractors were ascertained, i.e. among the firms doing work on the premises of Energa Wytwarzanie SA.

Audits of subcontractors

**BEST
PRACTICE**

Energa-Operator, a Group company held meetings in its branches with external entities (both their owners and representatives of their management). During these meetings it presented details to the external contractors on the procedure put into place in October 2014 entitled “Work safety requirements for external contractors”. Since July 2015 teams consisting of representatives of the technical staff, occupational safety and health staff and social labor inspectors have been running inspections of occupational safety and health among external contractors under engagement from Energa-Operator in its branches’ premises. In 2015, 511 inspections of working conditions were conducted in the contractors doing work related to power infrastructure. Improving occupational safety and health among external contractors is one of the elements of Energa-Operator’s long-term policy and a crucial condition of cooperation with contractors.

In turn, Energa-Operator Techniczna Obsługa Odbiorców ran a series of training courses on occupational safety and health for its subcontractors as well as an audit on the possession and application of instructions and procedures for persons doing work in metering systems, being outfitted with the proper equipment and holding the pertinent qualifications. All the subcontractors, i.e. more than 740 people engaged in doing work for the company in its service area underwent training during which great emphasis was placed on the regulations set forth in the Job Instructions for persons doing work in metering systems and the Instruction for Organizing Safe Work in Electrical Power Equipment. In turn, 468 subcontractors were audited.

Operation of the Experimental Training Center in Straszyn

**BEST
PRACTICE**

The purpose of the training activity in Straszyn is to provide its participants with sufficient knowledge and skills to work safely and with full-fledged efficiency according to the methods employed when working in high voltage environments to the extent following from the current status of technological implementation. The science behind properly using and operating a special set of equipment and tools is also related to this subject. Employees of the Distribution Segment and external subcontractors actively participate in the training courses offered.

Regular courses and open enrolment courses are offered in the training activity at this experimental training center. 329 training days have been organized in the experimental training center since the beginning of 2015, with 800 people participating, with 58% of them being employees of companies belonging to the Distribution Segment.

Percentage of employees of contractors and subcontractors duly trained on occupational safety and health

Company	2014			2015		
	CONSTRUCTION	OPERATION	MAINTENANCE	CONSTRUCTION	OPERATION	MAINTENANCE
Energa-Operator SA	100%	100%	0%	100%	100%	0%
Energa Kogeneracja Sp. z o.o.	100%	100%	100%	100%	100%	100%
Ciepło Kaliskie Sp. z o.o.	25%	22%	8%	59%	27%	14%
Energa Wytwarzanie SA	100%	100%	100%	100%	100%	100%
Energa Oświetlenie Sp. z o.o.	100%	100%	0%	100%	100%	0%
Energa Ciepło Ostrołęka Sp. z o.o.	100%	100%	100%	100%	100%	100%
Energa Centrum Usług Wspólnych Sp. z o.o.	100%	100%	100%	100%	100%	100%
Energa Serwis Sp. z o.o.	100%	100%	100%	100%	100%	100%

2015 was a year in which the number of accidents in the workplace continued to fall in the Energa Group. In 2014 the overall Energa Group had a total of 58 accidents in the workplace, with 1 fatal accident, 1 entailed severe bodily damage and 56 cases of light accidents. In 2015 the overall Energa Group had a total of 53 accidents in the workplace with 1 fatal accident. There were no accidents that caused severe bodily damage while there were 52 cases of light accidents.

Total number of accidents and occupational diseases and the number of days off work

Total number of accidents and occupational diseases	2014*	2015
Total number of days of inability to work as a result of accidents and injuries at work	2,940	3,695
Total number of accidents in the workplace	47	53
including the number of fatal accidents in the workplace	1	1
Number of incidents of work-related occupational diseases	0	0

* 2014 data apply to 15 Group companies, i.e. 92% of the persons employed.

Incidence of employee accidents by gender



ACCIDENT FREQUENCY

2013 2014 2015

Accident rate = the number of persons injured in accidents at work x 1000 / the total number of employees at the end of the reporting year.

The accident rate in 2015 applies to employees of the entire Energa Group.

Incidence of employee accident severity by gender



ACCIDENT SEVERITY

2013 2014 2015

Accident severity rate = the total number of days of inability to work by persons injured in accidents at work / the total number of persons injured in accidents at work (net of persons injured in fatal accidents)

The accident rate in 2015 applies to employees of the entire Energa Group.

5.4. Fostering opportunities for professional improvement and development

The Energa Group cares about developing employees' skills and qualifications. It implements various programs and training and development activities in its individual companies. It offers employees training and workshops aligned to their business needs based on the diagnosis of their training needs.

In addition, e-learning is used in selected topical areas. The Energa Group draws on the expertise of third-party experts and, wherever possible, the knowledge and experience of its own staff to run its training and development programs.

The Energa Group treats the training process professionally, and this translates into Group employees giving a higher evaluation of training efficacy. The employee opinion survey held in 2015 produced 56% positive assessments for the training processes run in Group companies, which is a result in line with the national average. In addition, 69% of the employees gave a positive rating to the support they receive from their boss in honing their skills and at the same time the surge in work productivity sparked by training sessions. This result is 5% above the national average.



Technical Academy

BEST PRACTICE

The “Technical Academy” is a project whose major tenet is to develop the technical staff of the Distribution Segment. Its goal is to provide Distribution Segment employees with unique market competences, and to integrate and create a job environment fostering the sharing of knowledge and experience. This Academy targets nearly 2,300 people –employees of technical units and technical engineering staff. Development activities have been scheduled up to 2019. 1,010 segment employees hired in areas such as investments, operations, capacity dispatching, end user service and network services took part in the Technical Academy in 2015. 69 training groups rated the Academy with an average score of 4.68.

Expert Development Program

**BEST
PRACTICE**

The “Expert Development Program” launched as a pilot in 2015 in Energa-Operator SA is based on the transfer of knowledge and experience within the organization. Experts’ knowledge about the merits and experience are particularly valuable in the key areas for managing the company and are conveyed during internal training sessions to the other employees. 24 training sessions with 218 participants were held from July to November 2015. The subject matter pertained, among others, to IBM COGNOS software, the work of dispatchers for Regional Capacity Dispatch, the clauses concerning the conditions for grid connection, construction and remodeling; diagnostics of medium and high voltage underground cables, modern methods for inspecting overhead power lines. The average score for these training courses was 4.65. 8 experts are currently working in the program. They are delivering training courses on the basis of the purchase orders submitted by the segment’s individual organizational units.

Management Continuity Program

**BEST
PRACTICE**

The continuity of operations, project execution, including the smooth transfer of obligations and powers is a condition for a public utility organization to operate efficiently and to ensure energy security to the region of Poland it serves. Therefore, in order to maintain management continuity, Energa-Operator has devised a succession plan. The organization wants to procure successors in positions that are linked to crucial areas of its business and access to specialized knowledge and technology. This program has been divided into 3 stages: nomination, diagnosis and development. The company has already kicked off the third stage of this process –a two-year development program for successors and leaders. The development of successors will chiefly entail the support provided by advisors (mentors) and performing new tasks transcending their day-to-day tasks preparing them to serve in their future role. In turn, local leaders will receive primarily training support. Each participant will additionally receive an individual training budget and access to an interactive development platform.

The LEADER Management Skills Development Program

**BEST
PRACTICE**

The “LEADER Management Skills Development Program” is run in three companies in the Sales Segment: Energa-Obrót SA, Energa Obsługa i Sprzedaż and Enspirion. This program employs the Leadership Performance Pipeline model, i.e. “Results-oriented Leadership”. This concept specifically and comprehensible defines the requirements of managers at designated levels of management. This model enhances the efficacy of leadership in an organization because it does not focus on a leader’s personal attributes but on the tasks that must be achieved at his or her level of management. The LEADER program has been running since March 2014. 120 managers at three leadership levels are covered by this program: Area Leader, Leader of Leaders and Leader of Others.

New Employee Adaptation Procedure

BEST PRACTICE

The Energa Group attaches great importance to the newly-hired employee adaptation process. It accelerates integration with the new work environment, it bolsters motivation and efficiency, constituting a benefit to the Group and each employee, becoming a source of job satisfaction in the organization. The new employee adaptation procedure has been functioning successfully in Energa-Operator for 2 years now. This process lasts 3 months and comes to an end with an appraisal of the newly-hired employee and giving him or her feedback on progress and future cooperation. A similar process is also applicable to interns and apprentices in Energa-Operator. In this case, the adaptation process involves dedicating a mentor for the duration of the apprenticeship / internship who acts in the capacity of the intern or apprentice's boss and assigns him or her specific assignments while providing feedback on his or her progress.

5.5. Building a culture of commitment

The new “Energa Group’s Organizational Governance” approved in 2015 defines the Group’s new operating framework: it strengthens mutual cooperation, it focuses on synergy, it introduces ethical values shared in common: ACT BOLDLY, BE CLOSE TO THE CLIENT and ACT TOGETHER. The actions taken in connection with implementing the Code of Ethics, the “Policy of Combating Mobbing and Discrimination” and the “Policy of Combating Abuse” have been depicted in the chapter entitled “About the Group”.

At the turn of October and November 2015 we conducted an employee opinion survey again across the Energa Group. 65% of the employees shared their ideas and opinions. The information gathered underwent fastidious analysis in the various companies and segments.

Key assumptions of employee volunteerism

Energa Group employees get involved in efforts to help the needy willingly and in large numbers. They are devoting their leisure time trying to help other people altruistically. Volunteerism is most frequently combined with personal involvement in a healthy life style. By augmenting their daily physical activity they accumulate funds for the most needy. They are covering hundreds of kilometers on bicycles, jogging or walking to work instead of commuting by car. In this way they are contributing not just to limiting exhaust emissions but are also simultaneously helping children from orphanages.

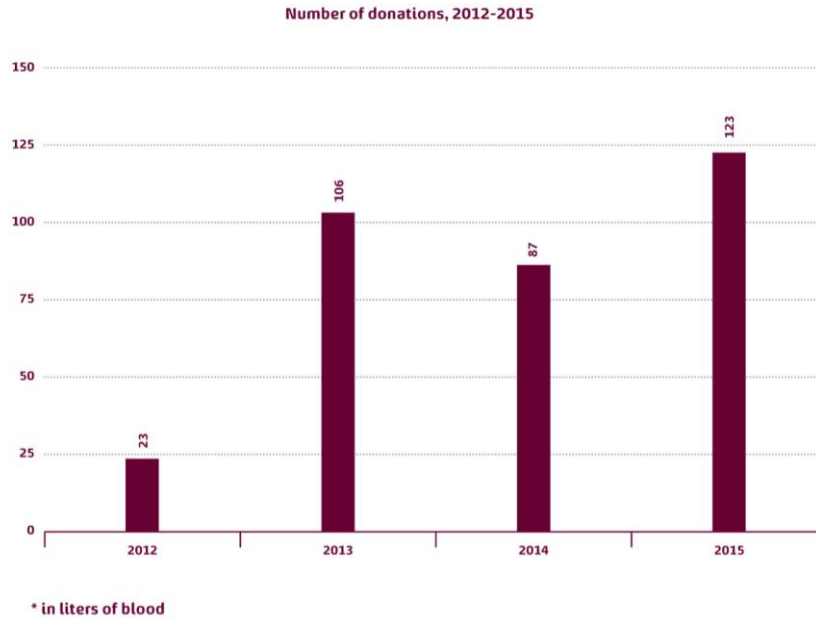
“Active and Charitable”

BEST PRACTICE

For 2 years Energa Group’s employees have been turning the kilometers they traverse into money. From May to the end of August they registered the kilometers they traversed by bicycle, on roller blades, while jogging or walking etc. using a GPS signal and a special mobile application installed in their cell phones. More than 443 participants covered a total of 350 thousand kilometers, which is tantamount to circling the Earth at the equator nine times. Thanks to its employees’ involvement the Energa Group furnished financial support to 17 orphanages, giving them PLN 140 thousand to buy sports equipment for the charges of these facilities. At the same time, during face to face meetings our employees encouraged children to be active in sports, and through their attitude they convinced them that leading a healthy lifestyle is beneficial.

“A Drop of Energy”
BEST PRACTICE

This Informal Club of Honorary Blood Donors set up by Energa Group employees promotes the idea and sets an example for honorary blood giving. In 2015, during campaigns organized by the club - a total of more than 111 liters of blood was donated (273 donations of 450 ml each) in either roving ambulances or during organized trips to blood collection points. In the four years of operation of “A Drop of Energy” more than 339 liters of blood have been collected. The blood donated by the Energa Group’s honorary blood donors would make it possible to conduct blood transfusions for 36 liver transplants.


Number of employees by gender

Segment	Number of employees by gender			
	2014*		2015	
	Females	Males	Females	Males
Group management	49	59	53	60
Distribution Segment	941	3,877	1,007	4,252
Sales Segment	513	469	658	512
Generation Segment	259	1,281	250	1,278
Shared Services	320	153	317	158
Energa Group	2,082	5,839	2,285	6,260

* 2014 data apply to 15 Group companies, i.e. 92% of the persons employed.

Number of employees by gender and by type of employment agreement

Segment	2014*	2015
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	Fixed term		Indefinite term		Management contracts		Fixed term		Indefinite term		Management contracts	
	Females	Males	Females	Males	Females	Males	Females	Males	Females	Males	Females	Males
Group Management	0	0	48	49	1	10	2	1	48	49	3	10
Distribution Segment	30	42	911	3,832		3	45	91	961	4,159	1	2
Segment Segment	85	37	428	423	0	9	151	71	506	431	1	10
Generation Segment	7	33	247	1,234	5	14	19	26	228	1,238	3	14
Shared Services	6	8	312	143	2	2	13	14	302	142	2	2
Energa Group	128	120	1,946	5,681	8	38	230	203	2,045	6,019	10	38

* 2014 data apply to 15 Group companies, i.e. 92% of the persons employed.

Total number of employees employed for an indefinite term by gender and work time

Segment	2014*				2015			
	Full time		Part time		Full time		Part time	
	Female	Males	Females	Males	Females	Males	Females	Males
Group Management	48	48		1	48	47	0	2
Distribution Segment	901	3,829	10	3	953	4,156	8	3
Sales Segment	419	413	9	10	503	430	3	1
Generation Segment	245	1,232	2	2	226	1236	2	2
Shared Services	307	142	5	1	299	140	3	2
Energa Group	1,920	5,664	26	17	2,029	6,009	16	10

* 2014 data apply to 15 Group companies, i.e. 92% of the persons employed.

Number of employees by gender and age group

Segment	2014*						2015					
	<30		30-50		>50		<30		30-50		>50	
	Females	Males	Females	Males	Females	Males	Females	Males	Females	Males	Females	Males
Group Management	7	8	37	44	5	7	9	3	34	47	10	10
Distribution Segment	42	203	609	2,292	290	1,382	34	232	672	2,551	301	1,469
Sales Segment	83	60	380	326	50	83	129	74	471	361	58	77
Generation Segment	19	65	141	634	99	582	26	58	134	600	90	620
Shared Services	21	13	236	121	63	19	26	10	226	121	65	27
Energa Group	172	349	1,403	3,417	507	2,073	224	377	1,537	3,680	524	2,203

* 2014 data apply to 15 Group companies, i.e. 92% of the persons employed.

Number and type of incidents of work-related occupational diseases

Segment	Number of work-related incidents (total)				Number of fatal work-related incidents				Number of incidents of work-related occupational diseases			
	2014*		2015		2014*		2015		2014*		2015	
	Females	Males	Females	Males	Females	Males	Females	Males	Females	Males	Females	Males
Group Management	0	1	1	0	0	0	0	0	0	0	0	0
Distribution Segment	2	26	1	33	0	1	0	1	0	0	0	0
Sales Segment	1	2	1	6	0	0	0	0	0	0	0	0
Generation Segment	2	11	1	7	0	0	0	0	0	0	0	0
Shared Services	1	1	3	0	0	0	0	0	0	0	0	0
Energa Group	6	41	7	46	0	1	0	1	0	0	0	0

* 2014 data apply to 15 Group companies, i.e. 92% of the persons employed.

Incident frequency and severity ratios

Segment	Accident frequency incidence (accident rate)				Accident severity ratio			
	2014*		2015		2014*		2015	
	Females	Males	Females	Males	Females	Males	Females	Males
Group Management	0	16.9	18.9	0	0	15.0	3	0
Distribution Segment	2.1	6.7	1	7.8	95	72.1	71	60.2
Sales Segment	1.9	4.3	1.5	11.7	0	25	45	112.2
Generation Segment	7.7	8.6	4.0	5.5	97	53.1	0	109
Shared Services	3.1	6.5	9.5	0	40	65	29	0
Energa Group	2.9	7	3.1	7.3	70.7	62.9	29.4	74.7

* 2014 data apply to 15 Group companies, i.e. 92% of the persons employed.

Average number of training hours per employee by gender and employment category

Segment	Managers				Others			
	2014		2015		2014		2015	
	Females	Males	Females	Males	Females	Males	Females	Males
Group Management	40.1	39.7	69.3	67.4	19.8	22.4	39.7	31.7
Distribution Segment	52.6	47.3	60.3	55.6	16.9	26.4	15.8	24.4
Sales Segment	0.6	7.7	53.8	47.3	0.4	2.9	12.2	10.4
Generation Segment	42.8	17	42.6	27.4	7.5	5	18.1	12.1
Shared Services	30.3	35	22.3	67.3	13	14	15	37.6
Energa Group	37.4	36.6	51.9	49.7	11	19.5	15.3	21.2

Society



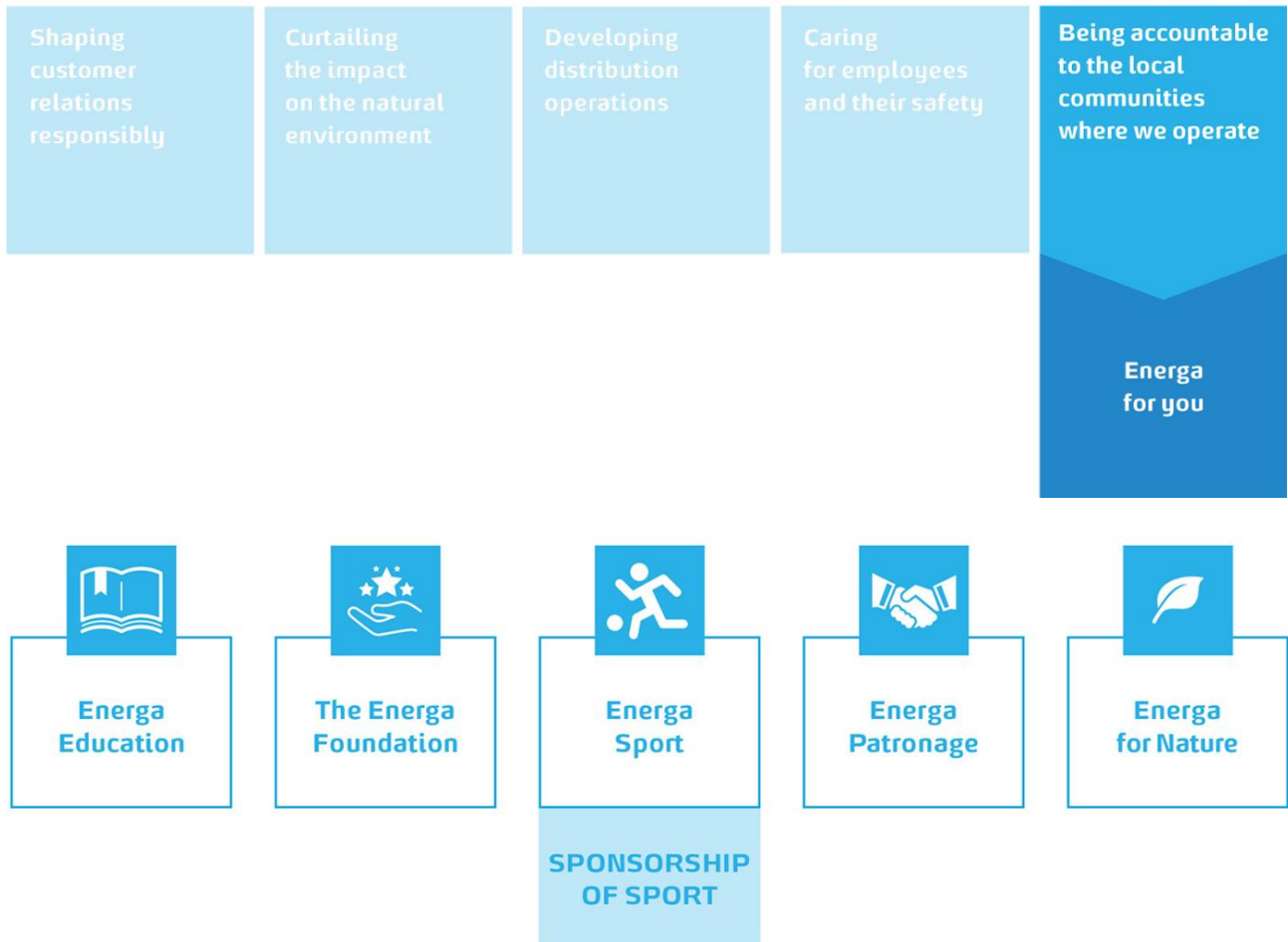
6. Caring for local communities

6.1. Responsibility to local communities as a strategic area

The Group treats the formation of relations with its surroundings very responsibly on account of the Energa Group's calling and the magnitude of its business, especially the constant presence of its power infrastructure in the life of local communities. It opts for partnership relations and it defines standards of cooperation based on dialog and shared goals. It perceives the needs and expectations of local communities, it endeavors to satisfy them by harnessing its own strengths and means not just in nationwide projects but also in various local initiatives. It breathes life into the Group's important values under the slogan "Energa for You": people, joy of life, education, environment, ecology, safety and children's future.

Objectives

Responsible management



Objectives for 2015	Performance
Intensifying efforts in projects under the “Energa for You” program	<p>Growing the number of project participants by more than 2 thousand children.</p> <p>In addition, under the “ENERGA Sports” program:</p> <ul style="list-style-type: none"> • a new project called “Meet the Champion” has been launched as a series of training sessions with Anna Rogowska; • 2 training centers were added in “Energa Sailing”; • children have been encouraged to take part in a nationwide television information campaign.
Building cooperation and partnership with local communities	<p>6 conferences called “Cooperation between local governments and the electricity distribution system operator” were held.</p> <p>A series of meetings concerning the Group’s new investments was conducted.</p> <p>In the Energa for You project the Group endorsed numerous initiatives stemming from the needs of local communities.</p>
Developing employee volunteerism	<p>The reach and scope of the project „Active And Charitable” were extended.</p> <p>Greater financial commitment to the “Drop of Energy” project – detailed information concerning volunteerism projects is available in the “Employees” chapter.</p>

“We take a comprehensive approach to social commitment based on the values we share with our stakeholders such as education and children’s future. We perceive in a natural way our role in enlisting local communities in our sustainable development strategy, especially when it comes to the environment and safety. Through our social programs we strive to be active where we see a deficit, regardless of whether we are dealing with a shortage of funding or, for instance, access to knowledge, which is frequently one of the largest obstacles to development.

Monika Derda
 Senior brand management
 specialist
 Energa SA

Priorities for 2016

PRIORITIES

FOR 2016



6.2. Social activities

Approach to social involvement

Building robust and lasting bonds with local communities is one of the important manifestations of the Group’s CSR commitment. Above all, this follows from the specific nature of the Group’s key segments, i.e. the Generation Segment and the Distribution Segment with power infrastructure, i.e. generation facilities, power grids and stations spread across nearly 1/4 of Poland’s landmass. This gives the Group a presence in the life of local communities, not just in their work life, but in their family life.

The strategic assumptions and the bulk of activities in social involvement are the responsibility of Energa SA. This is a consequence of the document in force in the Group since 2014 forming a part of its organizational governance and called the “Rules of corporate communication and other marketing activities in the Energa Group”. In turn, the Group companies that are well versed with the specific needs and expectations of local communities are involved in pro-social activities in their own operating areas. Their best practices are transposed onto the other Group companies.

The materiality analysis conducted in 2015 among our internal and external stakeholders confirmed the importance of building relations with the surrounding community and communicating as a crucial element of a good neighborly policy, building the Group’s internal identity among employees and advising the broader public opinion of its investments and strategy.

“Children are the most important beneficiaries of our efforts. We strive to direct their energy in the right direction, either through education or nurturing their sports or academic passions, or by teaching them respect for nature and giving assistance to the most needy.

We are keen on ensuring that our projects are accessible as broadly and as easily as possible. This is something that is producing results: from year to year, the number of children participating in our projects is on the rise. The successes the followers of our program have achieved confirm that the path we have taken toward social involvement is the right one. The charges of the first rounds of ENERGA Basket Cup and Energa Athletic Cup are now appearing in their sports life, and Patryk Dobek, a track and field athlete is representing Poland in international arenas. This illustrates how important our social activity is, especially facilitating children’s free of charge access to professional training under the tutelage of the very best, especially in their early stages”.

Jarosław Kozłowski
Brand management coordinator
Energa SA

The activity to build relations with local communities is manifested by the following:

- running social consultations with residents on investment processes,
- conducting education activity on the safe usage of electric equipment and how to conduct oneself correctly in the immediate vicinity of power facilities,
- pursuing charitable activities by the Energa Foundation,
- running proprietary projects under the “Energa for You” program,
- providing financial backing for important events in the local community according to standards communicated to the public,
- communicating about products and services,
- running clear and transparent communication on planned and current outages of electricity.

**BEST
PRACTICE**

In 2015 the training project entitled “Stock Investing is Women’s Business” was launched. Energa is a co-organizer. The idea of the event is to increase the knowledge on investing on the stock market and to improve self-confidence of enterprising Polish women. To this end training courses were organized in Poland’s five largest cities with the participation of female experts from the capital market.

During these training courses and workshops the female project participants had an opportunity to glean capital market knowledge and expand their familiarity with the possibilities of company development and investing savings through stock market investments. These training courses enjoyed the patronage of the President of the Council of Ministers at the time and were highly popular among female investors - in total, more than 400 people took part in all these workshops.

Energa for You**BEST
PRACTICE**

In 2015 the Group ran its first information campaign concerning the CSR projects administered under “Energa for You” in which it encouraged people to take part in sports and educational undertakings that had been going on for more than 5 years. Medalists from the Olympic Games and World Championships took part - pole vaulter Anna Rogowska and representatives of Poland’s national sailing team: Przemysław Miarczyński and Piotr Myszka. The EnergaDlaCiebie.pl service was also launched to depict the various projects and their outcomes thus far.

Energa Sports

This program promotes sports activity among the youngest and contributes to molding positive life attitudes.



This information comes from the Energa Group's CSR environmental impact analysis for the period from 2013 to H1 2015.

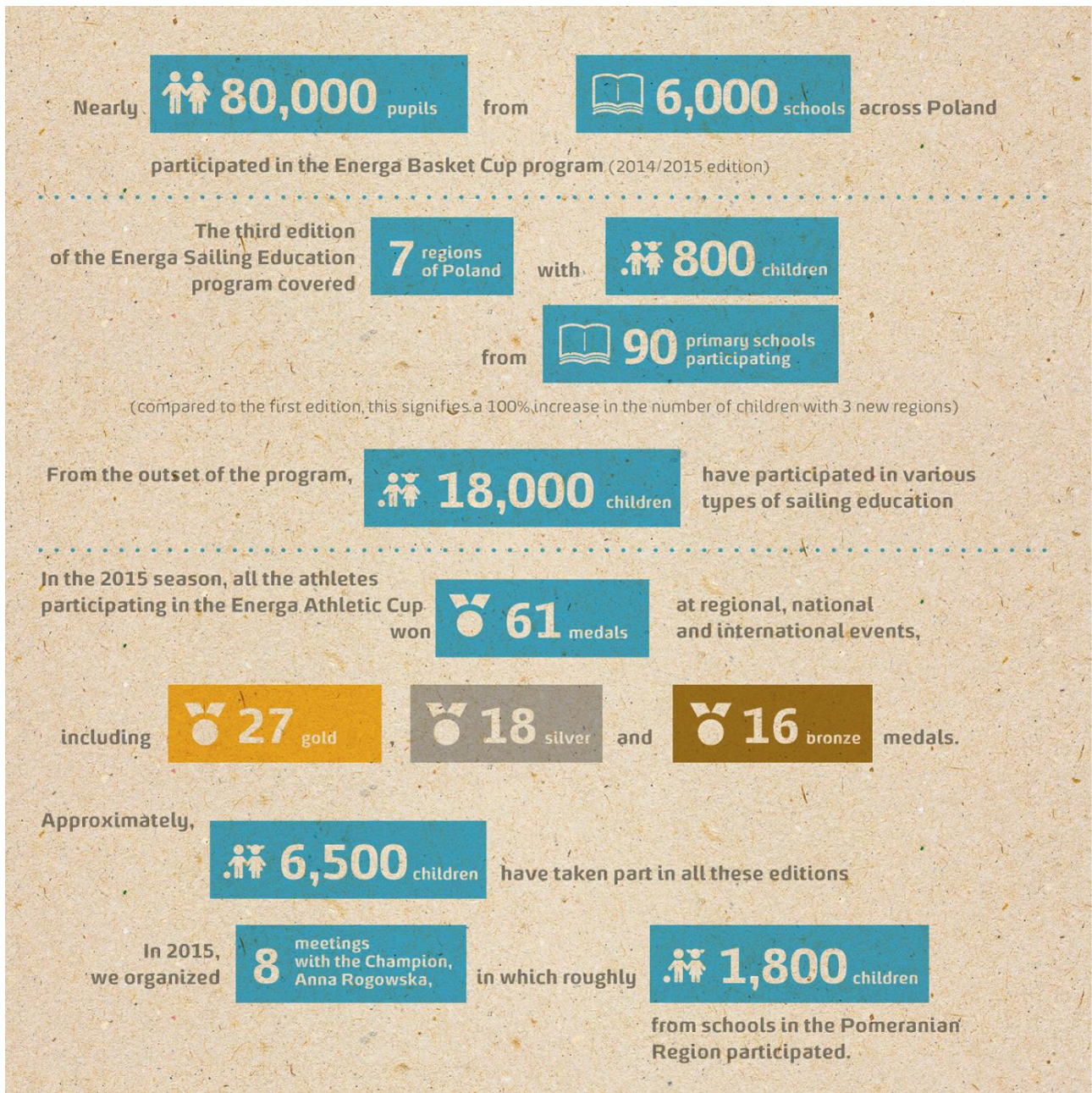
More and more children and youth are taking part year on year in three nationwide programs: basketball, track and field and sailing. In 2015 we extended the reach of the ENERGA Sailing program to 7 regions in Poland, while the ENERGA Athletic Cup program has been enriched with additional educational meetings with the project's ambassador, world champion in pole vaulting, Anna Rogowska. This has enabled us to enlist another 2 thousand children in our efforts.

The ENERGA Sailing program consists of a training course for the youngest children in the Optimist sailing and windsurfing class in ten centers across Poland and a scholarship system for the most talented youth athletes. The Energa Sailing Young Talents Development Fund furnishes financial support for 24 athletes' sports career. The Group is also a partner of the Polish National Team of the Polish Sailing Association - it is supporting 42 Polish sailors' preparations and their appearances in the international championship events forming a pass to represent Poland during the 2016 Summer Olympic Games in Rio de Janeiro.

“Sailing is a demanding sport. The path to success begins with infecting the youngest children with a passion for it. I take heart when I see these youngsters as they take their first steps in sailing. That is why we are earnest supporters of the Energa Sailing program that enables primary school students to begin their adventure in this sport. Who knows, perhaps their numbers will include athletes who will compete with us to win medals for Poland”.

Małgorzata Białecka
Windsurfer in the Polish National
Sailing Team in Energa Sailing
Team Poland

Representative of Poland in the 2016
Summer Olympic Games in Rio de
Janeiro in the RS:X class



Energa Education

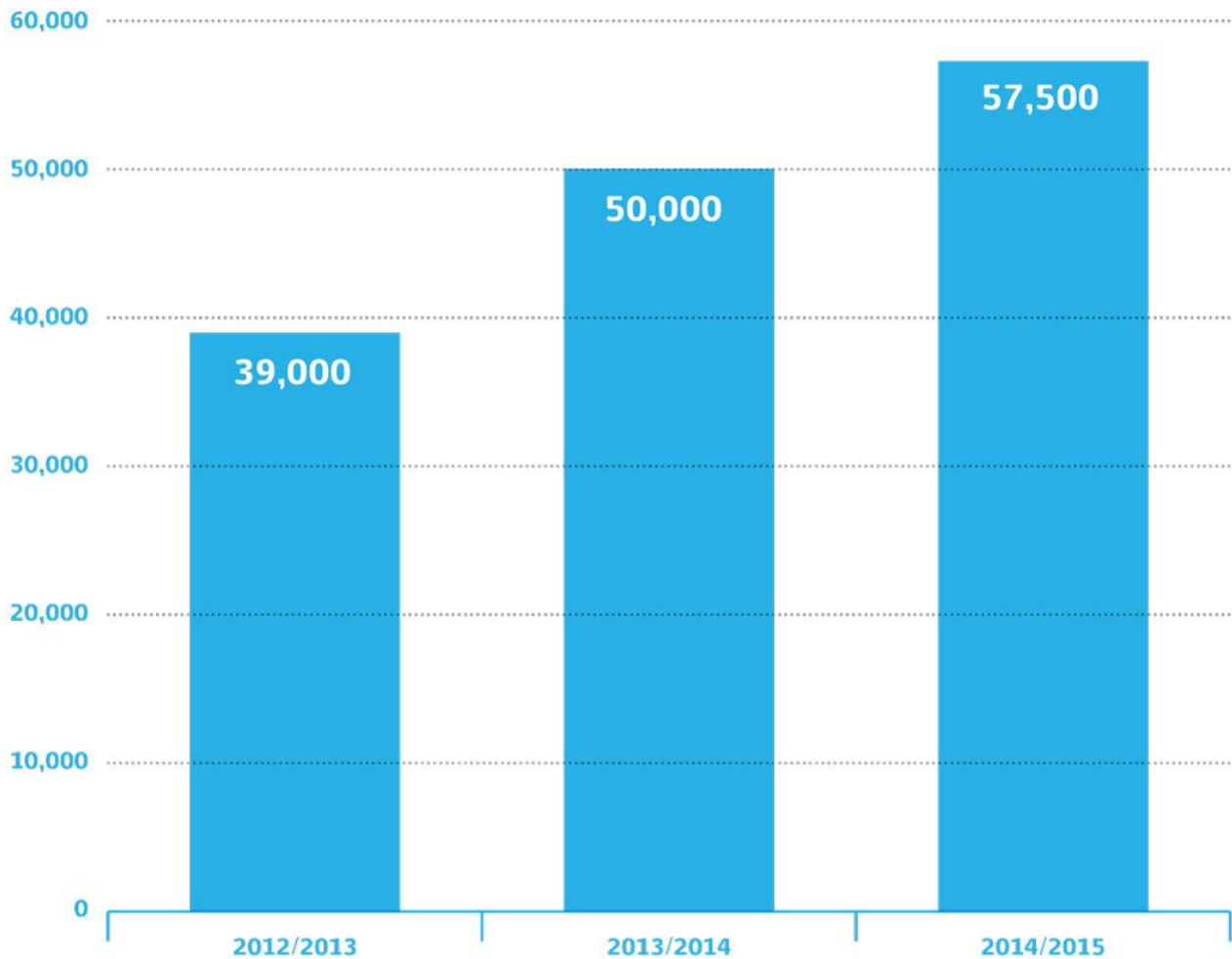
Safety and common sense in the usage of electrical equipment and risk-free interaction with energy infrastructure are some of the key messages underlying the Group's social involvement. The Group also considers exceptional care for the natural environment to be its duty and a necessity and acts with passion and a desire to protect it. The Group attributes great importance to education and instilling strong habits from the early years whereby the care for one's own safety and of others as well as for the environment will simply be obvious.

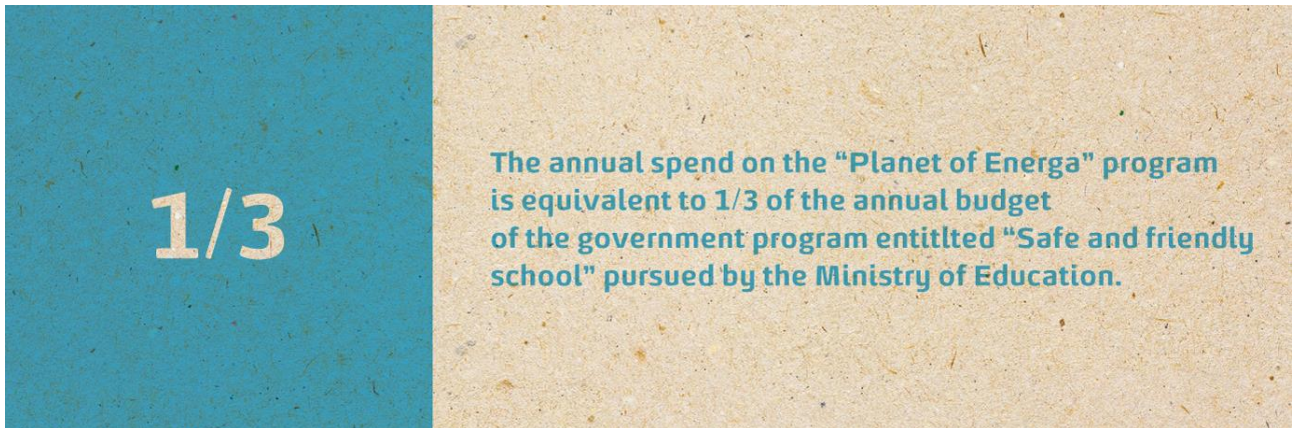
The Energa Group would like to prepare the young generation properly to make intelligent decisions. That is why through fun it strives to interest the youngest in the fascinating world of electrical energy while inspiring the slightly older members of society including youth, students and doctoral students to choose academic careers involving innovations in the power industry.

► More details about the projects run under “Energa Education” can be found in the CSR reports for 2013–2014.

The ENERGA Group’s key project is its proprietary educational program entitled “Planet of Energy”, conducted since 2010. It popularizes knowledge about electricity and the rules of safe and rational use of electricity among the youngest children. This initiative also fosters environmentally-friendly attitudes, new passions and curiosity about the world. This program is delivered in the form of a competition for teachers and students of primary school grades 1 to 3. Ten prizes in the form of two-day-long visits to the “Planet of Energy” mobile science center are earmarked for the winners. More than 250 thousand children have already gained new skills and expanded their knowledge concerning electricity in the course of 80 visits by this mobile science center to many communities across Poland.

Number of “Planet of Energy” participants in the last 3 years





This information comes from the Energa Group's CSR environmental impact analysis for the period from 2013 to H1 2015.

Energa regularly organizes the “Energy of the Future” competition. It is addressed to students from secondary schools with a power sector and electrical engineering profile. In this way the Group is popularizing the development of new solutions in the power sector and enticing young people to hone their research interests. In the contest's four rounds held thus far, some 107 teams have vied for attractive physical prizes and cash awards. In 2015 project participants represented 32 schools with a power sector and electrical engineering profile from central and northern Poland.

Energa Patron

Energa takes multi-faceted measures to support Polish culture and its national heritage. It contributes to popularizing the achievements of outstanding artists and presenting contemporary art and to having a greater number of people exposed to culture. The Group lends support to organizations and cultural projects. It provides financial backing to associations and culture centers. Among others, it sponsors the Polish Chamber Philharmonic Orchestra in Sopot, the Polish Baltic Philharmonic Orchestra in Gdańsk, the Elbląg Chamber Orchestra and the Warmia and Mazury Philharmonic Orchestra in Olsztyn. It subsidizes cultural events for children such as a series of musical encounters with children entitled “Miś Doremiś” in Płock and the World Days of Fairy Tales in Olsztyn.

Energa for Nature – best practice

BEST PRACTICE

In 2015 we kicked off the production of some movies entitled “Around a stork's nest” in cooperation with the “Pro Natura” Foundation. The purpose of these movies is to encourage viewers to look at the nature in their midst and react to the threats putting flora and fauna in their region in jeopardy. Krzysztof Konieczny, author of the blog entitled dbajobociany.pl (take care of storks) is the narrator and author of these movies within the scope of the Energa Group's activities to protect the white stork. 7 episodes several minutes in length have been produced to date. These movies are distributed free of charge to the media and are available on Youtube and the website of the Energa Group's press office as well as on the blog at dbajobociany.pl.

“Around a stork’s nest” is a series to describe the natural habitat which nearly all of us can see, touch and smell. Storks are of course the main hero but they are such an integral part of the environment that it is not possible to overlook everything else that is happening outside the stork’s nest. I would like for these movies to reach people with disorders who are not able to witness the miracles of nature on a daily basis. The phenological approach and rapid presentation in the web allow us to interact with what is happening here and now. I dream of being able to bring nature to bedridden people and to be their eyes and ears tuned into nature”.

Krzysztof Konieczny
President of the “PRO NATURA”
Nature Foundation

Energa Sports

BEST PRACTICE

In each project the Energa Group emphasizes the importance of baseline education, ensuring easy access to sporting infrastructure and training under the care of professionals.

Energa Sports is a prime example of combining a social initiative with the Group’s sponsoring activity. By providing sports scholarships to the national team athletes in Energa Sailing Team Poland, the Group obtains ambassadors for the Energa Sailing project.



6.3. Supporting regional development and heeding the voice of local communities

All the Energa Group's investments are run according to legal requirements and respect the natural environment. Generating energy in renewable sources such as wind farms and solar parks largely diminishes the harmful impact exerted by the power sector on the environment, chiefly by limiting the emissions of hazardous substances, especially greenhouse gases.

Regardless of its nature and magnitude, every investment project evinces many concerns in a local community. People are afraid of changes to their closest surroundings assuming that they will adversely affect the comfort they experience in their current life. These concerns frequently stem from the absence of complete knowledge related to a given investment project. That is why dialog, from our vantage point, is so very important when running an investment project. Social consultations are an indispensable part of every investment. During these consultations we present important aspects of each project to the residents: location of towers and roads, noise level and environmental impact. Experts also participate in these consultations and they respond to residents' questions and dispel any and all doubts. They refute myths and stereotypes concerning the construction of building power plants using renewable sources.

Percentage of operations in which the local community was involved and in which an outcome assessment and development programs were utilized

Social consultations take place according to the regulations of the Act of 3 October 2008 on the Provision of Information on the Environment and its Protection, Society's Participation in Environmental Protection and Environmental Impact Assessments (Journal of Laws of 2013, Item 1235) during the procedure to obtain an environmental decision. Everyone has the right to submit remarks and requests within 21 days from the date when the pertinent authority publishes information on the pending proceeding. In 2015 the Group did not run any proceeding to obtain an environmental decision in which social consultations were held.

Meetings with local governments

BEST PRACTICE

Nearly 480 representatives of local government authorities at all levels took part in six conferences held under the same title "Cooperation between local governments and the energy distribution system operator" organized by Energa-Operator. Regional governors and marshals in the company's operating area were patrons of this undertaking.

The best practices for the distribution system operator's cooperation with local government authorities were discussed at the conference in areas such as investments in energy grid infrastructure, connection procedures for the energy grid and fixing interruptions. The topic of the company's cooperation with regional crisis centers pertaining to communication during mass interruptions caused by sudden weather-related phenomena was highly important. Comprehending the roles played and the areas of accountability is an important element of improving the quality of mutual relations and supporting local development.

“When we run an investment we conduct ourselves according to the procedures we have devised to date, tapping into the knowledge, skills and experience of our employees. Nevertheless, new challenges and difficulties accompany every investment. That is why we compose best practices after completing each investment to help us avoid similar problems in the future”.

Adela Olejniczak
ENERGA Invest
environmental specialist

Operations involving a major physical or prospective adverse impact on local communities

Only three of the 28 investment projects currently in progress in the Energa Group have encountered negative reactions from residents such as:

- protests by residents and disfavor in contacts with local authorities;
- impediments to executing an investment in the form of writing letters and grievances and voicing protests;
- unwillingness shown to an investment by the leaders of the municipality (*gmina*) and local village (*sołectwo*).

Energa Invest, as the company handling the investment process, conducted an information campaign, distributed leaflets, held meetings with the local community and the leaders of the municipality and local village. Municipality representatives were also invited to visit the Myślino wind farm to see it first hand. Energa has also been committed to conducting sponsoring activities for these municipalities.

Regional development measures

BEST PRACTICE

Energa Vistula River Program

Together with the local government of Włocławek the Energa Group has been involved in the Vistula River project –to build another dam and hydropower plant with a capacity of roughly 80 MW on the Vistula River. This undertaking is supposed to ensure the safety of the current pooled step cascade in Włocławek and to augment the flood prevention safety afforded to Włocławek and the surrounding areas. In the scope of efforts in favor of this investment in February 2015 a memorandum of understanding was executed by the Mayor of Włocławek and the management boards of Energa SA and Energa Invest SA.

Meetings are held between the Mayor of Włocławek and representatives of the Energa Group under the launched environmental procedure. Energa Invest is overseeing the issues related to environmental documentation for the Regional Environmental Protection Directorate (RDOŚ). It is also promoting the Vistula River project at the regional and national level during numerous discussion panels and scientific conferences dedicated to water management and the power sector.

Regardless of the actions taken under the Vistula River project, Energa is supporting Włocławek’s initiatives to promote urban development. One example would be the subsidy for the Włocławek Days festival held on 27-28 June 2015.

Development and impact exerted by infrastructural investments and providing services to society

The energy from renewable sources (RES) is inexhaustible and does not pollute the environment. No fuel is needed to generate it except for the phase related to building the power plant. Using renewable energy also eliminates byproducts such as carbon dioxide, sulfur oxides, nitrogen oxides, dust, solid and gaseous waste. As a result, the natural environment does not suffer degradation or pollution, nor does the area suffer degradation or a lowering of the underground water table, contrary to what happens with the conventional methods for generating energy.

Tapping into wind energy to generate electricity makes it possible to attain not just environmental benefits but also social and economic benefits such as the following:

- regular budgetary proceeds to municipalities from real estate tax, e.g. the estimated annual proceeds for the next 25 years for a 26 MW farm are PLN 800 thousand;
- stable and long-lasting income for residents in the form of lease fees for the turbines and infrastructure;
- modernization of existing access roads and building of new ones to wind power plants; these access roads will serve the residents after completion of the construction;
- possible purchase orders for local businesses such as to build access roads and to do earth work;
- satisfaction of the various needs of municipality residents through additional proceeds to the local budget;
- improvement in the municipality's image as one that is ecological and cares for the environment while being open to investors.

During the construction of the solar power plant in Gdańsk, the construction of the Myslino wind farm and the modernization of the Rościno small hydro power plant the Group undertook a number of measures to win endorsement and build positive relations with local communities;

- the general contractor hired the local community when building the solar park; in consideration for providing access to electricity it paid the residents' electricity bills;
- Energa organized a school contest in the Myślino Primary School to name the wind turbines, it supervised the construction of the service road for the Myślino - Mołtowo low voltage underground cable and the cycling path and it built a parking lot for cyclists including the necessary equipment;
- it organized meetings with association members to discuss the planned actions during the construction to modernize the hydro power plant; it invited them to inspect the construction site at crucial moments, e.g. at the phase of releasing the river through a circumvention channel.

Global Compact Partnership – Inland Navigation Program 2015–2020

Under partnership with Global Compact – UN initiatives for corporate social responsibility and to support sustainable development, the Energa Group's representatives participated in several important events such as the European Forum for New Ideas (ENFI) and the ENVICON Environmental Protection Congress.

European Forum for New Ideas (EFNI)

A debate entitled “European Transport Corridors as an Opportunity to Connection the Baltic Sea Region with Europe and the Rest of the World” was held in October in Sopot under the European Forum for New Ideas at the initiative of the General Secretary of UN Global Compact in Poland. Topics related to the economic, business and environmental aspects of the development of European transport networks and their significance for Poland were the subject of discussion. This discussion focused largely on inland navigation, especially on the Vistula River. Representatives of the government, local government authorities, the business community, including a representative of Energa and the academic community took part in this discussion. During the debate the Global Compact report entitled “Inland Navigation - the Vistula River” was presented. It treated the subject matter of European transport corridors and consisted of a series of articles, including an article entitled „Sustainable power sector in Poland”.

ENVICON Environmental Protection Congress

ENVICON is the largest convention of the environmental protection industry in Poland. It touches on topics of great significance to the development of the Polish economy and local governance. During one of the discussion panels entitled “European transport corridors in the context of environmental challenges” an Energa representative took part by delivering a keynote address entitled “The Lower Vistula Cascade Is a Necessity for Poland’s Pro-environmental Development”. In his address he emphasized the need to invest in building pooled step cascades to accrue measurable economic, energy, social and environmental benefits.

Awards in the “Shine with Energa” city plebiscite

BEST PRACTICE

For 7 years now Energa has created an opportunity for Polish cities to compete and additionally to motivate them to decorate their wintry streets, tenement houses and squares with illuminated lights in order to lend even more energy and glitz to public space. In the contest entitled “Shine with Energa” cities’ holiday decorations are evaluated by thousands of Poles who vote on the community with the most beautiful lighting. On top of releasing a feeling of local patriotism in the residents of medium and large urban centers, this project encourages them to be active taking the form of genuine aid for the needy. The victorious city receives from the Energa Group not just the title of the “Most Beautifully Illuminated City during Christmas in Poland”, but also white goods worth PLN 50 thousand for the orphanage of its choosing or for some other charitable purpose. The total pool of prizes in this game is PLN 200 thousand.

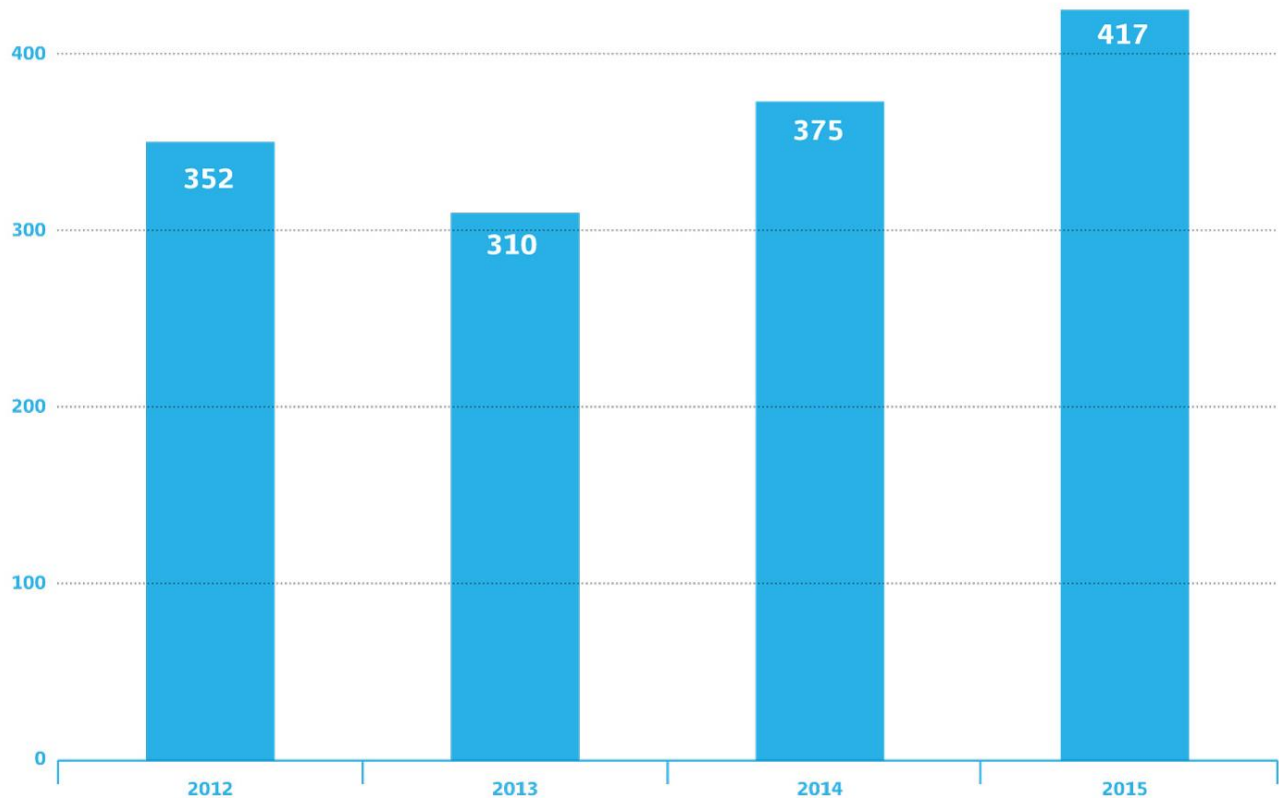
In 2015, Połczyn-Zdrój won the title again. Previously, Bielsko-Biała, Szczecin and Rzeszów were recognized for their exceptional illuminations and their climate of joy and the magic of the holidays with which their city streets were vibrant.

6.4. Charitable activity

Energa Foundation's activities and strategy

The Energa Foundation was established in 2009 and since then it has aided more than 2,300 organizations with a total contribution of nearly PLN 17 million.

Number of support agreements in 2012-2015



The Foundation's objective is to provide aid where it is most needed by initiating proprietary programs and taking part in other organizations' nationwide projects. Most of the initiatives supported by the Energa Foundation apply to children, especially children affected by illness and disability; it also gives aid to the outlets and institutions that cater to small children. It also helps the victims of natural calamities and subsidizes the purchase of health and life-saving equipment. Nor does the Foundation lose sight of the Energa Group's employees affected by misfortune. It analyzes their circumstances on a case by case basis in order to be able to lend the most effective support to them and their families.

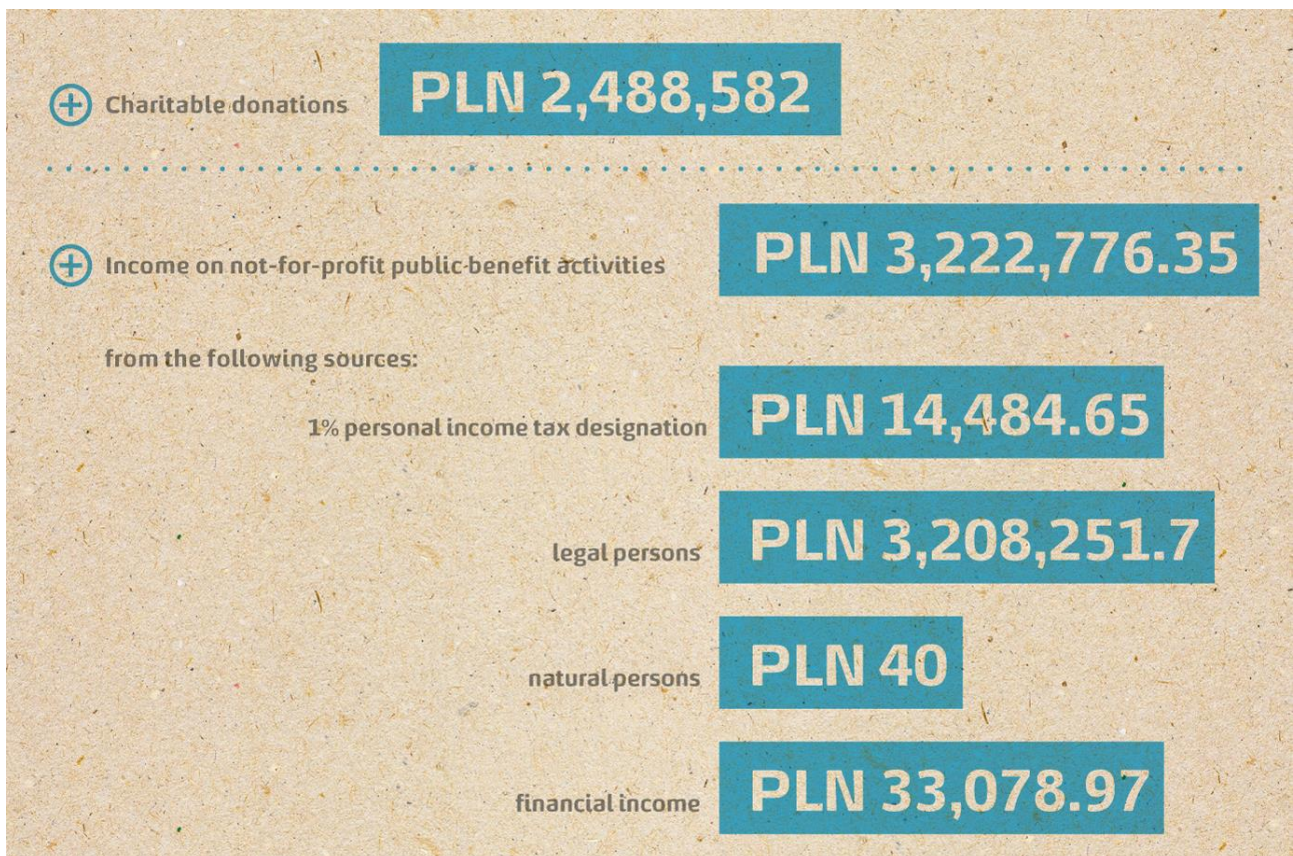
▶ The ENERGA Foundation's goals laid down in its articles of association may be found on the website: http://grupa.Energa.pl/fundacja_Energa.xml

In 2015 the Energa Foundation Management Board adopted the principle its activities in a given year will be dedicated to a leading topic. In 2015, its underlying motivation was “Social Integration”. This choice followed from the decision made by the Parliament of the European Union to proclaim the European Year for Development 2015 under the slogan: “Our world, our dignity, our future”.

Therefore, the Foundation’s activities focused on problem issues such as the following ones:

- social exclusion (among others caused by disability),
- safety and protecting children from violence (project in cooperation with the No One’s Children Foundation entitled “Let’s Protect Children”),
- senior citizens,
- volunteerism.

Key indicators in operations with beneficiaries



Beneficiary	Number of contracts	Comments
Medical institutions	8	Donations provided to subsidize hospital wards (purchase of specialized equipment, etc.)
Voluntary Fire Brigade units	4	
Organizations	97	Organizations and institutions for children who are sick, disabled, in jeopardy of social exclusion and for local communities; more than 700 children received individual donations designated for treatment, rehabilitation and therapy
Natural persons - organizations	213	
Employees, former employees, employee family members, at the request of employees	21	
Persons unrelated to the Group (including misfortunes, calamities)	4	Fire victims among others
“Help with Energa” campaign	59	Agreements were performed in the 6th edition, i.e. for 2014; in 2015 the program was not run
Project entitled „Active and Charitable” II edition	8	The Energa Foundation is a partner and program participant
Other programs	2	As a partner in the nationwide program run by the No One’s Children Foundation

Significance of the Foundation’s activities for stakeholders

BEST PRACTICE

Let’s Protect Children Program

The Let’s Protect Children Program is the first one to be implemented in Poland by the No One’s Children Foundation to certify educational centers that protect children against violence perpetrated by adults (parents, guardians, center employees) and peers. This program introduces standards for protecting children from harm in a given center. Centers that meet these standards receive „Let’s Protect Children” certificates.

The Let's Protect Children Program has been in progress in Poland since 2010 but just recently partnership has been established with institutions and firms that provide financial and substantive support to facilitate its rapid development and to adopt a broad-based children protection policy.

At present, more than 1,000 schools and preschools are implementing the program's assumptions. This is an extremely important contribution to local communities – children who attend centers holding a Let's Protect Children certificate interact with trained staff who know how to react in the event of injury, are familiar with its symptoms, can diagnose and help at risk children.

The investment in the Let's Protect Children Program is not just a way of augmenting the firm's brand recognition and implementing its CSR policy but it is also an investment in our common future by caring for the welfare of our children”.

Magda Sadłowska
Fundraising coordinator
No One's Children Foundation

Support for the Janusz Korczak Special Education School Complex from Ostrów Wielkopolski

BEST PRACTICE

Pupils who attend the Janusz Korczak Special Education School Complex in Ostrów Wielkopolski include children and young people aged 6 to 25 living with various types of disabilities. The Energa Foundation's cooperation with the Janusz Korczak Special Education School Complex in Ostrów Wielkopolski involves the pursuit of an initiative to provide not just financial aid but also to improve the living standards of this center's pupils. For this purpose a program entailing annual excursions has been developed and we play an operational role in its execution by preparing each step of each event.

No. of the donation agreement	Donation amount	Purpose of the support
668/2011	2,000	Excursion to Poznań
968/2012	5,000	Excursion to Warsaw
79/2013	5,000	Excursion to the Tri-City
98/2014	5,000	Excursion to Cracow
180/2015	4,000	Excursion to the Tri-City

Indicator	Description of the indicator	Companies reporting the indicator	Extent of reporting	Parties	Additional information
G4-1	Statement from top level management (e.g. executive director, CEO, or some other person with an equivalent position) on the importance of sustainable development to the organization and its strategy	Energa Group	FULL	6, 7	
G4-3	Name of the organization	Energa Group	FULL	8	
G4-4	Principal brands, services and/or products	Energa Group	FULL	8, 12	
G4-5	Location of main headquarters	Energa Group	FULL	10	
G4-6	Number and names of countries where the organization operates	Energa Group	FULL	8, 10	Energa Group companies operate in Poland. The Group has two companies domiciled abroad, i.e. Energa Slovakia s.r.o. with its registered office in Bratislava and Energa Finance AB (publ.) with its registered office in Stockholm.
G4-7	Organization's form of ownership and legal structure	Energa Group	FULL	8,14,15,16, 17,18,19	
G4-8	Markets served indicating geographical range, sectors served, description of clients/consumers and beneficiaries	Energa Group	FULL	8,9,10,12	
G4-9	Business size	Energa Group	FULL	12, 13	More information in the 2015 Annual Report
G4-10	Number of employees by business region, age, gender and type of contract	Energa Group	FULL	9,111,112, 121, 122	
G4-11	Percentage of employees covered by collective agreements	Energa Group	FULL	113	
G4-12	Organization's supply chain	Energa Group	FULL	28, 29	
G4-13	Significant changes during the reporting period regarding size, structure or form of ownership	Energa Group	FULL	-	Information in the 2015 Annual Report
G4-14	Principle of prudence	Energa Group	FULL	23, 24	
G4-15	List of external initiatives adopted by the organization	Energa Group	FULL	20	

Indicator	Description of the indicator	Companies reporting the indicator	Extent of reporting	Parties	Additional information
G4-16	Memberships in associations (such as trade associations) and/or national/international organizations issuing rulings	Energa Group	FULL	-	<p>Selected organizations in which Energa Group companies operate:</p> <ul style="list-style-type: none"> Baltic Eco-Energy Cluster Transfer Price Center European Distribution System Operators for Smart Grids European Utilities Telecom Council Global Impact Foundation Energy Conservation Foundation Gdańsk Scientific Society Polish Heating Sector Chamber of Commerce Power Sector and Environmental Protection Chamber Natural Gas Industry Chamber of Commerce Commodity Exchange Clearing House SA POLLAB Polish Research Laboratory Club Combustion Byproduct Registration Consortium Modular Labs for Modern Energy-saving technologies - cooperation within the Baltic Eco-energy Cluster LABIOMEN Nationwide Supervised Lab Network LEWIATAN Pomeranian Employer Association Polish Electricity Committee Polish Member Committee of the World Energy Council Polish Higher Education and Economic Forum Polish Wind Energy Association Polish Association of Commercial Combined Heat and Power Plants Polish Association for Electricity Transmission and Distribution Pomeranian Power Sector Technology Platform LEWIATAN Pomeranian Employer Association Employers of Pomerania Prime Alliance Regional Energy Conservation Agency Regional Pomeranian Chamber of Commerce Kalisz Regional Chamber of Commerce Słupsk Chamber of Trade and Commerce Pomorskie Region in the European Union Association IIA Poland Association of Internal Auditors <ul style="list-style-type: none"> Płock Branch of the Association of Polish Electricians Toruń Branch of the Association of Polish Electricians Polish Association of Listed Companies Accountants Association in Poland Polish Union of Combustion By-products Association Polish Power Exchange SA Hydro Power Plant Society Polish Power Plants Economic Society Association of Energy Trading ENERGA Association of Power Sector Employers Starogard Business Club - Association of Employers Employers of the Republic of Poland Gdańsk-Sopot-Gdynia Metropolitan Area Association

Indicator	Description of the indicator	Companies reporting the indicator	Extent of reporting	Parties	Additional information
G4-17	List of entities included in the organization's consolidated financial statements	Energa Group	FULL	19	
G4-18	Process of defining the report's contents and barriers to reporting important aspects	Energa Group	FULL	30, 31, 32, 33, 34, 35	
G4-19	Important aspects identified in the process of defining the report's contents	Energa Group	FULL	34, 35	
G4-20	Scope and significance of the identified aspects for particular business units within the organization	Energa Group	FULL	34, 35	
G4-21	Scope and significance of the identified aspects for particular business units outside the organization	Energa Group	FULL	34, 35	
G4-22	Consequences of adjustments to information in the previous report and the reasons for them	Energa Group	FULL	-	The presentation of results for 2014-2015 has changed in respect of the G4-EU5 ratio. Only allowances compliant with the pool of awarded free allowances to emit CO ₂ (for electric energy and heat production) in line with the National Allowances Allocation Plan have been considered.
G4-23	Substantial changes compared to the previous report referring to the scope, range or methods of measurement used in the report	Energa Group	FULL	-	No changes compared to the previous report referring to the scope, range or methods of measurement used in the report
G4-24	List of stakeholder groups engaged by the organization	Energa Group	FULL	31, 32	
G4-25	Identification and selection of stakeholders engaged by the organization	Energa Group	FULL	32, 33	
G4-26	Organization's approach to engaging stakeholders	Energa Group	FULL	31, 32	

Indicator	Description of the indicator	Companies reporting the indicator	Extent of reporting	Parties	Additional information
G4-27	Key issues and concerns raised by stakeholders and the organization's response, also through reporting them	Energa Group	FULL	31, 32, 34, 34	
G4-28	Period covered by report	Energa Group	FULL	-	31 January 2015 - 31 December 2015
G4-29	Date of the last report	Energa Group	FULL	-	13 March 2015
G4-30	Reporting cycle	Energa Group	FULL	30	
G4-31	Contact information	Energa Group	FULL	35	
G4-33	Confirmation of credibility	Energa Group	FULL	35	
G4-34	Organization's supervisory structure including committees reporting directly to the top-level regulatory authority	Energa Group	FULL	13, 21	More information in the 2015 Annual Report
G4-56	Values, principles, standards and norms of behavior like codes of conduct and codes of ethics	Energa Group	FULL	24, 25, 26, 27, 28	
G4-57	Internal and external mechanisms making it possible to obtain advice on how to behave on ethical and legal issues and matters related to the organization's sense of what is right and honest.	Energa Group	FULL	25, 26, 27, 28	
G4-58	Internal and external mechanisms making it possible to report concerns and abuse pertaining to unethical and/or illegal conduct and issues relating to the organization's integrity and sense of what is right	Energa Group	FULL	25, 26, 27, 28	
G4-DMA	Management approach to research and development	Energa Group	FULL	94, 95	

Indicator	Description of the indicator	Companies reporting the indicator	Extent of reporting	Parties	Additional information
G4-EC1	Direct economic value generated and distributed, including revenues, operating expenses, employee salaries, grants and other community investments, retained earnings, and payments to owners of capital and state institutions	Energa Group	FULL	13	More information in the 2015 Annual Report
G4-DMA	Management approach to indirect economic impact	Energa Group	PARTLY	138, 139	This aspect is important for Energa Invest. It makes it possible to assess the impact exerted by the Company's operations on local communities where it operates (construction and electric power work). The benchmark is set by the current development plans of municipalities (gminas) and local spatial management plans. The organization prefers a management approach to this aspect as it aims to produce positive outcomes for local communities. Operations are run according to local legal acts or in response to the explicit requests made by local government representatives (e.g. RES micro installations). A set of best practices has been created for proprietary needs. It contains a collection of sample solutions devised on the basis of experience gained to date with national and local government authorities and representatives of local communities.
G4-EC7	Development and impact of infrastructure investments and services provided to society	Energa Group	PARTLY	138, 139	
G4-DMA	Management approach to assessing the social impact	Energa Group	FULL	128	
G4-SO1	Percentage of operations in which the local community was involved and in which an outcome assessment and development programs were utilized	Energa Group	FULL	137	
G4-SO2	Operations involving a major physical or prospective adverse impact on local communities	Energa Group	FULL	138	
G4-DMA	Management approach to fighting corruption	Energa Group	FULL	24, 25	

Indicator	Description of the indicator	Companies reporting the indicator	Extent of reporting	Parties	Additional information
G4-SO4	Communication and training on anti-corruption policy and procedures	Energa SA	FULL	24, 25	
G4-SO5	Confirmed incidents of corruption and actions taken	Energa Group	FULL	25	
G4-DMA	Management approach to labeling	Energa Group	FULL	-	Important aspect for Energa-Operator SA on account of employee and stakeholder safety. Pursuant to the Regulation issued by the Minister of the Economy on 28 March 2013 on occupational safety and health in power equipment and according to the "Guidelines for doing inspections, reviews, assessments of technical wear and tear and the conservation and renovation of equipment, installations and distribution grids operated by Energa-Operator SA" forming an attachment to the Distribution Code, when conducting inspections and reviews the status is checked of the information and warning signs as is the consistency between labels and technical documentation, maintaining the proper distance between wire cables and the earth, plants, tree limbs and other objects close to power lines; furthermore, inspections are conducted to ensure that unauthorized access to infrastructure is not possible.
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and branding, having in mind the repercussions of non-compliance	Energa Group	FULL	59	
G4-PR5	Customer satisfaction survey results	Energa Group	FULL	48, 49	

Indicator	Description of the indicator	Companies reporting the indicator	Extent of reporting	Parties	Additional information
G4- DMA	Management approach to marketing communication	Energa Group	FULL	56	<p>Marketing communication primarily aims to strengthen Energa's market position fostered by the single logo embraced by all the group member companies. This means that every communication activity translates into building its image in the generation, distribution and sales segments. The purpose of proactive marketing communication is chiefly to generate positive outcomes for Group companies but in our business that depends on uncontrollable weather conditions and acts of fate we act swiftly to curtail the adverse impact exerted by such events.</p> <p>Credible communication concerning the products and services we offer is a necessary element of building relations with customers. In the communication efforts concerning Energa's offering we pursue we endeavor to convey knowledge in a clear and friendly manner to foster the optimal choice of products and services that are supposed to form a source of satisfaction for our clients. We devote a lot of attention to promotion and convenient electronic contact channels which our clients are electing to use ever more frequently.</p> <p>Quick and clear communication on planned and current electrical outages, especially when the weather poses a greater threat is extremely important from the vantage point of Energa's clients. In these circumstances it is highly important to furnish clients information about outages (there is a map presenting data in real time on Energa Operator's website). It is also important to field inbound phone calls on the 24-7 alarm numbers 991 and 801 404 404, text messages containing the word OUTAGE sent to 3991 and the notification form sent to the website: www.Energa-operator.pl.</p> <p>Inbound calls to an emergency number reporting a direct threat to life and limb are automatically switched to a qualified consultant who helps to identify and classify events properly.</p> <p>Energa Obrót also communicates promptly with customers when there are planned and unplanned failures of billing systems, transaction systems and other systemic failures. It is a matter of standard practice that this communication includes the news reported on the website, the informational "screens" in eBOK and the boards on the advertising monitors in Showrooms and the message bars in information kiosks. Our customers can also contact our information line 555 555 555 during mass outages.</p> <p>In our marketing communication we place great emphasis on promoting attitudes and behaviors that are important to us and the public at large; in particular, this applies to the deliberate and reasonable usage of electricity and conserving the natural environment.</p> <p>The education, pro ecology and sports programs we run and communicate extensively (described in greater detail in the Society chapter) are aligned to these efforts.</p> <p>The marketing activities we implement comply with industry regulations (for instance the ICC/ESOMAR International Code of Market and Social Research) and internal guidelines. The Group's Strategy and Code of Best Practices are applicable to us.</p>

Indicator	Description of the indicator	Companies reporting the indicator	Extent of reporting	Parties	Additional information
G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes regulating marketing communication, including advertising, promotion, and sponsorship, by type of outcome	Energa Group	FULL	59	
G4-PR9	Monetary value of major penalties for non-compliance with the law and regulations concerning the supply and use of products and services	Energa Group	FULL	59	
G4-DMA	Management approach to the following: materials and commodities, energy consumption, water consumption, emissions management, sewage and waste management	Energa Group	FULL	62, 63, 64	
G4-EN1	Commodities / materials used by weight and volume	Energa Group	FULL	67	
G4-EN3	Energy consumption in the organization	Energa Group	FULL	65, 66	
G4-EN8	Total water consumption by source	Energa Group	FULL	77, 78	
G4-EN11	Location and area of all owned, leased or managed land located close to protected areas or highly valuable areas of biodiversity located outside protected areas or adjacent to them	Energa Group	PARTIALLY	87, 88	
G4-EN12	Description of the material impact exerted by business, products and services on the biodiversity in protected areas and highly valuable areas of biodiversity located outside protected areas	Energa Group	FULL	87, 88	
G4-EN15	Direct greenhouse gas emissions	Energa Group	FULL	68, 69	

Indicator	Description of the indicator	Companies reporting the indicator	Extent of reporting	Parties	Additional information
G4-EN21	NO _x and SO _x compounds and other emissions into the atmosphere	Energa-Operator SA, Energa Kogeneracja, Energa Elektrownie Ostrołęka, Ciepło Kaliskie, Energa OPEC, Energa Serwis	FULL	73, 74	
G4-EN22	Total volume of sewage by quality and destination	Energa Group	FULL	79, 80	
G4-EN23	Total weight of waste by type and treatment method	Energa Group	FULL	83, 84, 85 86	
G4-EN27	Initiatives to diminish the impact exerted by products and services on the environment and the scope of curtailing this impact	Energa Group	PARTLY	94, 95	
G4-EN31	Total expenditures and investments for environmental protection	Energa Group	FULL	96	
G4-EU1	Maximum achievable generation capacity by commodity (and regulatory requirements)	Energa Wytwarzanie SA, Energa Kogeneracja, Energa Elektrownie Ostrołęka, Ciepło Kaliskie	FULL	93	
G4-EU2	Net quantity of power produced by main energy source (and regulator's requirements)	Energa Wytwarzanie SA, Energa Kogeneracja, Energa Elektrownie Ostrołęka, Ciepło Kaliskie	FULL	93	
G4-EU3	Number of registered individual, industrial, institutional and commercial users	Energa-Operator SA	FULL	40	

Indicator	Description of the indicator	Companies reporting the indicator	Extent of reporting	Parties	Additional information
G4-EU4	Length of overhead and underground transmission and distribution lines by regulatory system (km)	Energa-Operator SA	FULL	101	
G4-EU5	Number of free CO ₂ emission allowances awarded	Energa Kogeneracja, Energa Elektrownie Ostrołęka, Ciepło Kaliskie	FULL	75	
G4-EU12	Transmission and distribution losses as a percentage of total transmitted/distributed energy	Energa-Operator SA	FULL	104	
G4-EU18	Percentage of contractors' or subcontractors' employees duly trained in occupational safety and health for the job performed	Energa Group	FULL	116	
G4-EU27	Number of residential disconnections for failure to pay energy bills by period of disconnection	Energa-Operator SA, Energa-Obrót SA	FULL	40	
G4-EU28	Power supply interruption frequency	Energa-Operator SA	FULL	103	
G4-EU29	System average energy supply interruption duration	Energa-Operator SA	FULL	103	
G4-EU DMA	Management approach to demand response	Energa Group	FULL	44, 45, 46	
G4-DMA	Management approach to occupational safety and health	Energa Group	FULL	113, 114, 115, 116	

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Independent assurance report pertaining to the Grupa Energa Sustainability Report 2015

To the Management Board of Energa S.A.

We have reviewed the Grupa Energa Sustainability Report 2015 ("Sustainability Report") developed by Energa S.A. with the registered address in Gdańsk, at Aleja Grunwaldzka 472. ("Company"), with respect to material aspects identified by the Company and indicators reported on the basis of G4 Sustainability Reporting Guidelines for "Core" level, issued by Global Reporting Initiative (GRI). The assurance works covered the period from 1st of January 2015 to 31st of December 2015 with relation to quantity and quality of available evidence.

The Management Board of the Company is responsible for reliable, correct and fair information and for correct preparation of the documentation. Our task was to issue an independent assurance report based on the Sustainability Report.

Our procedures did not include assessment of the fairness, correctness and completeness of documents provided by the Company, nor did they constitute an audit of the internal control system implemented therein. Therefore, we do not express an opinion regarding correctness of the system. Our procedures did not constitute an audit of financial statements as defined in the Accounting Act. Therefore, we do not express an opinion concerning the auditor's Report nor do we make statements regarding the financial statements of the Company as determined in regulations applicable to certified auditors.

Planning and performing our works had the nature of a limited assurance engagement performed in line with ISAE 3000 (Assurance Engagements Other than Audits or Reviews of Historical Financial Information), which requires us to plan and perform the engagement in a manner which allows for limited assurance that the Sustainability Report does not include significant misstatements. The scope and methodology of a review of the Sustainability Report significantly differ from those applied during an audit, which is aimed at expressing reasonable assurance. The purpose of the review is not to issue an opinion on correct, true and fair nature of the Sustainability Report, and therefore no such opinion has been issued. The procedures followed during the review of the non-financial part of the Sustainability Report comprised:

- Identifying issues and results significant for the content of the Sustainability Report from the viewpoint of the goals and activities in the area of corporate responsibility followed by the Company and stakeholders' expectations.
- Comparing data included in the Sustainability Report to those presented in the Financial Statements of Grupa Energa for 2015
- Interviewing individuals in charge of the implementation of the goals and activities in the area of corporate responsibility in the Company and of the preparation of the Sustainability Report.
- Verifying the information included in the Sustainability Report for compliance with the internal documentation of the Company.
- Assessing the level of compliance with Sustainable Development Reporting Guidelines and GRI Reporting Framework.

Based on the review we obtained limited assurance that the information concerning identified material aspects and indicators reported by the Company included in the Sustainability Report developed by Energa S.A. is free from material misstatements and it is compliant with G4 Sustainability Reporting Guidelines for 'Core' level issued by Global Reporting Initiative.



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Warsaw, 30th March 2016

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