

Energa Group 2022 ESG Report

Report on non-financial
information

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Zofia Paryła

President of the Management Board of Energa SA

LETTER FROM THE PRESIDENT OF THE MANAGEMENT BOARD – ZOFIA PARYŁA

GRI 2-22

Dear Sir or Madam,

The merger of Energa with PKN ORLEN has shown that it is possible to achieve synergy in business. Now we want to achieve a similar result when working with our partners, creating a company environment that is conducive to caring for the most important of our stakeholders – the environment and the climate.

The area of ESG (Environmental, Social & Governance), which brings together the aforementioned dimensions, is of key importance to us. The past year, 2022, was characterised by continuous improvement in this area. We implemented further governance processes using the solutions adopted in European Union directives. We incorporated recommendations resulting from standards developed by recognised national and international institutions into corporate governance.

It is worth emphasising that ESG indicators play a huge role when assessing the value and credibility of a modern company. The expectations of non-financial disclosures by entities in the financial sector are constantly increasing. Responding to these requirements is one of our most important tasks. We have gained all the necessary tools to do so – being part of a multi-utility conglomerate, the Energa Group can participate in the groundbreaking changes resulting from the energy transition.

Our awareness of the interconnection between business and climate allows us to prepare for the various scenarios that energy companies operating in the countries most affected by climate change already face. We have a vision of climate synergies in this area and we aspire to achieve it.

By the end of 2023, we want to prepare climate scenarios in line with the Paris Agreement. We assume that our subsequent initiatives will gradually lead to the implementation of the European Green Deal.

However, activities in the area of sustainable development are not only about looking ahead, but also about meeting the current needs of the environment. We therefore pay particular attention to ensuring that the new projects in which we are involved have as little impact on the environment and climate as possible. This is reflected in the adoption of long-term commitments to reduce CO₂ emissions and their operationalisation in the medium and short term.

Being part of the ORLEN Group, we are described as one of the leaders of the green transformation in Poland. We want to use this position to disseminate the concept of management by ESG as widely as possible. We plan to introduce ESG goals for company managers on a permanent basis. We aim to ensure that entities working with us are aware of our expectations regarding actions to counteract and adapt to climate change. This is all because even the smallest changes that we can initiate today together with our partners can, in the near future, have a positive impact on concrete and measurable indicators of emissions and respect for human rights in the supply chain and on biodiversity.

We are on an extremely challenging path. But our goal is to develop in such a way that the needs of the present generation can be met without compromising the opportunities of future generations. I invite you to read this ESG goal report, where you can find information about our specific sustainability goals and initiatives that we plan to implement.



Energa Group business model



ABOUT THE ENERGA GROUP

Energa Group is one of the four largest domestic energy companies and one of the three largest suppliers of electricity in Poland. Our core business includes the generation, distribution and trading of electricity and heat.

We supply and sell electricity to over 3.3 million recipients, both households and businesses. We are also the third largest integrated distribution system operator (DSO) in Poland in terms of the volume of energy supplied.

Energy mix in 2022.



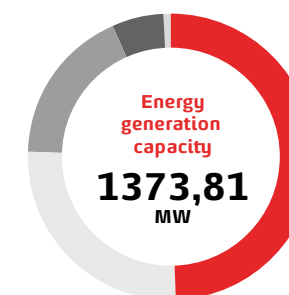
ELECTRIC ENERGY



HEAT ENERGY

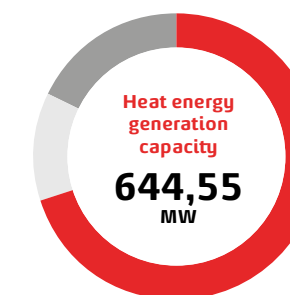
Maximum achievable generation capacity by main raw material type (electric energy)
- 1373.81 MW

- Coal - 680 MW
- Hydro - 359,3 MW
- Wind - 243,85 MW
- Biomass - 82,26 MW
- Solar - 8,4 MW



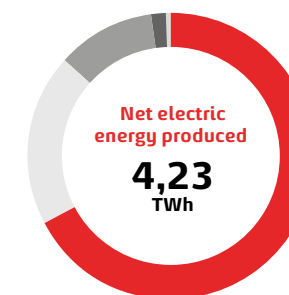
Maximum achievable generation capacity by main raw material type (heat energy)
- 644.55 MW

- Coal - 452,21 MW
- Biomass - 78,43 MW
- Gas - 114 MW



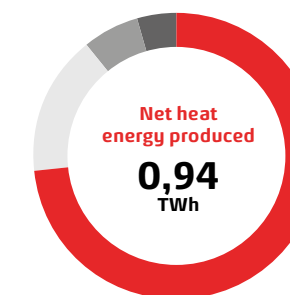
Net electric energy produced
- 4,23 TWh

- Coal - 2,85 TWh
- Hydro - 0,82 TWh
- Wind - 0,47 TWh
- Biomass - 0,07 TWh
- Solar - 0,02 TWh

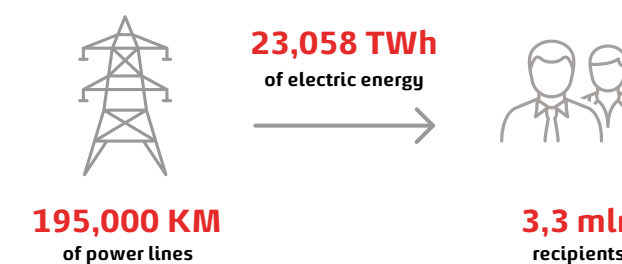


Net heat energy produced
- 0,94 TWh

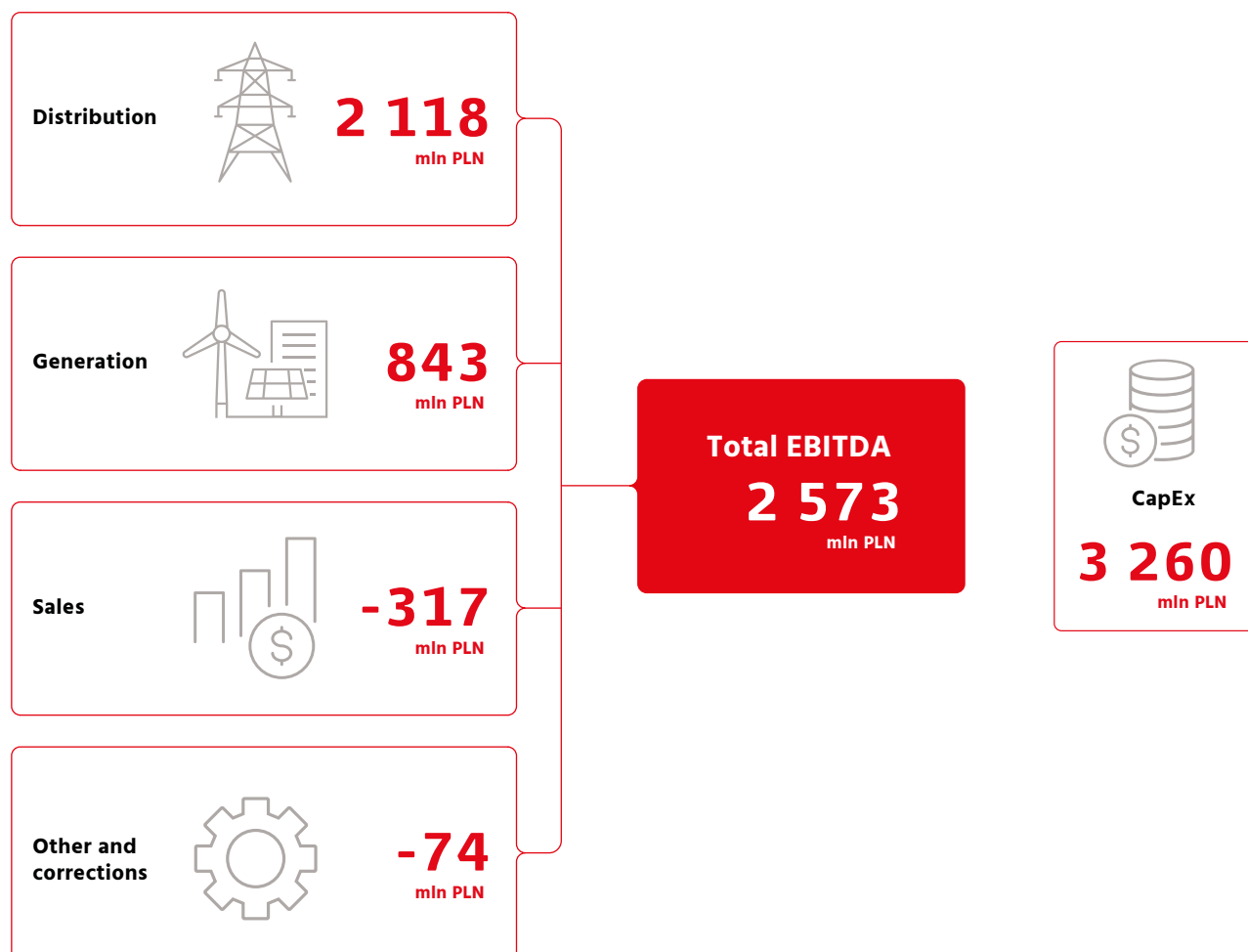
- Coal - 0,69 TWh
- Biomass - 0,15 TWh
- Gas - 0,06 TWh
- Fuel oil - 0,04 TWh



We have **195,000 km** of power lines through which we distributed **23.058 TWh** of electric energy to **3.3 million** recipients in 2022. This represents more than five times the energy we generated. Such a significant predominance of the volume of distribution service over the net amount of electricity generated makes it possible to define Energa as a Group with a key share of distribution in its business model and, at the same time, with a significantly lower importance of electric energy generation. Energa does not have any fossil energy sources of its own.



ECONOMIC PERFORMANCE IN 2022.



ENERGA GROUP IN NUMBERS



GRI 2-1
GRI 2-6
The parent company of the Energa Capital Group is Energa SA. Its head office is located in Gdańsk at al. Grunwaldzka 472. The majority shareholder of Energa SA (hereinafter referred to as Energa) is PKN ORLEN, which holds 90.92% of the share capital, which translates into 93.28% of votes at the General Meeting of Shareholders. The main place of operations is Poland.

Structure of Energa's share capital

The company's share capital currently amounts to PLN 4,521,612,884.88 and is divided into 414,067,114 shares with a nominal value of PLN 10.92 (ten PLN and ninety-two cents) each. The distinguished shares are:

- series AA in the number of 269,139,114 (in words: two hundred and sixty nine million one hundred and thirty nine thousand one hundred and fourteen) with numbers from no. AA 00000001 to no. AA 269139114, which are ordinary shares,
- series BB in the number of 144,928,000 (in words: one hundred and forty four million nine hundred and twenty eight thousand) with numbers from no. BB 00000001 to no. BB 144928000, which are preference shares as regards the right to vote at the General Meeting, with one preference share granting the right to two votes at the General Meeting.

Energa shares by series and type

| Series | Class of shares | Shares | (%) | Votes | (%) |
|--------------|-------------------------------|--------------------|------------|--------------------|------------|
| AA | Ordinary bearer shares | 269,139,114 | 65.00 | 269,139,114 | 48.15 |
| BB | Registered preference shares* | 144 928 000 | 35,00 | 289 856 000 | 51,85 |
| TOTAL | | 414 067 114 | 100 | 558 995 114 | 100 |

Current shareholding structure of Energa and structure of votes at the General Meeting

| Shareholder's name | Shares | (%) | Votes | (%) |
|--------------------|--------------------|------------|--------------------|------------|
| PKN ORLEN SA** | 376 488 640 | 90,92 | 521 416 640 | 93,28 |
| Other | 37 578 474 | 9,08 | 37 578 474 | 6,72 |
| TOTAL | 414 067 114 | 100 | 558 995 114 | 100 |

*One preference share gives the right to two votes at the General Meeting.

** PKN ORLEN SA holds 144,928,000 Series BB registered preference shares as to voting rights at the General Meeting, with one preference share conferring the right to two votes at the General Meeting.

THE ENERGA CAPITAL GROUP WITHIN THE ORLEN GROUP STRUCTURE

During the dialogue with stakeholders, a need was identified to present the place of Energa in PKN ORLEN's corporate structure. The graphic below responds to this expectation of stakeholders.



ENERGA GROUP COMPANIES

In 2022, the following changes took place in the structure of the Energa Group:

■ Creation of ENERGA LBW 1 Sp. z o.o.

The company was established on 26 May 2022 by Energa Wytwarzanie, which took up all the shares in the share capital of the company. Its creation was related to the preparation of the designated Energa Group companies for inclusion in the National Energy Security Agency. In the alternative option, the new company will be used to implement investment activities in the development of RES projects.

■ Sale of shares in Polska Grupa Górnicza SA to the State Treasury.

On 3 August 2022, an agreement was concluded for the sale of 100% of the shares in Polska Grupa Górnicza SA owned by Energa to the State Treasury. The transfer of the shares took place on 25 October 2022.

In addition, as at 31 December 2022, Energa Group held shares in joint ventures – Elektrownia Ostrołęka Sp. z o.o., ElectroMobility Poland SA and in an associated entity – Polimex-Mostostal SA.

GRI 2-6 **CHARACTERISTICS OF THE ENERGA GROUP'S OPERATIONS**

As at 31 December 2022, the Energa Group comprised Energa SA (the parent company) and 25 subsidiaries. As of 22 December 2022, the allocation of Energa Group companies within the Energa Group Business Lines is as follows:

| Company's place in the Energa Group | Leading entity | Company name | | |
|---|-----------------------|--|-----------|--|
| DISTRIBUTION | Energa-Operator SA | Energa-Operator SA | | |
| | | Energa-Operator Wykonawstwo Elektroenergetyczne Sp. z o.o. | | |
| SALES | Energa-Obrót SA | Energa-Obrót SA | | |
| | | Energa Oświetlenie Sp. z o.o. | | |
| | | Energa Slovakia s.r.o. | | |
| | | Enspirion Sp. z o.o. | | |
| GENERATION | Energa Wytwarzanie SA | Energa Wytwarzanie SA | | |
| | | Energa Kogeneracja Sp. z o.o. | | |
| | | Energa Ciepło Ostrołęka Sp. z o.o. | | |
| | | Energa Ciepło Kaliskie Sp. z o.o. | | |
| | | Energa Elektrownie Ostrołęka SA | | |
| | | Energa Serwis Sp. z o.o. | | |
| | | Energa MFW 1 Sp. z o.o. | | |
| | | Energa MFW 2 Sp. z o.o. | | |
| | | Energa LBW 1 Sp. z o.o. | | |
| | | ECARB Sp. z o.o. | | |
| | | SERVICES AND OTHER | Energa SA | Energa SA |
| | | | | Energa Informatyka i Technologie Sp. z o. o. |
| Energa Logistyka Sp. z o.o. | | | | |
| Energa Invest Sp. z o.o. | | | | |
| Centrum Badawczo-Rozwojowe im. M. Faradaya Sp. z o.o. | | | | |
| Energa Finance AB | | | | |
| CCGT Ostrołęka Sp. z o.o. | | | | |
| Energa Green Development Sp. z o.o. | | | | |
| CCGT Grudziądz Sp. z o.o.* | | | | |
| CCGT Gdańsk Sp. z o.o.* | | | | |

* Companies are reported in other Business Lines.

The list of companies by business line as at 31 December 2022 is not the same as the company breakdown presented in the *Energa Group's 2022 Consolidated Financial Statements* and the ESG Report due to the changes that took place at the end of the year in the structure of the Business Lines.

The change in structure took place on 22 December 2022. Accordingly, it was decided to report the non-financial data of the individual companies according to their position in the structure before 22 December 2022, bearing in mind that they operated in this form for almost the entire financial year.

– ECARB was reported in the structure of the Services and Other business line;
 – the companies from the Generation business line: CCGT Grudziądz Sp. z o.o., CCGT Gdańsk Sp. z o.o., were transferred to the Services and Others business line.

On 25 April 2022, the name of Energa OZE was changed to Energa Wytwarzanie. For the purpose of unifying the name, the name Energa Wytwarzanie was adopted throughout the report, regardless of the period to which the information relates.

Reporting does not include non-financial information from entities in which selected Energa Group companies hold minority interests.

| Name of entity | Minority interest |
|--|-------------------|
| Stocznia Remontowa NAUTA S.A. in Gdynia | 0,23% |
| Zakłady Pomiarowo-Badawcze Energetyki ENERGOPOMIAT Sp. z o.o. in Gliwice | 3,88% |
| Zakłady Przemysłu Lniarskiego 'Lenwit' Sp. z o.o. in liquidation | 2,10% |
| Polimex Mostotstal SA in Warsaw | 16,26% |
| ElectroMobility Poland SA in Warsaw | 4,32% |

DISTRIBUTION

This is the Group's core business line for the profitability of electric energy distribution, which is a regulated activity in Poland, conducted on the basis of tariffs approved by the President of the Energy Regulatory Office (ERO). The function of the leading entity of this business line is performed by the company Energa-Operator. Energa Group remains the natural monopolist in the area of northern and central Poland where its distribution assets are located, which it uses to supply electric energy to 3.3 million customers, of which approximately 3.1 million are customers with comprehensive agreements and 177,000 are TPA (Third-party Access) customers. At the end of September 2022, the total length of power lines operated by Energa Group was more than 195,000 km and covered an area of nearly 75,000 km², which was approximately 24% of the country's area.

that approximately 33% of the electric energy generated in 2022 came from renewable sources. The Energa Group owes its high position in terms of the share of electric energy from renewable sources in the energy generated mainly to the production of energy in hydroelectric and wind power plants. Green energy is generated in forty-six hydroelectric power plants, six wind farms, as well as biomass burning systems and photovoltaic systems owned by the Group.

SALES

It sells electric energy and additional services to all customer segments. The lead entity of this Business Line is Energa-Obrót SA. At the end of 2022, Energa Group served approximately 3.3 million customers, of which 2.9 million were G tariff customers and the remainder consisted of tariff groups C, B and A in descending order.

GENERATION

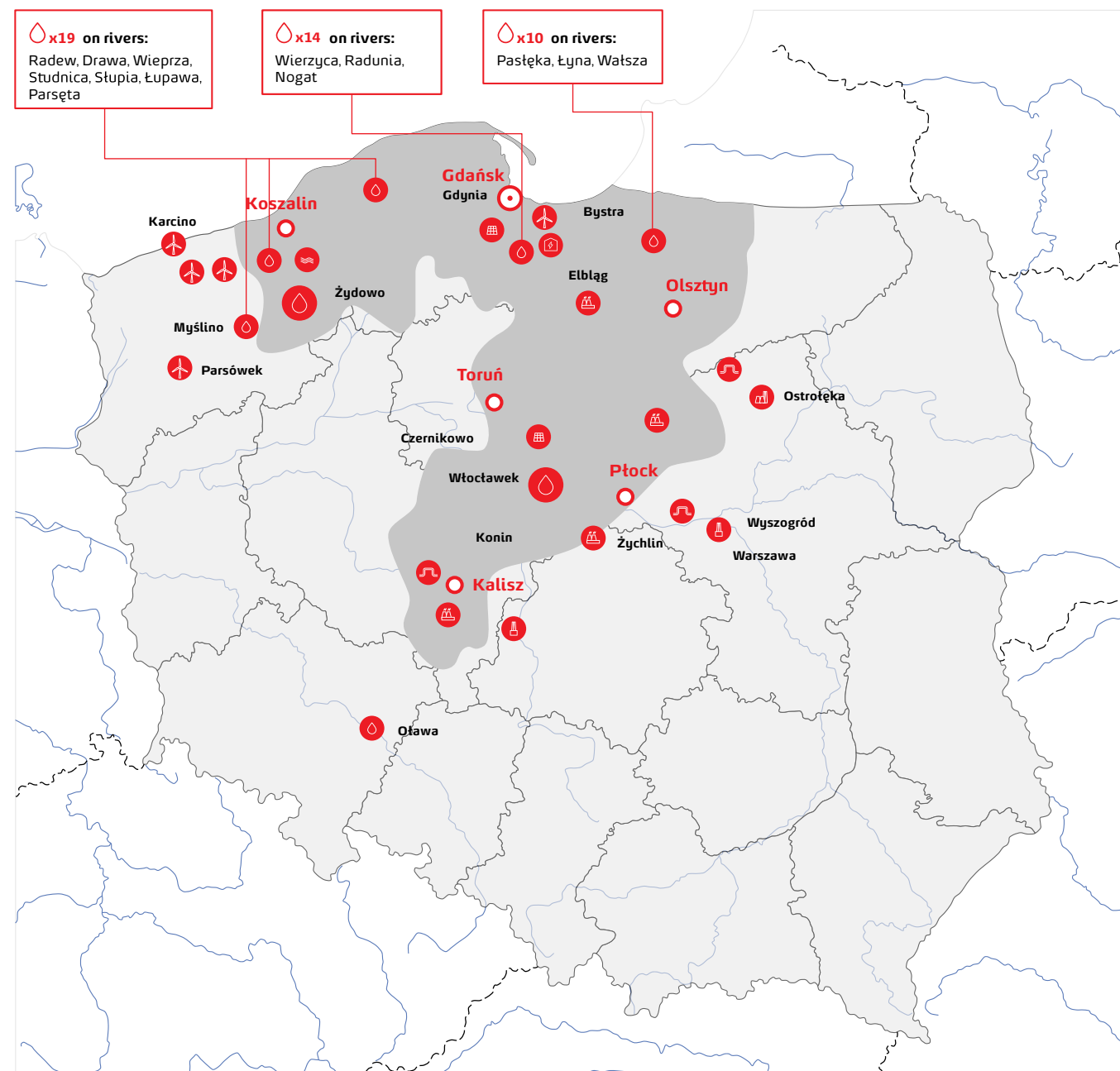
It operates based on four generation areas: Ostrołęka power plant, water, wind and other (including cogeneration). The total installed generation capacity in the Group's power plants was approximately **1.4 GW** at the end of 2022. The leading entity of this Business Line is Energa Wytwarzanie SA. In 2022, the Group generated approximately 4.23 TWh of net electric energy, of which 67% came from coal, 19% from water, 11% from wind, 2% from biomass and less than 1% from photovoltaics. This means

SERVICES AND OTHER

Capital companies directly dependent on Energa SA also operate within Energa Group, providing services to support the business processes of the Group's companies and performing tasks in important areas, such as IT, administration and protection of persons and property.

LOCATION OF OPERATIONS AND MAIN PRODUCTION ASSETS

Energa Group owns 62 generation facilities, 44 small hydroelectric power plants, 2 large hydroelectric power plants, 6 wind farms, 3 photovoltaic farms, 1 system power plant, 4 CHP plants and 2 heating plants. In addition, Energa Wytwarzanie has an energy storage facility at the Bystra wind farm.



| | | | | | |
|--|----------------------------|--|---------------------------------|--|-----------------------------|
| | wind farm | | heating plant | | distribution of electricity |
| | pumped storage power plant | | heating network | | headquarters of Energa SA |
| | solar farm | | small hydro power plant | | Energa-Operatora branches |
| | CHP plant | | large hydroelectric power plant | | |
| | system power plant | | energy storage facility | | |



ACTIVE MEMBERSHIP IN ORGANISATIONS

GRI 2-28

Management of the area of institutional relations remains the responsibility of the Corporate Management Department and is carried out as part of the work of the ESG Department. In connection with the *Agreement on partnership in the Energa Group*, companies, excluding Energa-Operator, wishing to join an association, organisation or other institution are required to request a positive opinion from Energa before making a decision. The Energa Group is actively involved in the activities of many industry, specialist and business organisations. Involvement in the work of these organisations allows us to exchange experience, acquire new knowledge and integrate energy industry experts. In this way, the Energa Group builds lasting relationships with the environment, making a valuable substantive contribution. Membership in organisations allows us to exchange knowledge, valuable experience and good practices with representatives of the entire energy sector in Poland.

Organisations with Energa Group representatives in their governing bodies, supervisory bodies or working groups in 2022

| | | |
|---|--|--|
| European Distribution System Operators for Smart Grids (EDSO) | Responsible Business Forum | Chamber of Commerce of Energy and Environmental Protection |
| Polish Power Transmission and Distribution Association | Polish National Foundation | Polish Electricity Association |
| Polish District Heating Chamber of Commerce | Eurelectric | Polish Power Plants Association |
| Prime Alliance | Association of Polish Electrical Engineers | Association of Energy Trading |
| UN Global Compact | Association of Power Industry Employers | |

Industry initiatives and organisations

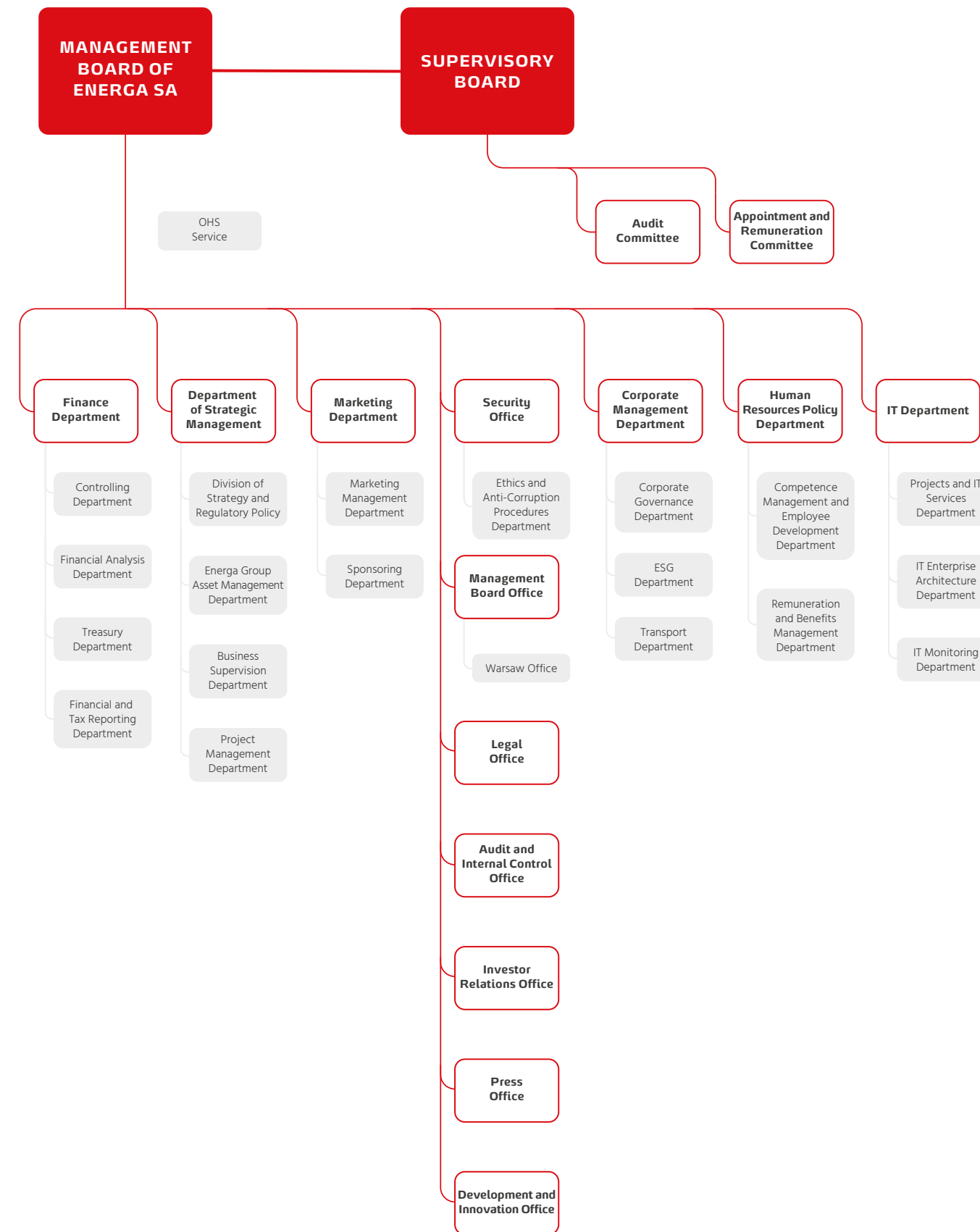
| |
|--|
| Device Language Message Specification |
| INSTITUTE OF INTERNAL AUDITORS IIA Poland |
| Chamber of Industrial Power Engineering and Energy Consumers |
| Izba Rozliczeniowa Giełd Towarowych SA |
| POLLAB Club of Polish Testing Laboratories |
| REACH Consortium with its headquarters in Warsaw |
| International Association of Controllers ICV |
| Nationwide Network of Supervised Laboratories LABIOMEN |
| Polish Union of Combustion By-Products |
| Polish Organising Committee |
| Polish Committee of Large Electricity Grids |
| Polish Wind Energy Association |
| Polish Alternative Fuels Association |
| Polish Association of Professional Heat and Power Plants |
| Pomeranian Employers |
| Regional Business Chamber of the Pomerania/ Cluster of Hydrogen Technologies |
| Association of Internal Auditors IIA Poland |
| Association of Polish Electrical Engineers |
| Association of Stock Exchange Issuers |
| Association of Responsible Business Forum |
| Association Polish Chamber of Energy Storage and Electromobility |
| Association Polish Union of By-Products of Combustion |
| Polish Corporate Treasurers Association |
| Towarowa Giełda Energii SA |
| Polish Hydropower Association |
| Polish Power Plants Association |
| Association of Energy Trading with its headquarters in Warsaw |
| Towarzystwo Ubezpieczeń Wzajemnych PZU |
| Society of Power Industry Employers ENERGIA |
| Union of Entrepreneurs and Employers |
| Cooperative Insurance Association ENERGIA Mutual Insurance Company |



STRUCTURE OF GOVERNING BODIES

GRI 2-9 | GRI 2-10 | GRI 2-11

The highest governing body in ENERGA SA is the Management Board of the company. It currently consists of four members – the Management Board President and three Vice-Presidents. Each member of the Management Board is assigned areas of the company’s operations over which they have oversight. Throughout 2022, the Management Board functioned with five members. The Vice-President for Operations and Climate was dismissed on 16 February 2023. For this reason, the Management Board of five members is presented later in this report, indicating the date on which the Vice-President of Operations and Climate was dismissed, and the area of responsibility for climate issues was taken over by the Vice-President for Finance. Consequently, the position held by him changed to Vice-President of the Management Board of Energia SA for Finance and Climate. The highest supervisory body in Energia SA is the Supervisory Board. Its primary task is the day-to-day supervision of the company’s operations. The graphic presented opposite shows the positioning of the Management Board and the Supervisory Board in the structure of Energia SA.





COMPOSITION OF THE MANAGEMENT BOARD ENERGA SANA 31 DECEMBER 2022

| | |
|--------------------------|---|
| Zofia Paryła | President of the Management Board |
| Michał Perlik | Vice-President of the Management Board for Finance |
| Adrianna Sikorska | Vice-President of the Management Board for Communications |
| Janusz Szurski | Vice-President of the Management Board for Corporate Affairs |
| Dominik Wadecki | Vice-President of the Management Board for Operations and Climate* * Revoked on 16 February 2023 |

Zofia Paryła, President of the Management Board of Energa SA, is also a member of senior management. This follows directly from the definition of senior management in the *Anti-Money Laundering and Countering the Financing of Terrorism Act of 1 March 2018* (Journal of Laws 2018 item 723).

None of the above-mentioned members of the Management Board of the company is engaged in activities that are competitive to the business of Energa, participate in a company that is competitive to Energa as a partner in a civil law partnership, partnership or as a member of a body of a capital company, or participate in any other competitive business as a member of its bodies, and they are not listed in the Register of Insolvent Debtors maintained pursuant to the National Court Register Act. The term of office of the Management Board members is joint and ends on the date of the General Meeting which approves the financial statements for the second full financial year of the term. The current seventh term of the Management Board of Energa SA shall expire on the date of the General Meeting approving the financial statements for the financial year 2024.

Rules of operation of the Management Board of the company:

1. The operating procedures and powers of the Management Board of the company are set out in the Articles of Association and the Regulations of the Management Board of the company issued pursuant thereto. Matters not specified in the Regulations of the company's Management Board and concerning the detailed rules of functioning of the Management Board shall be determined each time by resolutions of the Management Board;
2. Individual Management Board members, as part of their internal assignment, supervise specific substantive areas of the company. The assignment of areas to individual Management Board members is each time determined by a resolution;
3. As part of its supervision of the Energa Group, the Management Board of Energa SA – as a company that is a shareholder in selected Energa Group companies – decides by resolution on the manner of voting at the General Meetings or Shareholders' Meetings of these companies.

The Management Board manages the company's affairs and represents it externally. In the case of a multi-member Management Board, two Management Board members acting jointly or one Management Board member acting jointly with a proxy are authorised to make statements on its behalf. In the case of a single-member Management Board, only a member of the Management Board is authorised. The individual members shall supervise the areas of activity subordinated to them and shall be responsible for the independent conduct of the company's affairs within the scope of the ordinary Management Board, to the extent resulting from the division of competences established in the Management Board resolution.



The members of the Management Board, for the purpose of individually managing the affairs falling within their competence, have made a functional division of certain areas of the company's activities, entrusting functional supervision of the following areas of the company's activities:

To the President of the Management Board

- organisation management,
- audit, control,
- safety,
- group personnel policy, subject to item 2 letter c),
- social dialogue.

To the Vice-President of the Management Board for Corporate Affairs

- legal services, complianc,
- corporate and ownership supervision in the group,
- personnel policy of the group's company bodies,
- management of organisational and corporate governance.

To the Vice-President of the Management Board for Finance

- Energa Group Strategy,
- strategic risk management,
- market analysis and group development,
- mergers and acquisitions,
- financial planning and analysis,
- financial reporting and consolidation,
- financial policy,
- group financial risk management,
- financial and business controlling,
- investor relations,
- relations with stakeholders.

To the Vice-President of the Management Board for Operations and Climate

- regulatory policy,
- environmental policy, including climate policy,
- R&D and innovation area,
- IT area,
- operational business supervision,
- operational oversight of assets and management of strategic investments.

To the Vice-President of the Management Board for Communications

- marketing and sponsorship,
- internal and external communications,
- CSR and community relations,
- press service,
- supervision of the Energa Foundation.

COMPOSITION OF THE SUPERVISORY BOARD OF ENERGA SA

| | |
|--------------------------------------|---|
| Paula Ziemięcka-Księżak | President of the Supervisory Board |
| Jarosław Dybowski | Vice-President of the Supervisory Board |
| Barbara Hajdas | Member of the Supervisory Board |
| Sylvia Kobyłkiewicz | Member of the Supervisory Board |
| Paweł Kosztyła | Member of the Supervisory Board |
| Agata Piotrowska | Secretary of the Supervisory Board |
| Michał Róg | Member of the Supervisory Board |
| Agnieszka Terlikowska-Kulesza | Member of the Supervisory Board |
| Agnieszka Żyro | Member of the Supervisory Board |

Paula Ziemięcka-Księżak, Chairperson of the Supervisory Board of Energa SA, is not a member of senior management at Energa SA.

Paula Ziemięcka-Księżak and Agnieszka Terlikowska-Kulesza meet the independence criteria provided for an independent member of the Supervisory Board in 24 section 3 of the company's Articles of Association.

None of the above-mentioned members of the Supervisory Board of the company is engaged in activities that are competitive to the business of Energa SA, participate in a company that is competitive to Energa SA as a partner in a civil law partnership, partnership or as a member of a body of a capital company, or participate in any other competitive business as a member of its bodies, and they are not listed in the Register of Insolvent Debtors maintained pursuant to the National Court Register Act.

The Supervisory Board exercises constant supervision over the company's activities in all areas of its operations (including in the ESG area). It exercises the supervisory, authorising and opinion-making powers set out in the Commercial Companies Code, other normatively binding legal regulations and the provisions of the Articles of Association, in the manner set out in the Regulations of the Supervisory Board of Energa SA.

The Supervisory Board elects an Audit Committee and an Appointment and Remuneration Committee from among its members.

COMPOSITION OF THE AUDIT COMMITTEE OF THE SUPERVISORY BOARD OF ENERGA SA

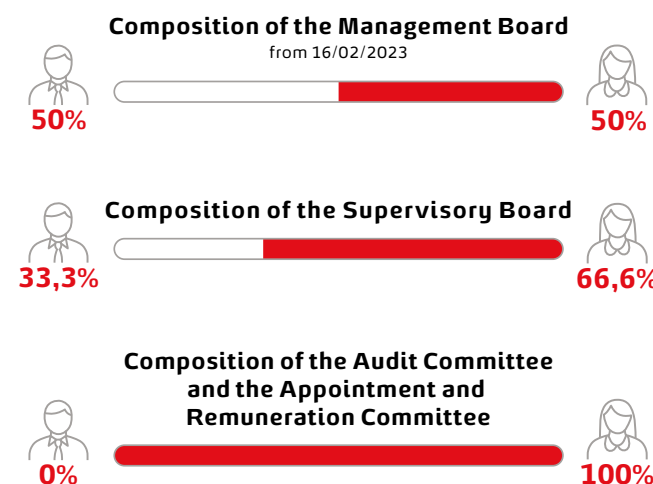
| | |
|--------------------------------------|------------------------------|
| Agnieszka Terlikowska-Kulesza | Chairperson of the Committee |
| Paula Ziemięcka-Księżak | Member of the Committee |
| Sylvia Kobyłkiewicz | Member of the Committee |

The rules of the Audit Committee are set out in the Articles of Association of Energa SA and the Regulations of the Supervisory Board, which are available on the company's website. The Audit Committee operates as a collegiate body. It has an advisory and opinion-making role with respect to the Supervisory Board.

COMPOSITION OF THE APPOINTMENT AND REMUNERATION COMMITTEE OF THE ENERGA SA SUPERVISORY BOARD:

| | |
|--------------------------------------|------------------------------|
| Agata Piotrowska | Chairperson of the Committee |
| Sylvia Kobyłkiewicz | Member of the Committee |
| Agnieszka Terlikowska-Kulesza | Member of the Committee |

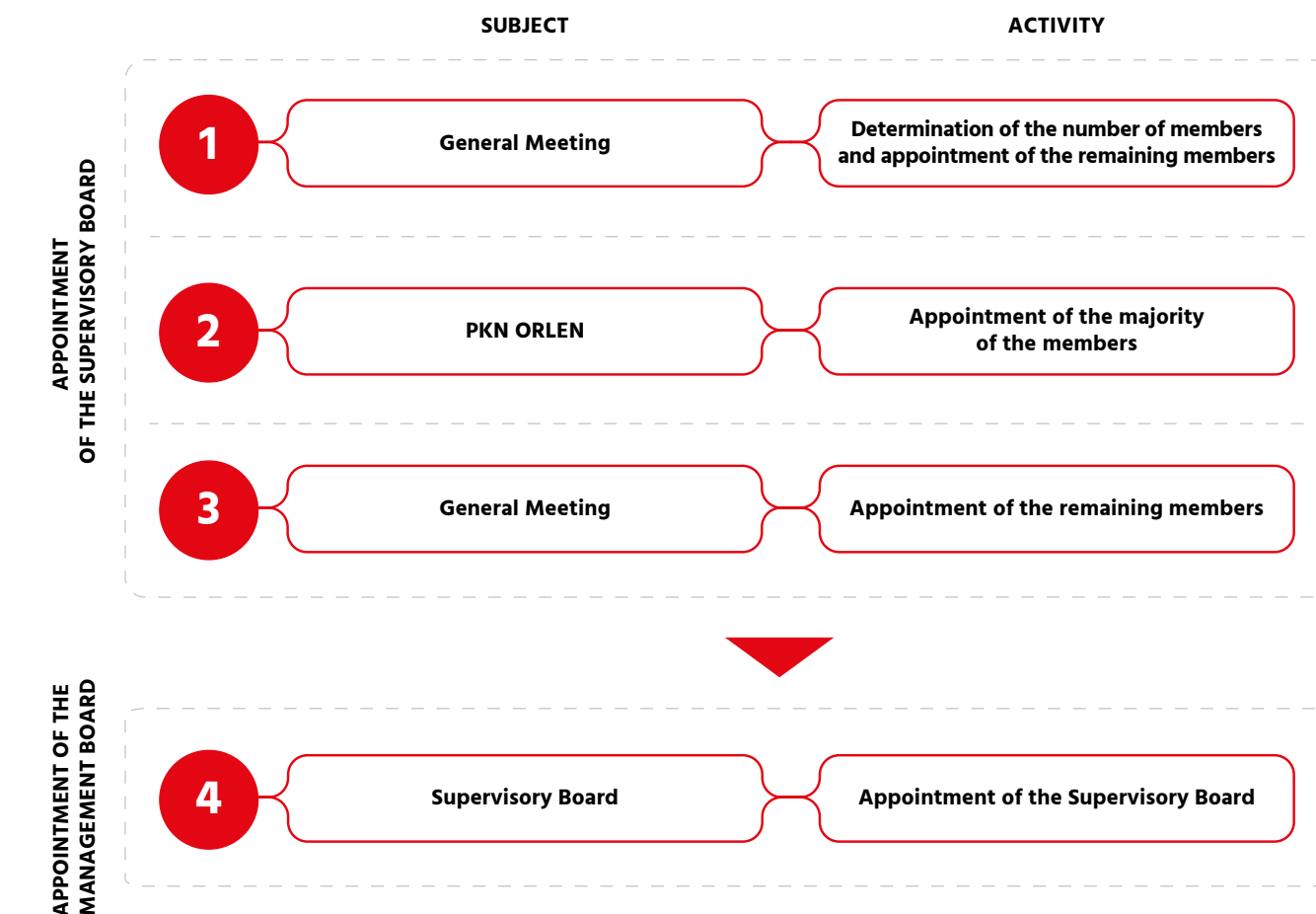
The scope of the Appointment and Remuneration Committee's activities includes consultative and analytical activities with regard to supporting the Management Board in the performance of its statutory duties, concerning the general remuneration policy for members of the Management Board, senior management of the company and other companies of the Energa SA capital group, and providing recommendations in the pre-appointment of members of the Management Board.



Management Board and Supervisory Board members are selected in a process characterised by the rules of equal treatment and diversity management, which follows directly from the provisions of the *Diversity Policy in the Energa Group*. The selection is made on the basis of merit criteria and the experience possessed to properly perform the function in question. The recruitment process ensures equal opportunities for participants and objective assessment of candidates through the use of appropriately tailored tools, adapted to the specifics of the position.

Data on the social groups represented by the Management Board and Supervisory Board is not obtained. The organisation is analysing the possibility of acquiring this data in the future, with particular attention to regulations on the acquisition of sensitive data.

APPOINTMENT AND SELECTION PROCESS:



The members of the Management Board are appointed and dismissed by the Supervisory Board of the company. Members of the Supervisory Board are appointed and dismissed by the General Meeting. PKN ORLEN SA has the personal power to appoint and dismiss members of the Supervisory Board in accordance with the rules described in the Articles of Association of Energa SA. According to the Articles of Association, the Management Board of the company consists of between one and five members – the President and optionally one or more Vice Presidents – and the Supervisory Board consists of between five and nine members.

REQUIREMENTS FOR CANDIDATES AND APPOINTMENT OF MANAGEMENT BOARD MEMBERS

A member of the Management Board may be a person who, in each case, meets the requirements set out in the *Act of 16 December 2016 on the rules of state property management*, in particular:

- has a university degree or a university degree obtained abroad recognised in the Republic of Poland pursuant to separate regulations;
- has at least five years of employment under an employment contract, nomination, election, appointment, cooperative employment contract, or provision of services under another agreement or self-employment;
- has at least three years' experience in managerial or independent positions or as a result of self-employment;
- meets the requirements other than those listed above, set out in separate regulations, and in particular does not violate restrictions or prohibitions on holding a position as a member of a management body in commercial companies.

According to the illustrative announcement, the following criteria of an obligatory or optional nature may be added:

- enjoyment of full public rights and full legal capacity;
- no criminal record, demonstrating that there are no criminal or fiscal proceedings initiated or pending;
- knowledge of the company's scope of activity and the sector in which the company operates;
- knowledge of issues related to management and the management of teams of employees;
- knowledge of the rules governing the operation of commercial companies, with particular emphasis on public companies.

A person who fulfils at least one of the following conditions may not be a Management Board member:

- serves as a social associate or is employed in the office of a deputy, senator, MP or Member of the European Parliament under an employment contract or provides work on the basis of a contract of mandate or another contract of a similar nature;
- is a member of a body of a political party representing the political party externally and authorised to incur obligations;
- is employed by a political party on the basis of an employment contract or provides work on the basis of a contract of mandate or another contract of a similar nature;
- holds an elected position in a company trade union organisation or a company trade union organisation of a group company;
- their social or gainful activity gives rise to a conflict of interest with respect to the company's activities.

REQUIREMENTS FOR CANDIDATES AND APPOINTMENT OF SUPERVISORY BOARD MEMBERS

Members of the Supervisory Board are appointed and dismissed by the General Meeting. PKN ORLEN SA is personally entitled to appoint and dismiss Supervisory Board Members according to the following rules:

- in case of appointment by a General Meeting of an even number of Supervisory Board members, PKN ORLEN SA appoints such number of Supervisory Board members that results from dividing the number of members by two and then increasing the so calculated quotient by one, so that PKN ORLEN SA has an absolute number of votes;
- if the General Meeting appoints an odd number of Supervisory Board members, PKN ORLEN SA appoints such a number of members that results from dividing the number of members by two and then rounding the so calculated quotient up to the nearest whole number so that PKN ORLEN SA holds an absolute number of votes;
- Members of the Supervisory Board are appointed and dismissed by way of a written statement of PKN ORLEN SA to the Management Board. The statement is deemed to be made upon its delivery.

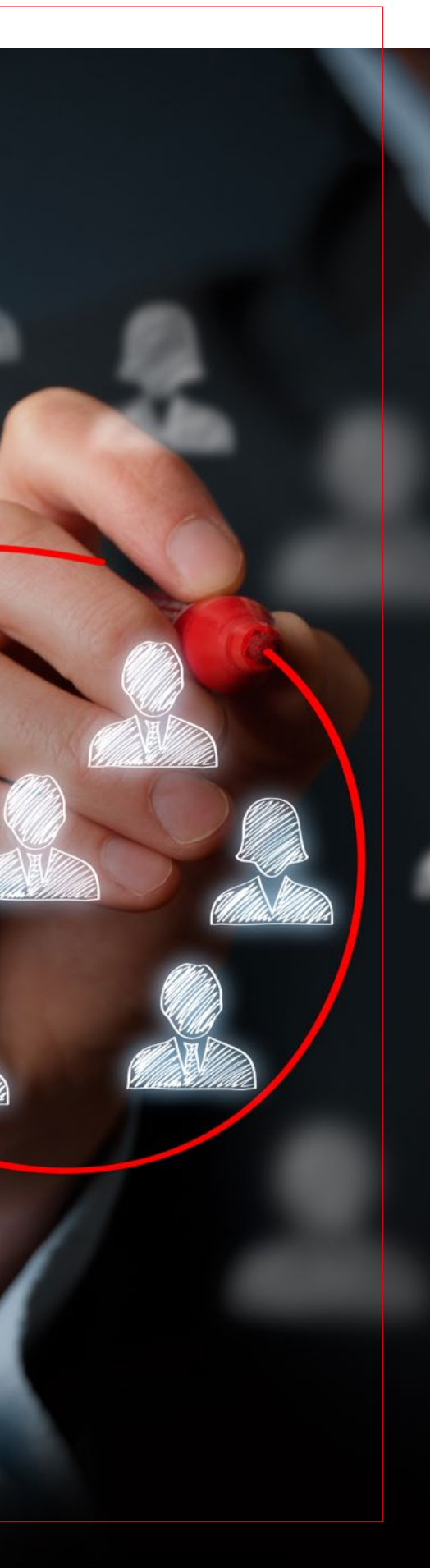
A member of the Supervisory Board may be a person who:

- holds a positive opinion of the Board for companies with the participation of the State Treasury and state-owned legal persons, as referred to in the *Act of 16 December 2016 on the rules of state property management*;
- has a university degree or a university degree obtained abroad recognised in the Republic of Poland on the basis of separate provisions, and has at least five years of employment on the basis of an employment contract, appointment, election, nomination, cooperative employment contract or provision of services on the basis of another contract or performance of self-employment, and meets at least one of the following requirements:
 - holds a doctoral degree in economic, legal or technical sciences requirements,
 - holds a professional title of a attorney-at-law, attorney, statutory auditor, tax advisor, investment advisor or restructuring advisor,
 - has graduated from a postgraduate course of Master of Business Administration (MBA);
 - holds a Chartered Financial Analyst (CFA) certificate;
 - holds the Certified International Investment Analyst (CIIA) certification;
 - holds the Association of Chartered Certified Accountants (ACCA) certification;
 - holds the Certified in Financial Forensics (CFF) certification;

- has confirmation of having passed an exam before a committee appointed by the Minister of Ownership Transformation, the Minister of Industry and Trade, the Minister of the Treasury or the Selection Committee appointed pursuant to Article 15, section 2 of the *Act of 30 April 1993 on National Investment Funds and their Privatisation*;
- has confirmation of passing an exam before the committee appointed by the minister competent for State Treasury matters pursuant to article 12 section 2 of the *Act of 30 August 1996 on Commercialisation and Privatisation*;
- has confirmation of passing the exam for candidates for members of supervisory bodies before the examination committee appointed by the Prime Minister;
- has passed an examination for candidates for members of supervisory bodies before an examination committee appointed by the Minister competent for state assets;
- has knowledge or professional experience in managing the activities of enterprises, supervising the activities of governing bodies of entrepreneurs, economic consultancy or the specifics of the functioning of the market covered by the subject of the companies activity recognised in accordance with the implementing rules issued pursuant to Article 31 section 2 of the *Act of 16 December 2016 on the rules of state property management for companies of significant importance for the state economy*.

A member of the Supervisory Board may not be a person who meets at least one of the following conditions:

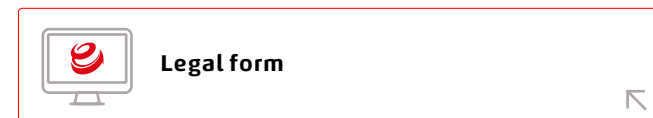
- has an employment relationship with the company or provides work or services to the company on the basis of another legal relationship;
- holds shares within the meaning of the Act of 16 December 2016 on the rules of state property management in a subsidiary company, with the exception of shares admitted to trading on a regulated market within the meaning of the *Act of 29 July 2005 on trading in financial instruments*;
- has an employment relationship with the subsidiary or provides work or services to the subsidiary on the basis of another legal relationship (does not apply to membership of other supervisory boards);
- performs activities which would be in conflict with his/her duties as a member of the Supervisory Board or which could give rise to a suspicion of bias or interest or give rise to a conflict of interest with regard to the company's activities;
- fulfils other prerequisites defined in separate regulations contradicting the requirements for a Supervisory Board member.



PKN ORLEN SA may not appoint or indicate as a candidate for a Supervisory Board member a person who fulfils at least one of the following conditions:

- serves as a social associate or is employed in the office of a deputy, senator, MP or Member of the European Parliament under an employment contract or provides work on the basis of a contract of mandate or another contract of a similar nature;
- is a member of a body of a political party representing the political party externally and authorised to incur obligations;
- is employed by a political party on the basis of an employment contract or provides work on the basis of a contract of mandate or another contract of similar nature.

The detailed procedure for the nomination and election of the highest governing bodies and the criteria used for nomination and election are described in the Articles of Association of Energa SA, available to the public at <https://bip.energa.pl/s/19096/forma-prawna>.



OUR RESPONSIBILITY IN THE SUPPLY CHAIN

RELEVANT TOPICS:

SUPPLY CHAIN IN ENERGY PRODUCTION

SOURCING RAW MATERIALS AND HUMAN RIGHTS

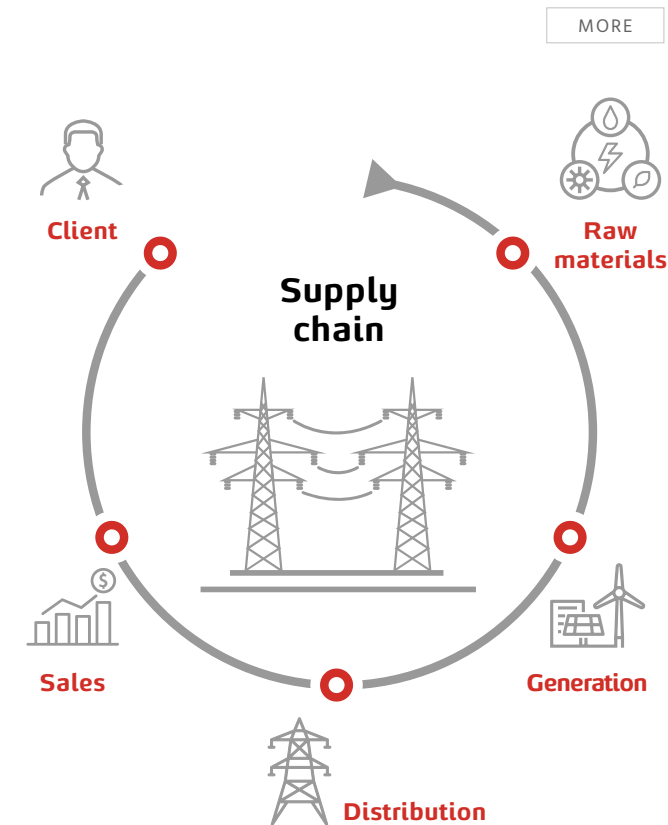
EMPLOYEES IN THE VALUE CHAIN

GRI 3-3
GRI 2-6
GRI 2-22

We are aware of the very important role of respecting human rights and respecting labour throughout the entire supply chain, particularly in the context of the Corporate Sustainability Due Diligence Directive (CSDD), which is the subject of work by the European Commission. We are also aware of the potential consequences of adverse incidents in the supply chain. Therefore, in the coming years, we want to pay particular attention to the part of it that goes beyond the jurisdiction of the European Union.

Energa is a member of the United Nations Global Compact and is therefore committed to the following 10 UNGC principles:

1. Respect and promote the protection of internationally recognised human rights.
2. Eliminate all human rights violations by the company.
3. Support freedom of association and the recognition of the right to collective bargaining.
4. Promote the elimination of all forms of slavery and forced labour.
5. Contribute to the effective abolition of child labour.
6. Combat discrimination in employment.
7. Promote a precautionary approach to environmental challenges.
8. Take initiatives to promote greater environmental responsibility.
9. Support the development and dissemination of environmentally friendly technologies.
10. Counteract corruption in all its forms, including bribery and extortion.



Being part of the ORLEN Capital Group, we are obliged to implement the plans outlined by the main shareholder in the overarching corporate regulations. One such document is the *ORLEN Group Sustainable Development Strategy 2021-2023*, which defines three key pillars and assigns priority project activities to each of them. The first priority action in the 'Society' pillar is 'Sustainable Supply Chain', aiming to introduce:

1. An ESG-sensitive purchasing policy that specifically addresses supplier education in the area of sustainability, the integration of environmental and social goals in the supply chain and the expansion of IT tools..
2. A sustainable investment policy.

As part of the work on a sustainable supply chain, the main areas to be developed have been identified. The purpose of this activity is to use market positioning to promote sustainability in the supply chain:

- Building a culture of shared responsibility for sustainability in environmental, economic and social aspects.
- Improving the level of knowledge and competence of suppliers.

The operationalisation of the tasks set by PKN ORLEN is guaranteed by the *Sustainable Development Strategy in the Energa Group 2021-2023*. It assumes the implementation of control mechanisms, which are each time determined during the implementation of individual projects.

Internal rules and regulations

The most significant initiatives implemented in 2022 in the purchasing area include:

1. Introduction of the *Purchasing Instruction in force in the Energa Group*. A new, uniform *Purchasing Instruction* was developed on the basis of the instruction in place at PKN ORLEN and introduced in most of the Energa Group companies. This made it possible to unify the processes and structure of the supply chain across the Group.
2. Implementation of the CONNECT Purchasing Platform in the Energa Group. The new tool significantly streamlined purchasing processes, increased their transparency, facilitated suppliers' participation in purchasing procedures and made it possible to eliminate paper documents
3. Changing the existing purchasing category tree and introducing the Central Purchasing Category Tree (CDK) in force in the ORLEN Group. The CDK enabled the uniform grouping of services, supplies and works across the ORLEN Group. The introduction of a uniform system has streamlined and optimised the process of managing purchasing categories. Partnership with contractors is based on the Group's *Anti-Fraud and Anti-Corruption Policy and the Rules for Accepting and Giving Gifts in the Energa Group*.

The rules applicable to purchasing are governed by the Rules for Performing Purchasing in the Energa Group. Among a number of rules set out in this document, it is worth noting the adopted 'rule of social responsibility'. Pursuant to its provisions, the Purchasing Centres, Purchasing Areas and companies carry out purchasing procedures in compliance with the rules of ethics, anti-corruption, respect for employee rights and human rights, compliance with occupational health and safety rules, and operation in line with environmental protection requirements enabling them to obtain public funding and, in the case of Energa-Operator, compliance with the Compliance Programme. The listed entities are required to exercise due diligence in selecting suppliers, guided by the best interests of the Energa Group and its individual companies. The verification and selection of suppliers should take into account:

- the supplier's credibility and reliability, knowledge and experience and a team of people suitable for the proper execution of the order,
- financial standing to ensure proper execution of the order,
- implementation of the rule of due diligence in the verification of its suppliers, including by taking adequate measures indicated in the methodology published by the Ministry of Finance regarding the assessment of due diligence by buyers of goods in domestic transactions,
- the risk of conflicts of interest and inappropriate personal links between the ordering party and the supplier,
- provisions of the Compliance Programme in the case of Energa-Operator,
- The rules enabling the receipt of public funding.

Suppliers assessment

Energa applies supplier assessment as defined in the *Supplier Assessment Instruction* constituting an appendix to the *Purchasing Instruction in the Energa Group*. Among the numerous business criteria set out in this document, it regulates how suppliers are assessed on a cyclical basis in accordance with health, safety and environmental criteria. The cyclical evaluation process is carried out once a year, in the first quarter of the calendar year, and concerns partnerships with suppliers for the previous year.

Partial criteria or sub-criteria in the area of health, safety and fire protection applicable to the assessment process:

1. The TRR accident rate.
2. The number of fires or accidents during work on or for the company caused by employees of the contractor and its subcontractors.
3. The number of accidents caused by employees of the contractor or its subcontractors.
4. Observations due to non-compliance with health, safety and fire regulations.
5. Number of interventions due to non-compliance with health, safety and fire regulations.
6. Frequency of observations and interventions.
7. Overall health and safety assessment..

Criteria from the environmental area applicable to the evaluation process:

1. Achievement of the intended environmental effects.
2. Performance of the Services in accordance with the requirements of environmental law.
3. Cooperation with administrative authorities, including controls and their results.
4. Completeness and quality of documents confirming the performance of the service, including records of waste produced or received.
5. Compliance of execution of the Agreement in the area of environmental protection, including the timeliness of execution.

Code of conduct for suppliers

The Energa Capital Group, following the guidelines of the ORLEN Group, requires suppliers to act on the basis of accepted values and in compliance with ethical standards and legal regulations. One of the appendices to the *Purchasing Instruction* is the *Code of Conduct for ORLEN CG suppliers*. It constitutes a set of rules that we expect our suppliers to follow. In the event that the Company's *Code of Conduct for Suppliers* represents a higher standard than local, national or regional regulations, we expect our suppliers to adhere to the provisions of the *Code*. However, where local, national or regional regulations are more restrictive than the provisions of the *Code*, we expect our suppliers to comply with these local, national or regional regulations.

The *Code of Conduct for suppliers* is available at:

http://energa-logistyka.pl/images/pliki/Kodeks_Postepowania_dla_Dostawcow.pdf



Code of conduct for suppliers



Our commitments to suppliers

We support our suppliers in building awareness and developing best business practices in this area. We believe that it is only through dialogue and cooperation with suppliers on responsible business and sustainability that we can successfully develop the Group and positively influence our suppliers.

Our expectations of suppliers

We work with the best suppliers who are constantly improving their operations to respond to ever higher market expectations. We encourage them to develop and refine responsible business practices according to these guidelines of the *Code of Conduct for Suppliers*.

Adjusting expectations to suppliers' capabilities

| | |
|---|---|
| Large entities (251 or more employees) | We expect full corporate maturity. |
| Medium-sized entities (51 to 250 employees) | We are concerned about the company's clearly defined and publicised social and pro-environmental policies, its willingness to demonstrate examples of positive environmental impact, and the absence of significant environmental, social and corporate governance controls on the entity's activities. |
| Small entities (up to 50 employees) | Recognition of the ORLEN Capital Group's core values and willingness and ability to demonstrate examples that they are respected is key. |

Performance monitoring method

The basic material for evaluation is the declarations and documents submitted by suppliers, which we reserve the right to verify through publicly available sources. A catalogue of indicators on key environmental issues (CO₂ emissions, carbon footprint of products, unit water consumption, health and safety indicators) shall be systematically developed until 2025, which will increasingly determine the ongoing cooperation.

The *Purchasing Instruction applicable to the Energa Group* (together with appendices) defines the following areas related to our Group's fundamental values:

1. Responsibility

We conduct our activities in a spirit of responsibility for future generations, with respect for people and ethical standards and with respect for the environment. Responsibility means for us concern for the climate and the balance of nature, care for sustainable development and resource management. We expect suppliers to ensure that their business and social objectives are consistent and to set clear sustainability goals.

2. Development

By development we mean innovation, competitiveness and modernity. It is important to us that our partners invest in people, research projects and business development. We want to work with suppliers who are trend-setters and actively build their competitive edge, as this strengthens our ability to compete in selected markets. We expect our suppliers to demonstrate long-term and future-oriented thinking, creating strategies that break down further barriers to growth to deliver new solutions and products.

3. People

We attach great importance to ethics and professionalism in the place of work and in professional relationships. We build professional relationships based on tolerance and mutual respect. At the same time, we place high demands on the quality of execution of the orders entrusted to us, which should be based on the knowledge, skills and experience of employees.

4. Energy

We want to work with suppliers who are open to non-standard projects and innovations that require bold decisions. We expect openness to new solutions and long-term business planning.

5. Reliability

The reliability of our suppliers is one of the key elements in reducing the risk of supply chain disruption. We require suppliers to respect human rights in the broadest sense and to provide safe and healthy working conditions.

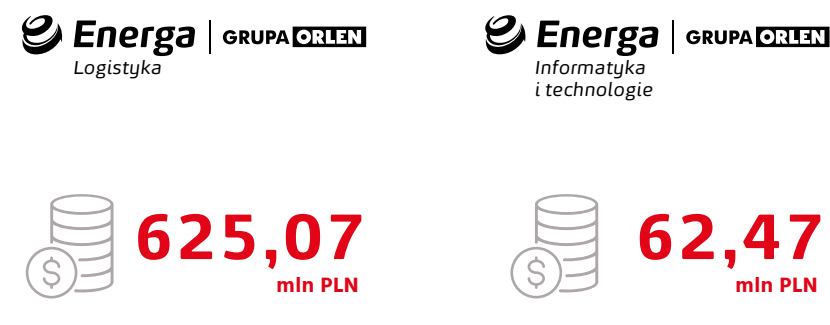
GRI 2-6 PURCHASING CENTRES IN THE ENERGA GROUP

The goal of purchasing in the Energa Group is based on the aim of maximising synergies while taking market conditions and competition rules into account. For this purpose, the comprehensive management of purchasing categories has been entrusted to the purchasing centres. However, the rules of partnership are set out in the *Agreement on Partnership in the Energa Group*, with particular reference to the *Purchasing Instruction*, which is the document that sets the standards for purchasing management in the Energa Group.

The purchasing model in the Energa Group is organised on the basis of two purchasing centres.

1. Energa Logistyka Sp. z o.o.
2. Energa Informatyka i Technologie Sp. z o.o.

Gross cash value of payments made to suppliers in 2022



GRI 204-1 Volume of capital going to local suppliers in individual provinces for the procurement centres Energa Informatyka i Technologie and Energa Logistyka

| Province | Percentage of Energa Informatyka i Technologie expenditure allocated to local suppliers | | Percentage of Energa Logistyka expenditure allocated to local suppliers | |
|-------------------|---|--------|---|--------|
| | 2021 | 2022 | 2021 | 2022 |
| Kuyavia-Pomerania | 0,89% | 1,11% | 31,21% | 24,77% |
| Mazovia | 40,32% | 44,48% | 4,45% | 3,72% |
| Pomerania | 26,49% | 26,57% | 45,41% | 70,20% |
| Warmia-Masuria | 0,17% | 0,96% | 4,45% | 3,45% |
| Greater Poland | 0,41% | 0,27% | 12,50% | 4,69% |
| West Pomeranian | 0,55% | 0,36% | 57,51% | 82,61% |



Energa Logistyka (ELOG) handles purchasing procedures (apart from IT and OT purchases) for Group companies. At the same time, the company provides comprehensive warehouse management services through warehouse-logistics services for selected Energa Group companies and order processing for signed purchase contracts. The Company also conducts direct sales of power materials to Energa Group companies and ORLEN and external customers. It also comprehensively handles investor deliveries, the needs of grid works and supplies power materials.

The company's largest customer is Energa-Operator. ELOG provides logistics and storage services as well as deliveries of basic electricity materials within Energa-Operator's area of operation.

For the purpose of removing large-scale failures, in order to safeguard the main customer, Energa-Operator, the company maintains a sufficient level of minimum stocks.

In addition to operations for Energa Group companies, ELOG also sells power materials to external customers belonging to the Polish Distribution Segment (ENEA, TAURON, PGE, E.ON), including:

- cables and wires, power apparatus (including transformers, switchgear and stations),
- lighting (including poles),
- earthing and electrical installation equipment (including galvanized steel strip, earthing rods, modular apparatus, connectors, etc.),
- meters, tools and power tools,
- cable management systems (including ladders, pipes and trays),
- photovoltaic systems (including modules, fittings and structures).

The Company is consistently expanding the range of services provided to related entities (e.g. agreement for the handling of events in the Energa Group in the field of logistics of advertising and promotional materials), while meeting the requirements of an increasingly competitive market.

Energa Informatyka i Technologie

Energa Informatyka i Technologie Sp. z o.o. Energa Informatyka i Technologie Sp. z o.o. (EITE) carried out purchases of supplies and services for the maintenance and development of corporate IT systems, IT infrastructure, software licences and technology (OT) systems for Energa Group companies until the end of September 2022. From October 2022, these tasks were taken over by PKN ORLEN; however, with a view to standardising communication in this report, all information regarding Energa Informatyka i Technologie's purchasing tasks is described in the present tense.

The main IT/OT categories managed by Energa Informatyka i Technologie Sp. z o.o. are:

1. Enterprise and workstation software.
2. Infrastructure software.
3. Printers, copiers, scanners.
4. Server hardware.
5. Sprzęt stanowiskowy informatyczny.
6. IT services.
7. Telecommunication systems.
8. Subscriber devices.
9. Data network devices.
10. Software for telecommunications devices.
11. Subscription services.
12. Data network services.
13. Maintenance services.
14. Software development services

EITE, being both an IT services centre and procurement centre for Energa Group companies, incorporates the ITIL® methodology in its procurement approach, which is a comprehensive compilation of best practices and processes for planning, delivering and supporting IT services. EITE uses this as a criterion to measure the quality and effectiveness of IT service management – including IT purchases.

Number of ELOG recipients by Energa Group companies and external customers

| Recipients | Number |
|-------------------------|------------|
| Group companies | 11 |
| External counterparties | 932 |
| Total | 943 |

EITE uses the following criteria in its purchasing processes:

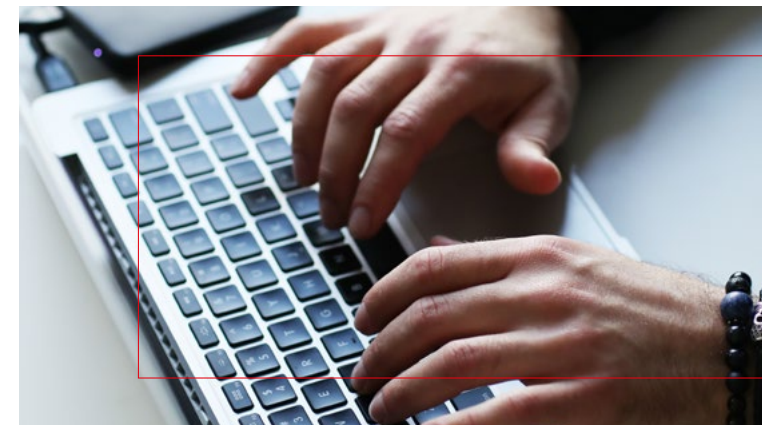
1. economic (they refer to competitiveness in terms of cost, delivery, quality, technology and human resources to create and maximise synergies),
2. social (it is required that standards and regulations regarding human rights, the working environment, as well as ethical aspects are met),
3. environmental (working with suppliers that offer equipment certified on energy consumption to check and manage environmental impacts).

Partnerships with contractors are mostly permanent, meeting the current needs of the Energa Group. Suppliers within the IT/OT category provide materials and services for the company's operational activities, including infrastructure, software and – due to social and legal aspects – key technological (OT) systems for the Group. These include:

1. real-time systems, i.e. those for which the outcome of data processing is dependent on certain factors and their values at a given point in time;
2. systems that collect or mediate the transfer or transmission of data from one item to another of the Group's infrastructure;

3. groups of systems supporting the maintenance of business continuity of strategic technological processes, i.e. generation, transmission and distribution of electric energy.

The suppliers are mainly Polish companies registered in the National Court Register, operating under commercial law, as well as civil partnerships and sole traders registered in the Central Register and Information on Economic Activity. In 2022 the EITE Purchasing Centre had 472 suppliers.



APPROACH TO STAKEHOLDERS

GRI 2-29

Managing stakeholder relationships is an important part of our business. We aim to build long-term, sustainable relationships that create value for all parties in the dialogue. Transparent and reliable communication, openness to dialogue and stakeholder perspectives are at the heart of our business. The diagram below shows the Group's key stakeholders.

The Group's key stakeholders:

- Energa Group companies
- Key shareholders (PKN ORLEN)
- Employees
- Employee organisations and trade unions
- Public administration (state)
- Environment and climate
- Key suppliers and business partners
- Strategic customers
- Local (public) authorities
- Government institutions / authorities
- Financial institutions and rating agencies
- Local communities

Channels of communication with stakeholders

The frequency and form of contact with individual stakeholder groups is adapted to the nature of the group. Information on stakeholder needs and expectations is taken into account in business decision-making at various management levels. We conduct stakeholder dialogue through a variety of communication channels:

Energa Group stakeholders - communication channels

| Energa Group stakeholders | Communication channels |
|---|---|
| ORLEN Group | Reports, correspondence, direct communication, meetings, workshops. |
| Energa Group entities | Consultations, meetings, information exchange, communication via electronic channels, cyclical meetings of the Supervisory Board. |
| Employees as well as employee organisations trade union organisations | Intranet, employee portal, conducting consultations and arrangements, Management Board meetings with employees and trade unions, Issue and other internal publications, employee contests, training and workshops, team-building meetings, joint implementation of projects. Dialogue with local communities during public consultations carried out during the investment process, handling requests, educational activities, social activities carried out. |
| Public (state) administration | Correspondence, communication via electronic channels, study visits, consultations, lobbying activities, cyclical crisis reporting, meetings. |
| Environment | Non-financial reports, reports to institutions, coordination of the implementation of post-inspection Ordinances of the State Environmental Protection Services (PIOS/WIOS/RDOŚ); maintenance of the Energa Group in EMAS registration every year, renewal of EMAS registration every 3 years (request to GDOŚ). |
| Suppliers and business partners | Information exchange, telephone contacts, correspondence, website publications, register of qualified contractors and suppliers, communication via electronic channels. |
| Local authorities (public) | Consultation, face-to-face meetings, correspondence, communication via electronic channels. |
| Customers, recipients | One-to-one meetings, correspondence, communication via electronic channels, communication through marketing campaigns, intervention, clarification, hotlines. |
| Banks, financial institutions | Correspondence, periodic reporting, individual meetings, communication via electronic channels. |
| Local communities | Dialogue with local communities during public consultations carried out during the investment process, processing of requests, educational activities, social activities carried out by the Energa Foundation, sponsorship of events important for the local community (including sports and cultural events). |



Sustainable development strategy at Energa Group

RELEVANT TOPICS:

ECONOMIC AND SOCIAL COSTS OF THE ENERGY TRANSITION

COOPERATION BETWEEN SCIENCE AND BUSINESS IN THE FIELD OF GREEN TRANSITION

IMPACT OF THE ECONOMIC SITUATION ON ENERGY PRICES AND CONSEQUENCES FOR CUSTOMERS AND BUSINESSES

ECONOMIC AND SOCIAL COSTS OF THE ENERGY TRANSITION AND CHANGES IN THE ENERGY MARKET

An event that affected the energy market not only in Poland, but also globally, was the renewed invasion of Ukraine following that of 2014. The continuing armed conflict and the sanctions imposed on the Russian aggressor led to major changes not only geopolitically, but also macroeconomically. This included temporary problems with the supply of raw materials and an increase in their prices on the markets at a time when it was necessary to secure supplies and fill warehouses before the winter season. This event will lead to a review of the approach to energy security, the growing importance of diversification of supplies of key raw materials and the development and protection of critical infrastructure.

An important event was the introduction of new legislative solutions related to the protection of recipients of electric energy from excessive costs caused by price increases. Some of the changes in the package are:

- introduction of maximum prices for recipients and generators,
- introduction of energy cap categories for specific groups of vulnerable recipients,
- elimination of the so-called exchange obligation, i.e. the obligation for energy enterprises to sell the generated electric energy on the commodity exchange.

At present, it is not possible to estimate the precise impact of these solutions on the shape of the market and the sector, although they will undoubtedly require appropriate adaptation of the energy industry to the new regulatory conditions, careful observation and analysis of the effects of these measures, and taking appropriate further steps if necessary.

The demanding and time-consuming negotiations on the *Polish National Reconstruction and Enhancement Plan* affect the investment prospects of the electricity industry related, for example, to the expansion of distribution networks to increased RES connection potential or the possibility of planning development projects using hydrogen. Regardless of this situation, the Energa Group implements its investment plans on time in accordance with the *Multi-Annual Plan of Strategic Projects*.

Projected market situation in 2023 and its impact on the Energa Group

2023 is likely to continue to be a challenging year not only for the Polish energy sector, but also for the economy as a whole. In the coming quarters, the domestic economic situation is expected to reflect the effects of the sanctions imposed on Russia by the European Union. As a result, the prices of energy raw materials on global markets and CO₂ emission allowances may still be subject to dynamic changes. The same applies to the supply chain, which may experience periodic turbulence.

However, according to conservative estimates, a stabilisation of the situation may be possible in the second half of the year. Thus, the growth in demand for electric energy, which may decline in the first half temporarily, is set to return to its previous level. The international situation, in particular the further course of Russia's invasion of Ukraine, will also influence the economic rebound.

In the domestic market, the key event will be the announced establishment of the National Energy Security Agency, which is to bring together the assets associated with the generation of electric energy in conventional coal-fired entities, separated from State Treasury companies. This in turn should allow energy companies to make wider use of existing mechanisms for the purpose of intensifying the development of zero- and low-carbon generation sources, without undermining the country's energy security.

Another event that will affect the shape and functioning of the Polish energy sector will be the publication of a new version of *the Energy Policy of Poland until 2040*. It will define new directions of the sector's development in the coming years and determine the areas of key investments. The increased importance of the role of nuclear energy, including SMR technology, in Poland's target energy mix may be important.

Impact of regulatory changes on Energa Group's operations

The number of EU climate regulations has increased significantly since 2015. Of the European regulations, the most relevant for the operation of the energy industry are the *European Green Deal* and the *New EU Taxonomy*, which are tools for achieving Europe's climate neutrality by 2050, and whose provisions already oblige Energa Group to take steps to bring us closer to this goal. One of the key implications affecting the entire business model is carried by the EU package of legislation aimed at achieving the European Union's climate goals known as *Fit for 55*.

Purpose, scope and impact of the Fit for 55 package

| Regulation | Goal |
|--|--|
| Climate law | Climate neutrality by 2050, EU Member State commitments |
| EU Emissions Trading System (EU ETS) | Stimulation of decarbonisation through increased cost of CO ₂ emissions |
| Regulations on the Carbon Border Adjustment Mechanism (CBAM) | Protection of the EU market against environmental dumping from outside the community |
| Renewable Energy Directive (REDIII) | Increased share of RES in energy consumption by 2030 |
| Fuel Quality Directive (FQD) | 50% reduction in CO ₂ emissions by 2030 from fuel combustion |
| Circular economy package | Recycling of waste, increased manufacturer responsibility for the product |
| Single-Use Plastics Directive | Ban on single-use plastics if alternatives exist |
| Energy efficiency | EU energy efficiency improvement of 34–36% in 2030 compared to 2007 |
| Taxonomy | Clear rules for financing environmentally sustainable projects |

Impact of the Fit for 55 package on the development of the Energa Group:

- increase in installed capacity of onshore RES and increase in importance of new forms of cPPA (corporate Power Purchase Agreement) financing,
- acceleration of offshore RES development (300 GW of capacity by 2050),
- accelerated decarbonisation of transport, resulting in faster development of electromobility and increased energy demand,
- accelerated decarbonisation of the generation sector and the associated increase in costs,
- opportunity to finance activities with environmental impacts,
- opportunity to develop flexible generation sources for RES balancing (CCGT, pumped storage power plant).

Among the national regulatory changes affecting the energy industry in the near future, the *Charter for the Efficient Transformation* stands out. The President of the Energy Regulatory Office (ERO) and representatives of the five largest distribution system operators in Poland (including the Energa Group) signed the *Charter for the Efficient Transformation of the Distribution Networks of the Polish Energy Sector*. Its goal is to accelerate the development of the distribution system and to simplify the investment process and the raising of money from non-tariff sources. The signed agreement is part of the process of adapting the distribution grids to the new architecture of the energy market based increasingly on distributed sources with a significant share of renewable energy sources. By making it possible to achieve an around 50 per cent share of electricity from RES in the national energy mix as early as 2030, the document contributes to both a permanent reduction in electricity prices for recipients and a significant reduction in the carbon footprint of the national economy.

The Charter for the Efficient Transformation also refers to the financing of the necessary investments due to the transformation and the need to adapt the network infrastructure to it. Investments are set to have a significant impact on tariffs between 2023 and 2030.

Between now and 2030, the national electricity system will face huge changes. The ERO estimates that by that time, at a minimum: more than 20 GW of solar sources with a production potential of 21 TWh/year, more than 14 GW of onshore wind power with a production potential of 37 TWh/year and almost 11 GW of offshore wind power with a production potential of 40 TWh/year will need to be connected to the national electricity system. The ERO predicts that the number of recipients connected to the grid will increase by more than 2 million during this period. All electric energy recipients in Poland (18 million), are to be metered with remote reading meters during this time. Due to the development of the electromobility sector, it will be necessary to install an increasing number of electric vehicle charging points.

ACTIVITIES OF THE ENERGA GROUP AFFECTING THE SHAPING OF THE REGULATORY ENVIRONMENT

I. Impact of taxonomy on the business model



Challenge: Legal restrictions on financing the development of emission-intensive electric energy generation technologies are a barrier to a rational low-carbon transformation.



Our activities: Active participation in the development of delegated acts to the so-called EU taxonomy allowed for the inclusion of, for example, electric energy generation technology based on the combustion of natural gas as a technology necessary for an effective energy transition in the medium term (i.e. until 2030). The implemented regulations allow the transitional qualification of investments in the construction of CCGTs as projects that fit the criteria in line with the purpose of the EU climate policy. Failure to do so would increase the costs of the energy transition. Ultimately, CCGT systems will support the development of hydrogen use, allowing a gradual increase in its combustion in place of natural gas after 2030.

Example: Ongoing projects to build modern systemic sources of electric energy generation based on CCGT technology, which will also enable the combustion of hydrogen. The ongoing construction of power plants in Ostrołęka and Grudziądz and the planned one in Gdańsk are important steps towards creating a low-carbon energy mix for the Group.



Challenge: Development of energy storage facilities and pumped storage power plants.



Our activities: Activities with the purpose of supporting the development of new pumped storage power plants, as well as reducing the operating costs of the existing pumped storage power plant in Żydów. Regulatory changes relating to pumped storage power plants have included, for example, a reduction in the double charging of distribution fees for electricity consumed and the reclassification of the pumped storage power plant as a licensed energy storage facility. Also important are plans to build new pumped storage power plants in Poland. The first step in this direction is the work on a dedicated special law, with the purpose of streamlining and accelerating the investment preparation process. In the context of the development of battery-based energy storage facilities, important changes included the introduction of lower charges for connecting such facilities to the DSO grid and plans to allow DSOs to develop their own storage facilities. The increase in the installed capacity of energy storage facilities will enable better balancing of non-controllable RES (PV and wind power), as well as reducing technology costs. In the context of DSOs, operators gain a valuable tool that contributes to cheaper balancing of energy distribution and improves security of supply to end recipients.

Example: The construction of the Bystra battery energy storage facility, which is an example of a system that supports balancing of the transmission grid and energy generation from a nearby wind power plant.



Challenge: Maintaining the high rate of development of new photovoltaic (PV) power plant capacity.



Our activities: Initiating and participating in works related to shaping the regulatory environment affecting the development of RES in Poland, as well as specific regulations concerning PV development. The key changes concerned the appropriate shaping of RES auction volumes for photovoltaics and the possibility to acquire additional land for investment purposes from, for example, the resources of the National Support Centre for Agriculture (KOWR). The current energy policy assumes a large increase in PV installed capacity by 2030. In our opinion, the ongoing legislative work allows for maintaining the current pace of development. We point to the need for further large PV power plants to serve so-called virtual prosumers as an opportunity.

Example: The systematic development of RES is an opportunity to decarbonise the group's energy mix and provides access to a source of cheap electric energy. Between 2021 and 2022 alone, 28.8 MW of new capacity was commissioned, of which 19.8 MW is attributable to the Gryf solar farm and 9 MW to the Wielbark solar farm. In addition, we are continuing to work on the construction of a further 62.2 MW with a view to 2030 (excluding initiatives by Energa Green Development in this area). Photovoltaics is currently the most rapidly growing RES segment, only giving way to offshore wind in the latter part of the decade.

II. Impact of offshore wind energy development

Polish energy companies face a number of challenges in view of the intensive development of offshore wind energy, including in the regulatory area. It is necessary to adapt the current legal provisions and to introduce new regulations that allow for the operation and maintenance of offshore wind power plants to be built in the Baltic Sea.

Recently, there have been consultations on new legal acts or amending acts concerning, for instance:

- Maritime Safety Act;
- Act on maritime areas of the Republic of Poland and maritime administration;
- Act on the promotion of electric energy generation in offshore wind farms;
- Act on renewable energy sources and certain other acts (improvement of investment conditions for offshore wind farm projects. Clarification of the valorisation of the level of support granted);
- Regulations of the Minister of Infrastructure on navigational expertise and technical expertise for an offshore wind farm and a set of devices;
- Regulations on the detailed scope of plans required of a generator of electric energy from offshore wind energy,

- Regulation of the Minister of National Defence on the detailed scope of expert opinions on the evaluation of the impact of an offshore wind farm and a set of devices on the state defence systems and state border protection at sea.

Energa Wytwarzanie actively participates in the consultation and submission of comments on regulatory changes. This is done in partnership with dedicated entities within PKN ORLEN, such as Orlen Neptun I and Baltic Power. Representatives of Energa Wytwarzanie also participate in meetings on the sectoral agreement for the development of offshore wind energy in Poland, in particular in the work of Group 6 on the topic of *Partnership between stakeholders and the regulatory environment*. The leader of the subgroup on safety, defence and protection of the state border was a representative of Energa Wytwarzanie, and the group was established for the purpose of determining the impact of the offshore wind energy on the state defence functions and developing and implementing actions to minimise the impact of the offshore wind energy on the state security and defence systems, resulting in changes in the characteristics of the maritime areas in the areas of the offshore wind energy and areas affected by the offshore wind energy, including water depths and air space.

In the following subgroups, work is ongoing on:

- Subgroup 2 on the management of cumulative impacts – developing and supporting the implementation of standardised methodologies for the preparation of documentation for the environmental impact assessment of individual projects and their interpretation and assessment, as well as defining how to monitor and verify their cumulative impacts.
- Subgroup 3 on partnership in the area of fisheries – enabling safe coexistence of marine fisheries and offshore wind farms.
- Subgroup 4 on partnership in the area of shipping – establishing conditions and ensuring the safety of ship navigation during the process of construction and operation of offshore wind farms.
- Subgroup 5 on investment issues – working out recommendations and proposed solutions to problematic issues (including regulations) identified during the operation of offshore wind farm projects in Poland.

III. Impact of DSO network development

A key challenge was to secure capital expenditure at an appropriate level in order to fulfil basic obligations related to the connection of new recipients and new sources of electric energy. The purpose was, for example, to eliminate the risk of potential penalties for non-fulfilment of statutory requirements and, consequently, to eliminate the risk of a reduction in the amount of remuneration from capital in the tariff.

- A very important issue is the adoption of an appropriate direction for the construction and upgrade of the network, which allows Energa-Operator's network to increase its resilience to adverse atmospheric phenomena, and thus to maintain power supply continuity indices (SAIDI and SAIFI) at the levels specified in the quality regulation. In this group of investments aimed at improving power supply continuity indices, the following initiatives are of particular importance:
 - conversion of overhead MV lines running through forest and wooded areas to cable lines or insulated overhead conductors,
 - replacement of non-cabled (emergency) MV cables,
 - replacement of low-voltage lines with insulated lines with connections,
 - construction of new MV line connections,
 - replacement of HV/MV transformers.
- 2022 was the next year of the new quality regulation model for 2018–2025, introduced in 2019 by the President of the ERO and described in the document entitled *2018–2025 Quality Regulation for Distribution System Operators* – version of 29 May 2019. The new qualitative regulation for 2018–2025, which is the result of the work on the evaluation of the previous regulation model for 2016–2020, introduced

far-reaching changes in, for example, the distribution and calculation of supply reliability indices, the calculation of return on capital employed, the amount of operating costs included in the tariff and qualitative regulation. The ERO President has set very ambitious goals for the improvement of key performance indicators, the achievement of which (primarily the area-based regulatory indicators of power reliability: CTP and CP and connection lead time indicators CRP) have a direct impact on the company's regulated revenue in the return on capital section. The evaluation of qualitative regulation is currently under way. This is due, for example, to the provisions of the document *2018–2025 Quality Regulation for Distribution System Operators*, which specifies that it can be evaluated in 2023, and the provisions of the Charter for the Efficient Transformation, which specifies a deadline for the completion of the work of 31 March 2023;

- On 30 March 2022, Energa-Operator submitted for agreement by the President of the Energy Regulatory Office a draft update of the Development Plan for meeting the current and future demand for electric energy for 2023–2028. This action is the obligation of the Distribution System Operator under article 16(14) of the Energy Law. The ERO President considered the submitted draft development plan as agreed for 2023. The reconciliation for 2024–2028 will be submitted in the first half of 2023. In his letter, the ERO President provided the value of the capital expenditures for 2023 that he considered reasonable for the calculation of the company's tariff, while also providing the economic indicators of inflation to recalculate this value for the tariff request. It follows from this information that the entirety of the outlays submitted in the draft Development Plan by Energa-Operator for 2023 were deemed justified by the President of the ERO. **This is the first such case in the company's history; in the past, justified outlays were lower than those proposed in the agreed drafts;**
- On 7 November 2022, the ERO President and the presidents of the five largest electricity distributors in Poland (including Energa-Operator) signed the *Charter for the Efficient Transformation of the Distribution Networks of the Polish Energy Sector*. The signing of the sectoral agreement is the culmination of the first stage of the team's work, in which the employees of Energa-Operator actively participated. Creation of proposals for necessary changes to the DSO regulatory model and consistent implementation of investment programmes will be required in the next steps to comply with *the Charter*. The members of the Steering Committee also undertook to initiate the necessary legislative changes, taking into account the new regulatory requirements and providing, for example, support measures for DSOs. It will also be necessary to continuously monitor the course of the transformation, analyse the results achieved and rationally shape the desired course of investment processes by making the necessary adjustments. In the *Charter for the Efficient Transformation*, the parties agreed on the possibility of differentiating remuneration from the capital involved, taking into account the prioritisation of goals. This means that investment projects deemed to be

a priority can be remunerated using an additional bonus mechanism. The consensual intention of the signatories of the Charter for the Efficient Transformation is to incorporate the provisions of this document as far as possible into the distribution tariffs for 2023;

- Since 2016, the Distribution business line in the Energa Group has been supporting and implementing the strategy adopted by the European Union to decarbonise energy, reducing emissions in the transport sector, particularly in urban areas. The main activity aimed in this direction is the construction by Energa-Operator of 279 charging stations for electric vehicles in the area of eight cities: Gdańsk, Gdynia, Koszalin, Elbląg, Olsztyn, Płock, Toruń and Włocławek. In 2022, we completed the construction of all stations and handed them over to the Operator of Publicly Available Stations. In 2023, all 279 charging stations that have been built will have to be sold, according to the provisions of the amendment to

the law on electro-mobility and alternative fuels. On 20 December 2022, we announced the proceedings for the sale of all 279 publicly available charging stations.

With regard to the quality regulation model in force since 2018, taking into account a number of experiences related to its practical application, it has been proposed to the ERO President to work on its next evaluation. This action will make it possible to analyse the adequacy and effectiveness of the solutions applied in the current model and to develop a regulation model adjusted to these realities and conditions of operation of DSOs in Poland.





SHORT- AND MEDIUM-TERM STRATEGIC PRIORITIES

STRATEGIC DEVELOPMENT PLAN FOR THE ENERGA GROUP

GRI 2-22 Energa Group's *Strategic Development Plan for 2021–2030*, in force since 2021, is in line with the *Multi-Annual Plan of Strategic Projects adopted at the end of April 2021*. Energa will allocate approximately **PLN 29.7 billion by 2030** to implement projects that respond to the needs and challenges arising from the ongoing energy transition, and will support the goals described for the energy segment in the *ORLEN Group 2030 Strategy*. It is planned that the implementation of the Strategic Development Plan's goals will translate into an increase of more than 60% in Energa's consolidated EBITDA in 2030 when compared to 2020.

One of the main factors that influenced the creation of the Strategic Development Plan is the *ORLEN Group 2030 Strategy*, adopted on 30 November 2020. According to the document, ORLEN Group is set to dynamically develop zero- and low-carbon generation assets over the coming years. Other factors taken into account in the development of the Strategic Development Plan by 2030 included new EU regulations (the so-called Green Deal), influencing, for example, the policies of large international financial institutions, as well as national regulations (*Energy Policy of Poland*) setting the framework and paths for energy transition in Poland. Market and social trends were also important, primarily the development of distributed energy, prosumer energy and clusters. This increases the level of complexity and, at the same time, the dynamics of the operation of distribution systems, which in turn necessitates greater automation of power grids and their adaptation to Smart Grid standards, in which Energa-Operator is also a national leader.

Energa Group's key areas and development plans by business line

DISTRIBUTION AREA PLN 17 billion

- upgrading and expansion of power lines;
- maintenance of adequate connection potential;
- improvement of network reliability indicators;
- adaptation of the functioning of the distribution system to the developing RES sector:
 - commercial,
 - micro-installations (up to 50 kW),
 - prosumer farms.

GENERATION AREA approx. PLN 12 billion

- construction of new renewable, gas and cogeneration sources;
- achievement of approx. 1.1 GWe of installed capacity in onshore RES;
- participation in offshore wind farm projects with a capacity of approximately 1.3 GWe;
- participation in the implementation of investments in gas systems (CCGT) with a capacity of approximately 1.3 GWe;
- continued investment in photovoltaic and wind assets.

SALES AREA

approx. PLN 0.5 billion

- further expansion of customer offers related to:
 - distributed energy,
 - improvement of energy efficiency;
- upgrade of assets in the lighting network;
- Demand Side Response (DSR) services to reduce power demand;
- synergies from combining business and individual customer bases;
- building an expanded, comprehensive offer of energy and fuel-related services.

Approximately PLN 17 billion will be spent by Energa on the development of the **distribution area**, which will include the continued upgrade and expansion of power lines. This will serve to maintain an adequate connection potential and further systematically improve network reliability indicators. The objective is also to adapt the operation of the distribution system to the developing RES sector – both the large, commercial sector, as well as micro-installations (up to 50 kW) and prosumer households.

The key investment directions of Energa-Operator are:

- further connection of new recipients and new sources, including RES, and related construction of new networks,
- expansion and redevelopment of the network to ensure that it is able to handle the increased demand for power, in particular with regard to the HV network,
- reconstruction or upgrade of the distribution network at all voltage levels for the purpose of improving recipients' power supply continuity (SAIDI/SAIFI) and meeting the required quality parameters of electricity supply and reduction of network losses,
- adaptation of Energa-Operator's network to the requirements set out in *Committee Regulation (EU) 2017/2196* of 24 November 2017, which established the *Network Code on electricity emergency and restoration* – the so-called NCER (*network code on electricity emergency and restoration*),
- construction of electric vehicle charging stations by Energa-Operator,
- implementation of a sales support system of a billing nature with CRM elements,
- adaptation of IT systems to the Central Energy Market Information System (CSIRE), which will be implemented by the TSO.

In the **area of generation**, capital expenditure will reach nearly PLN 12 billion, which will be allocated to the construction of new renewable, gas and cogeneration sources. Within the framework of the Strategic Development Plan, Energa plans to achieve approximately 1.1 GWe of installed capacity in onshore RES, to participate in offshore wind farm projects with a capacity of approximately 1.3 GWe and to participate in the implementation of investments in gas-fired systems (CCGT) with a capacity of approximately 1.3 GWe. Investment in photovoltaic and wind assets already implemented by Energa Wytwarzanie is also part of the achievement of the objectives set in this area.

The key investment directions will concern activities related to the implementation of new RES generation capacities:

- construction and commissioning of the PV Wielbark solar farm with a total capacity of 62 MW,
- construction and commissioning of the PV Gryf solar farm with a capacity of 19.8 MW,
- construction and commissioning of five PV projects with a capacity of approximately 4.2 MW,
- operation of a newly built prototype hybrid energy storage facility at the Bystra Wind Farm, implemented as part of an international partnership with a Japanese partner. Bearing in mind the realities of the energy market, further plans were also developed for the operation of a warehouse through its participation in the Capacity Market, which will provide an additional source of revenue from the services provided,
- continuation of work on the Offshore Wind Farms project, including, first of all, competences of the service centre of Offshore Wind Farms and research and development projects in this area. Together and under the supervision of PKN ORLEN, some requests were submitted for the issuance of permits for the construction and use of artificial islands, structures and devices together with the necessary associated infrastructure,
- as part of R&D work, the company will continue work on a floating solar farm, i.e. preparations for the implementation of a 0.5 MW solar farm located on a water reservoir at the Łapino Hydroelectric Power Plant.

In the **area of sales** approximately PLN 0.5 billion will be earmarked, for example, for further extending the offer for customers interested in distributed energy or improving energy efficiency, upgrading assets in the lighting network, or becoming a leader in DSR (Demand Side Response) services. Synergies resulting from combining the business and individual customer bases of both capital groups – Energa and ORLEN – will also be implemented. Ultimately, this will allow for an increase in financial indicators by, for example, building an extended, comprehensive offer of energy and fuel-related services.

| Key goals of the Energa Group Strategic Development Plan | | | |
|--|-----------------|--------------------------|---------------|
| | Unit of measure | Value at the end of 2022 | Goal for 2030 |
| Installed capacity in RES | GWe | 0,5 | ~2,4 |
| Of which offshore wind | GWe | 0 | ~1,3 |
| CCGT gas-fired power plants | GWe | 0 | More than 1.3 |
| CO ₂ emissions | % | +23% | -33% |
| AMI meters | % | ~30% | ~100% |

It is planned that achieving the Strategic Development Plan's goals will translate into an increase in consolidated EBITDA (operating profit plus amortisation and write-downs on non-financial fixed assets) in 2030 by more than 60% when compared to 2020.

MULTI-ANNUAL PLAN OF STRATEGIC PROJECTS

The Strategic Development Plan forecast document that reflects the current investment assumptions in the Energa Group is the *Multi-Annual Plan of Strategic Projects for 2021–2030*. It was approved by Energa SA's Supervisory Board on 27 April 2021. According to the Multi-Annual Plan of Strategic Projects, the total expenditure on Energa Group's core and ancillary investments planned for 2021–2030 is approximately PLN 29.7 billion.

CCGT Ostrołęka CCGT Grudziądz CCGT Gdańsk

Project category: Asset-based investments

Duration:

CCGT Ostrołęka – 2020-2026

CCGT Grudziądz – 2018-2025

CCGT Gdańsk – 2022-2027

Completion level:

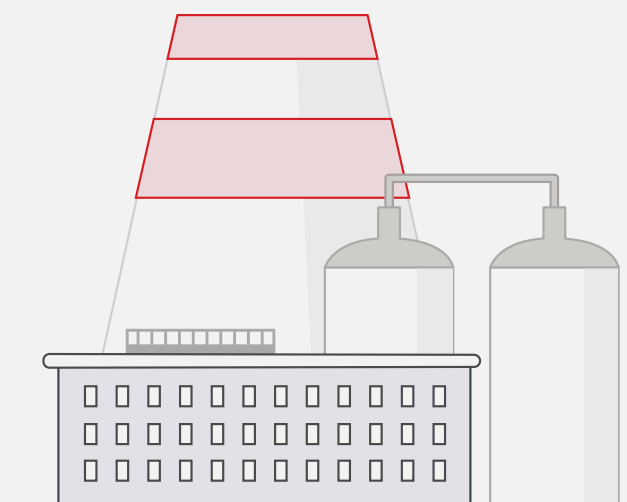
CCGT Ostrołęka – 5%

CCGT Grudziądz – 7%

CCGT Gdańsk – 1%

Implementing company: CCGT Ostrołęka, CCGT Grudziądz, CCGT Gdańsk

Main beneficiaries: Energa Group, climate, customers



Goal

- CCGT Ostrołęka: construction of a 745 MW combined cycle power plant (CCGT) in the Ostrołęka location
- CCGT Grudziądz: construction of a combined cycle unit in Grudziądz with a capacity of approx. 500 MW
- CCGT Gdańsk: construction of a 456 MW combined cycle power plant (as part of the Capacity Market 2023)

Expected effect

The unit is to be powered by high-methane natural gas. Decarbonisation of emissions, decarbonisation of the production process, increase in production efficiency.

Implementation of the ORLEN Group 2030 Strategy and the Energa Group Multi-Annual Plan of Strategic Projects for 2021–2030.

Impact



Key information

- CCGT Ostrołęka: project implemented as a 'brown field' – Required completion of demolition of remaining elements after construction of coal-fired power plant.
- Participation in the Capacity Market auction – with the fulfilment of additional conditions set out in the Capacity Market Amendment Act, allows for a no-cost termination of the capacity agreement for the coal project.
- As a result of the main capacity market auction for 2026, CCGT Ostrołęka Sp. z o.o. and Grudziądz Sp. z o.o. concluded a capacity agreement (695.951 MW) for a period of 17 years.

CCGT Grudziądz: in June 2022, Energa handed over the construction site to the general contractor, a consortium of Siemens companies and Mytilineos.

CCGT Gdańsk: in September 2022, Energa entered into an agreement with PKN ORLEN on the financing of the construction of a combined cycle power plant in Gdańsk, the selection of a general contractor and a supplier of maintenance services for the CCGT Gdańsk unit with a capacity of up to 456 MWe.

GRI 203-1 **Key investment projects and their impact on the economy, climate and people**

Smart Grid

Project category: IT

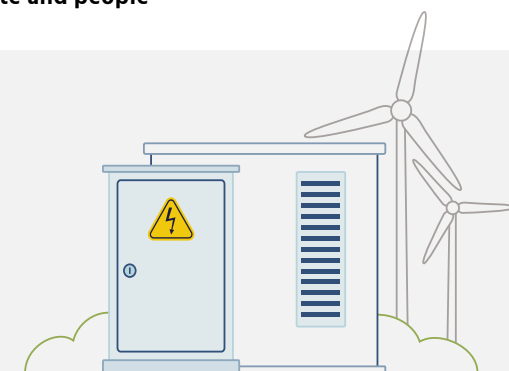
Duration: 2017-2023

Planned budget: PLN 254 billion

Completion level: 85%

Implementing company: Energa-Operator

Main beneficiaries: customers



Goal

To ensure the stability and flexibility of the distribution system through the implementation of Smart Grid solutions. The project indirectly affects:

- improving the quality of electric energy supply,
- improving the quality of recipient service,
- cost efficiency of the electricity network.

Expected effect

Reduction of electric energy losses through the functionality of the Smart Grid, provision of technical conditions for the implementation of new connections, including the possibility of connecting RES, and an increase in energy security, quality and continuity of power supply to recipients.

Key information

In September 2022, Energa-Operator SA (EOP) commissioned an energy storage facility in Czernikowo. Czernikowo (Kuyavian-Pomeranian Voivodeship) is another location where EOP will test the interoperability of the energy storage facility with the distribution network to stabilise its operation.

Impact



Legend: Energy efficiency and reduction of raw material consumption, Transition towards RES, Emission reduction, Impact on economic development, Quality of customer service, Mitigation and adaptation to climate change consequences

* The base year is 2019, with a value of 468 kg CO₂e/MWh. In 2022, the rate is 574 kg CO₂e/MWh.

RES development programme

Project category: Asset-based investments
Duration: 2021-2030
Completion level: 25 per cent.
Implementing company: Energa Green Development
Main beneficiaries: climate, customers, Energa Group

Goal

The goal of the project is to group together the investment projects implemented by Energa Green Development in the area of RES.

Impact



Expected effect

Better coordination and control of projects implemented by the company. Increase in power generated from RES. (Construction of PV systems). In 2022, the programme included 25 projects.



Key information

Most projects are in the phase of planning and obtaining permits. The number of projects is variable, with new projects constantly being added to the programme.

PV Mitra project

The purpose of the project is the preparation, construction and commissioning of a photovoltaic system consisting of a set of photovoltaic power plants with a total installed capacity of approximately 65 MW, twenty three 30/0.8kV power stations, a 110 kV HV power connection with a fibre-optic route, a 110/30 kV GPO station, MV 30 kV cable lines and telecommunication lines, grounding and an internal road system with full associated infrastructure. In December 2021 a planning permission decision was issued for an investment with an installed capacity of up to 65 MW. Conditions of connection for the system have been obtained.

CHP programme

Project category: Asset-based investments
Duration: 2019-2025
Planned budget: PLN 465 billion
Completion level: 70%
Implementing company: Energa Kogeneracja, Energa Ciepło Kaliskie
Main beneficiaries: customers

Goal

Construction of a heat source based on cogeneration entities to supply the district heating system in Elbląg, Kalisz, Ostrołęka.

Impact



Expected effect

Decarbonisation (replacement of coal assets with gas assets) and increased efficiency of the energy and heat production process.

Key information

Brown field project in: Elbląg, Kalisz

- **CHP Elbląg:**
KRS 3x38 project – construction of a 3x38 MWt reserve-peak boiler plant was completed. The facility was commissioned on 20 April 2022.
3xSG10 project execution readiness – planned completion of the investment after schedule update – September 2025.
- **CHP Kalisz:**
2xSG10 + KRS + SUW project – construction of two gas engines with a capacity of approximately 10 MW each and a standby oil and gas boiler plant with two boilers with a capacity of approximately 20 MW each at the CHP Kalisz site. The investment is under construction.
- **CHP Ostrołęka:**
Construction of a new heat source based on gas cogeneration units (engines) to supply the district heating system of the city of Ostrołęka after 2025. Preparation of assumptions for a new heat source (CHP Ostrołęka) was carried out in 2022. Work is underway to prepare documentation for obtaining administrative decisions and for the tender procedure for the selection of a general contractor for the investment.

PV projects of Energa Wytwarzanie

Project category: Asset-based investments
Duration: 2019-2023
Completion level: 75%
Implementing company: Energa Wytwarzanie
Main beneficiaries: Energa Group, customers

Goal

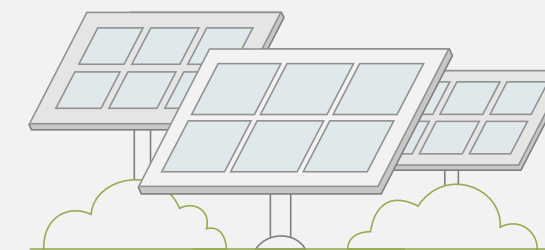
Construction of photovoltaic systems by Energa Wytwarzanie (PV Samolubie 2, PV Czernikowo+, PV Przykona, PV Pierzchały, PV Gryf 1, PV Gryf 2, PV Kolincz, PV Wielbark).

Impact



Expected effect

Construction of new generation capacities for the purpose of increasing the generation portfolio and contributing to the ORLEN Group achieving carbon neutrality by 2050.

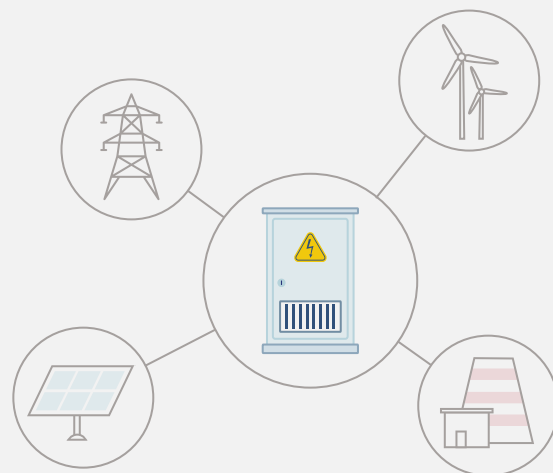


Key information

- **PV Gryf 1 and PV Gryf 2 project**
The goal of the project is to build a solar farm with a capacity of approximately 26 MW. According to the RES auction results announced in December 2020, Energa Wytwarzanie won the ordinary auction for the system. The farm is being built in the Przykona municipality, on land reclaimed from the Adamów opencast lignite mine. On 30 June 2022, the final commissioning of PV Gryf (approx. 20 MW) was carried out and work began on the expansion of the farm by an additional approx. 5.25 MW (PV Gryf 2). On 29 July 2022, the company issued an NTP (work commencement order).
- **5xPV project**
The goal of the project is to build five solar farms (PV Czernikowo+, PV Samolubie 1, PV Samolubie 2, PV Przykona, PV Pierzchały) with a capacity of up to 1MW each, together with an extension of power. Two solar farms are expected to be completed in 2022, with a further three in the first half of 2023. The development of the new capacities will increase the share ratio of renewable sources in the total electric energy production of all Energa Group assets.
- **PV Wielbark project**
Systems with a total capacity of approximately 12 MW have been taken over so far. The final stage of panel installation has been completed, the systems are planned to be commissioned at the beginning of 2023. The farm will consist of approximately 150,000 panels with a total capacity of 62 MW.

Expansion of energy efficiency services with energy storage components

Project category: Corporate
Duration: 2022-2023
Planned budget: PLN 450,000
Completion level: 16%
Implementing company: Energa-Obrót
Main beneficiaries: business customers



Goal

Sales readiness of the company in the business market in the area of energy storage.

Impact



Expected effect

Expansion of the energy efficiency product portfolio aimed at business customers to include energy storage services.

Key information

The importance of energy storage facilities is increasing as the energy autonomy of energy system users increases. In addition, rising prices for energy carriers and fuels are strongly encouraging the use of energy storage facilities, in conjunction with RES, in an increasingly wide range of areas: from residential, prosumer and business systems to energy grids.

Launching the sale of electromobility products and services to B2B and B2C customers under the Proof of Concept formula

Project category: Corporate
Duration: 2022-2023
Planned budget: PLN 844,000
Completion level: 95%
Implementing company: Energa-Obrót
Main beneficiaries: B2B and B2C customers from 2023

Goal

Launch of Proof of Concept sales of charging stations through the achievement of intermediate purposes: verification of business assumptions, sales at the assumed level and a directional decision on target sales of electromobility products and services.

Impact



Expected effect

The sale of the charging stations is part of ORLEN CG's strategy and fulfils the tasks resulting from the integration programme between Energa Group and PKN ORLEN.

The launch of sales of the charging stations is a response to the ever-growing needs of the electromobility market.

Key information

In 2021, the number of registered electrically-powered cars will reach nearly 40,000, and in 2022 – 61,570 (according to the Polish Alternative Fuels Association). The number of vehicle charging stations in Poland in 2021 was 1,932 and in 2022 there were already 2,565.



COOPERATION BETWEEN SCIENCE AND BUSINESS IN THE FIELD OF GREEN TRANSITION

IMPORTANT SUBJECT:

COOPERATION BETWEEN SCIENCE AND BUSINESS

GRI 3-3 In 2022, Energa Group companies focused primarily on initiatives and projects defined by the *ORLEN Group's Strategic Research Agenda* of 7 December 2021, which has the character of a signpost and defines the directions of research, development and innovation.

In the area of research, development and innovation (R&D&I), in 2022, Energa Group companies implemented 20 projects with an executed budget of **approximately PLN 3.9 million net**.

The M. Faraday Research and Development Centre has been operating within the structures of the Energa Group since 2017 (CBRF), which was established for the purpose of carrying out R&D&I projects and orders in the field of energy, in particular those commissioned by Energa Group companies. The Centre is also responsible for supporting Energa Group companies in R&D activities, including by monitoring available technologies and aid programmes for the energy area.

For the purposes of performing its tasks, the CBRF engages scientists from leading scientific and research centres in the country, including the Gdańsk University of Technology and the Institute of Fluid-Flow Machinery of the Polish Academy of Sciences, as well as experienced employees of Energa Group companies.

The Energa Group attaches great importance to cooperation with scientific centres. Business offers scientists information about market needs and access to funding sources. Cooperation between business and science can benefit both parties. In the Energa Group, it is the Faraday Research and Development Centre in Gdańsk that brings these two worlds together. One of the objectives of the CBRF, which is located in one of the most modern energy labs in Poland, is to explain the business needs of the energy industry to science and vice versa.

This very important function would not be possible if it were not for close cooperation with many scientific entities from the technical, economic, but also humanities fields. As part of its work, the Faraday Research and Development Centre makes use

of the extensive scientific facilities of Poland's leading universities and institutes. It cooperates very closely with scientists from the University of Gdańsk and Gdańsk University of Technology, with whom the assumptions for the Polish offshore programme were prepared – as part of the application to the Gospostrateg contest.

Together with scientists from the University of Warmia and Mazury, the Faraday Research and Development Centre prepared a concept for agriculture, which implements state-of-the-art solutions from the frontier of photovoltaics, energy storage, water management and the use of light to protect crops from pests.

Currently, in partnership with the scientific community in the field of green transition, the RSOC project is being implemented in cooperation with the Institute of Fluid-Flow Machinery and the Institute of Energy of the Faraday Research and Development Centre, and is expected to be completed in 2023. It concerns the creation of a bi-directional solid-oxide electrolyser. Located on the premises of Energa Kogeneracja in Elbląg, this project is a unique solution on a European scale. It enables the production of hydrogen or its conversion into energy, which helps stabilise the operation of facilities such as CHP plants. The prototype system produces hydrogen as well as electric energy, increasing the flexibility of power plant operation and the use of renewable energy sources in the Energa Group. If the project meets all the assumptions made by the researchers, systems of this type will appear in further facilities. The system could be a key element of energy storage systems, affecting the efficiency of renewable energy sources, as well as increasing the flexibility of power plant operation.

In partnership with the Gdańsk University of Technology, the Faraday Research and Development Centre implemented and is implementing a number of projects for Energa Group companies. These include various orders and analyses that help in the ongoing operation of the power industry. The key projects here are those that help reduce the operating costs of energy systems or introduce new, innovative solutions for the benefit of individual and business recipients.

Legend: Energy efficiency and reduction of raw material consumption, Transition towards RES, Emission reduction, Impact on economic development, Quality of customer service, Mitigation and adaptation to climate change consequences

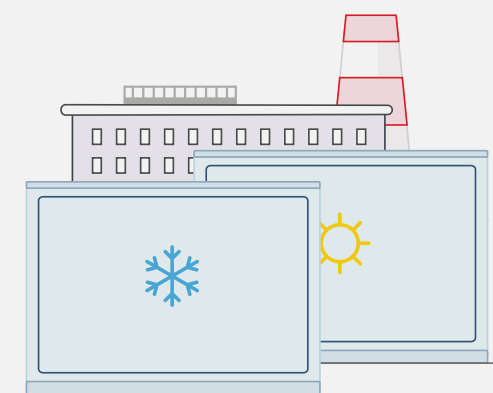
In the rapidly changing environment of the energy industry, the bridge between business and science provided by the Faraday Research and Development Centre not only helps to efficiently acquire knowledge from the world of universities and colleges, but above all allows the enormous potential of Polish scientists to be used for the benefit of society as a whole.

To sum up, cooperation between science and business is important because it contributes to faster technological progress, increased competitiveness on the market, reduced research and development costs, increased awareness and education, as well as to environmental protection and sustainable development. It is worth striving for increasingly intensive cooperation between these circles so that both sides can contribute to energy development and innovation.

Ongoing R&D&I projects

Innovative phase-change heat and cold storage in a modern district heating system

Project category: B+R
Duration: 2017-2023
Planned budget of the company with funding: over PLN 1.3 million
Completion level: 40%
Implementing company: Energa Ciepło Ostrołęka Sp. z o.o.
Main beneficiaries: Energa Ciepło Ostrołęka Sp. z o.o.
Funding: National Centre for Research and Development



Goal
 Creation of innovative phase-change heat and cold storages dedicated to working together with a district heating system or heat from renewable sources.

Key information
 There are more than 440 district heating systems in Poland (Euroheat and Power, May 2017) and the installed thermal capacity is 54.3 GW (according to the ERO – *Energetyka ciepłna w liczbach [i.e. Thermal Power in Figures], 2016*).

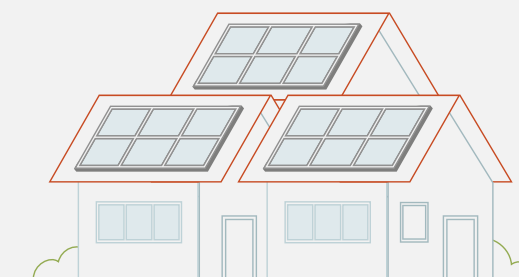


In Poland, 53% of citizens use district heating (Top District Heating Countries – Euroheat & Power 2015 Survey Analysis). In district heating systems, about 8% of the installed capacity is made up of gas sources, which in percentage terms have the largest share in the area of boilers up to 5 MW, where they account for 37% of boilers (according to Warsaw Climate and Energy Talks). This significant area of district heating sources represents the primary market in which the created systems can be applied. On the domestic market, the technology will be used by Energa Ciepło Ostrołęka Sp. z o.o.

Expected effect
 Increased utilisation of waste heat in the heat source and impact on more efficient operation of the district heating system during the summer period.

OneNet

Project category: B+R
Duration: 2019-2023
Planned budget of the company with funding: over PLN 1.6 million
Completion level: 73%
Implementing company: Energa-Operator SA within a European consortium
Main beneficiaries: new and existing customers
Funding: Horizon 2020 programme



Goal
 Creation of mechanisms and business models for new network services to increase the flexibility of the HV, MV and LV transmission and distribution network.

- Key information**
- Encouraging the development of a flexibility market by defining appropriate market mechanisms to optimise the procurement and activation of new flexibility services for network operation.
 - Gaining access to knowledge and experience from audits of flexibility solutions.



Expected effect
 Optimisation of investments enabling the provision of high quality electric energy supply and the development of distributed energy.

SERENE

Project category: B+R
Duration: 2019-2025 r
Planned budget of the company with funding: over PLN 1 million
Completion level: 38%
Implementing company: Energa-Operator SA within a European consortium
Main beneficiaries: energy communities
Funding: Horizon 2020 programme



Goal
 Creation of mechanisms and business models for new network services, increasing the flexibility of the medium- and low-voltage distribution network, application of technical solutions allowing active management of the low-voltage network with the use of AMI meters.

Acquisition of knowledge on the requirements and guidelines for the development and adaptation of EOP information systems for future cooperation with the energy community.

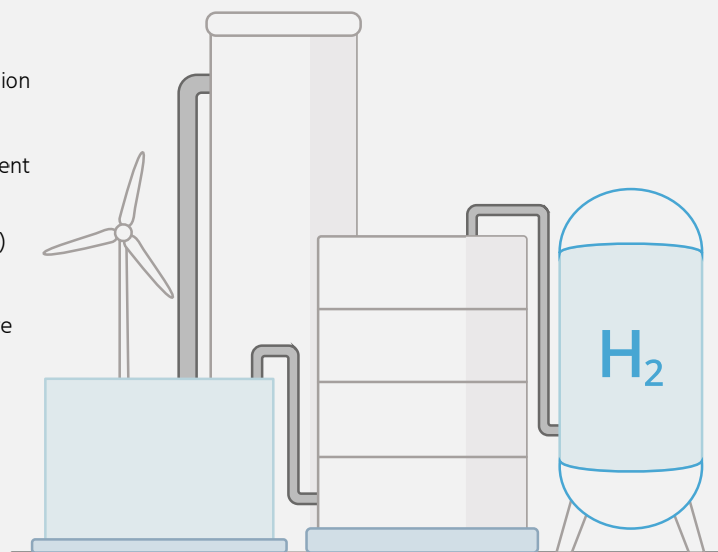


- Key information**
- Demonstrating cost-effective and customer-oriented solutions to more effectively integrate different energy carriers for the sustainable development of regional communities, taking into account the demand for energy from local renewable sources.
 - Focusing on the interaction between different energy sectors, which is a major challenge for the technical and economic operation of electricity grids.

Expected effect
 Acquisition of practical possibilities for the operation of a local energy community in Polish conditions and definition of the role of DSOs.

rSOC: modular system for reversible solid oxide cells

Project category: B+R
Duration: 2020-2023
Planned budget of the company with funding: over PLN 8 million
Completion level: 80%
Implementing company: The Faraday Research and Development Centre with the Institute of Fluid-Flow Machinery of the Polish Academy of Sciences and the Institute of Energy (subcontractor)
Main beneficiaries: GK ORLEN
Funding: from the 'Fast Track' programme of the National Centre for Research and Development



Goal

Research project on a bidirectional hydrogen production system, with the purpose of developing and constructing a system to produce hydrogen using technical steam – power-to-gas (P2G).

Impact



Expected effect

- Compilation and design of a power-to-gas (P2G) system,
- improving the operating flexibility of conventional coal-fired units,
- production of synthetic fuels using redundant electric energy from RES allows integration of the electricity system with the gas system,
- increasing the security of the energy system.

Key information

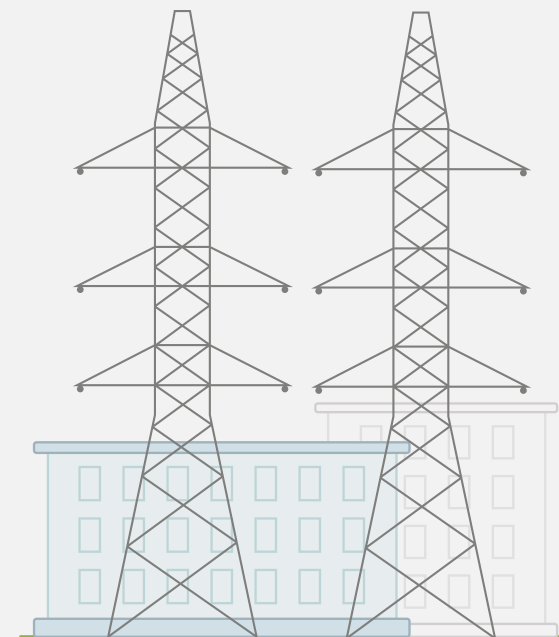
The project activities will verify a new technology for zero-emission hydrogen generation.

The rSOC cells provide improved flexibility of conventional coal-fired units, and the production of synthetic fuels using redundant electric energy from RES allows for the integration of the electricity system with the gas system, significantly increasing the security of the energy system.

The project will result in a reversible solid-oxide cell system, producing hydrogen and electric energy from steam, integrated into an industrial power plant. This means that the device will be able to be used in any power or thermal power plant for which the need arises.

Innovative special-purpose single and double pole structures for high-voltage lines, together with a communication system fed directly from the high-voltage line

Project category: B+R
Duration: 2020-2023
Planned budget of the company with funding: over PLN 1.8 million
Completion level: 65%
Implementing company: Energa Invest Sp. z o.o. in consortium with the Gdańsk University of Technology
Main beneficiaries: Energa Group and the external market
Funding: programme of the National Centre for Research and Development



Goal

Compilation of innovative special-purpose single- and double-track structures for high-voltage lines, together with a communication system fed directly from the high-voltage line.

Impact



Expected effect

- reducing in the area occupied by a 110 kV overhead line. Smaller technological strip – means a reduction in the occupied area directly under the pole,
- reducing the environmental impact by creating new pole forms which are lower in height and smaller in size than those used to date,
- minimising the time needed for the construction of new power lines – easier installation,
- reducing the weight of the pole (the lattice cross-bar together with the insulator chain is replaced by a new insulator cross-bar, which is lighter),
- minimising costs associated with the construction of new lines (less material-intensive – greater saving of resources),
- greater use of existing line process corridors, minimising planning procedures,
- eliminating the risk of a deflected, live cable coming close to the earthed part of the structure,
- reducing the risk of social conflicts in the situation of delimitation of new technological corridors connected with investments and running close to houses, farm buildings or entities' buildings,
- increasing the distance of the cable to the ground in the case of an existing line (alternative upgrade of an existing line),
- increasing the temperature limit of the line, so that more power can be transmitted over the existing line (alternative way to upgrade an existing line).

Key information

The project will develop and test two types of special purpose high-voltage poles:

- The first responds to the demand of the energy market in terms of safety, the use of effective communication systems and the reduction of the possibility of blackouts. The design being developed involves the possibility of installing antennas and a power system for communication systems on high-voltage line poles not yet used for the purpose and feeding these devices, directly from the 110 kV line, thanks to voltage transformers.
- Another solution being implemented as part of the project is the use of insulator cross-bars instead of the typical steel structure, which will reduce the area occupied by the 110 kV overhead line, shorten the construction time of new power lines, reduce the weight of the poles and reduce investment costs.



SUSTAINABLE DEVELOPMENT STRATEGY FOR 2021–2023 AT ENERGA GROUP

GRI 2-22 A watershed moment for sustainable development came in 2015. It was then that the *2030 Agenda* was adopted, setting out the 17 UN Sustainable Development Goals, and the *Paris Agreement*, which set the direction of the global economy for years to come and is therefore also of key importance for the Energa Group. Supporting the ESG goals takes place in accordance with the commitment included in the *ESG Code* adopted

by the Management Board of the Energa Group, while the other specific sustainability commitments are further detailed in the *Energa Group Sustainable Development Strategy for 2021–2023*. This document is consistent with the *Sustainable Development Strategy for 2021–2023 of the ORLEN Group*, and its purpose is to set strategic objectives in the area of sustainable development in the Energa Group for 2021–2023.

Pillars of the Sustainable Development Strategy and the designated strategic objectives



ENVIRONMENT

ORLEN Group for the climate

Leader of the energy transition in harmony with the climate and the environment

- Minimising negative impacts on the environment;
- Protecting biodiversity in the investment processes of *Strategy 2030*;
- Improving environmental performance;
- Creating an emission reduction pathway in Scope 3.

Sustainable raw material management

Strengthening market position through efficient use of raw materials

- Increasing the efficiency of raw material use
- Building a consistent corporate sustainability image for all Stakeholders..



SOCIETY

Sustainable supply chain

Using market positioning to promote sustainability in the supply chain

- Building a culture of shared responsibility for sustainability in environmental, economic and social aspects;
- Improving the level of knowledge and competence of suppliers.

Social responsibility

Achieving coherence between business and social objectives

- Building social capacity and activity, equalising educational opportunities, promoting access to sport and culture;
- Supporting development, respecting employee rights, ensuring safe and hygienic working conditions;
- Building a culture of shared responsibility for sustainable development with respect to ESG.



CORPORATE GOVERNANCE

Environmental aspects in risk management

ORLEN a guarantor of growth for investors

- Taking advantage of opportunities arising from climate change before they become a threat to the Group's business models;
- Managing climate change risks;
- Obtaining financing for 'green' investments.

Integrating ESG into corporate systems

Creating long-term value for all stakeholders

- Effective sustainability management in ORLEN CG;
- Increasing transparency of information policy in line with stakeholder expectations.

At the same time, work is underway on the comprehensive content of the *Energa Group Climate Policy to 2030*, taking into account the latest expectations of domestic and international stakeholders in the area of climate disclosure reporting.

GRI 2-23 The provisions found in all the above-mentioned documents should be treated as the Energa Group's commitments to sustainable development. At the same time, it should be emphasised that this is not a closed catalogue. The list of documents may expand or the scope of each regulation listed may be expanded. As a rule, the commitments made regarding sustainable development apply to all business activities and relationships. If this is not the case, this information is included directly next to the information concerning the specific nature of the relationship and entity affected by the different type of regulation, e.g. the different supply chain regulations for Energa-Operator set out in the *Purchasing Instruction*. Exemptions from the application of accepted commitments as a rule do not apply. Responsibility for implementing the policies is assigned by resolution, each time indicating the person responsible for its implementation. This is usually the manager with responsibility over the area affected by the regulation.

ESG Code

In order to improve the Group's ESG performance, Energa is continuously expanding the spectrum of tools used for internal indicator analysis. In 2022, the *ESG Code* was introduced, which is a comprehensive document that streamlines the process of aggregating data of interest to national and international institutions. The *ESG Code* also includes an indication of standards and guidelines developed by international organisations and regulations that are used within the Energa Group to proactively manage the ESG area. These are:

- *Global Reporting Initiative (GRI)*;
- *Task Force in Climate-Related Financial Disclosures (TCFD)*;
- *Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards the disclosure of non-financial and diversity information by certain large entities and groups (Non-Financial Reporting Directive)*;
- *CDP (formerly Carbon Disclosure Project)*;
- *United Nations Global Compact (UN GC)*;
- *The 2030 Agenda for Sustainable Development*;
- *Rio Declaration on Environment and Development (UN)*;
- *Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 establishing a framework to facilitate sustainable investment, amending Regulation (EU) 2019/2088 – of the European Parliament and of the Council of the European Union.*

Communication of Sustainable Development Commitments

| Group of recipients | Type of communication |
|--|---|
| Employees | Employee intranet, mailing, corporate publication |
| Business partners | Documentation posted on the Connect purchasing platform available to registered business partners |
| Social stakeholders, co-organisers of social campaigns | Documentation provided to social stakeholders upon request, when completing a request for support |
| Customers | Websites dedicated to customers, corporate websites, dedicated information campaigns |

The ESG Code also contains a list of internal regulations based on which the ESG area is managed in the Energa Group. These are:

1. Sustainable Development Strategy For 2021–2023 At Energa Group;
2. The ORLEN Group Code of Ethics;
3. The Code of Ethics of Energa-Operator SA;
4. The Energa Group Health and Safety Policy;
5. The Policy for counteracting mobbing and discrimination in the Energa Group;
6. The Policy against Fraud and Conflict of Interest in the Energa Group;
7. The Risk Management Policy in the Energa Group;
8. The personal data security policy in the Energa Group;
9. The Investor Relations Information Policy in the Energa Group;
10. The ORLEN Group Employee Potential Management Policy;
11. The Energa Group Environmental and Energy Policy;
12. Rules for conducting the purchasing policy in the Energa Group;
13. The purchasing instruction in force in the Energa Group;
14. The Compliance Management Policy in the Energa Group;
15. The Age Management Policy in the Energa Group;
16. Rules for conducting lobbying activities in the Energa Group;
17. Rules for awarding the title of 'Distinguished Employee' in the Energa Group;
18. Rules for granting awards to employees of the Distribution business line;
19. Rules for the application of the organisational standard for the supervision of foundations in which PKN ORLEN or ORLEN Capital Group companies are founders;
20. The Energa Group's charity policy.



THE ROLE OF GOVERNING BODIES AND SUPERVISORY BODIES IN SUSTAINABILITY MANAGEMENT

GRI 2-12 GRI 2-13 GRI 2-14 GRI 2-17 GRI 2-18
GRI 2-22 GRI 2-23 GRI 2-24



Positioning of the role of the top management body in sustainability reporting

Non-financial data subject to disclosure is collected in the Energa Group companies using an IT system by employees responsible for the respective substantive areas. They are then forwarded for approval to those acting as ESG coordinators in the respective company. The Energa Group has fifteen ESG coordinators who check the data and verify that it is accompanied by source documents or perform other confirmation of its correctness. The collected data from the subsidiaries is forwarded to the coordinator at Energa, who verifies the data, aggregates it and submits it to the higher governing bodies for approval.

The company's Management Board is responsible for the reliability, correctness and clarity of the information contained in the report and for the accuracy of the documentation prepared. The Management Board reviews and approves the reported information, including relevant topics.

Management Board members continuously update their knowledge in the area of sustainability by attending conferences, training courses and industry events, both nationally and internationally. Each Management Board member receives a weekly newsletter dedicated to the most important developments in the ESG area in Poland.

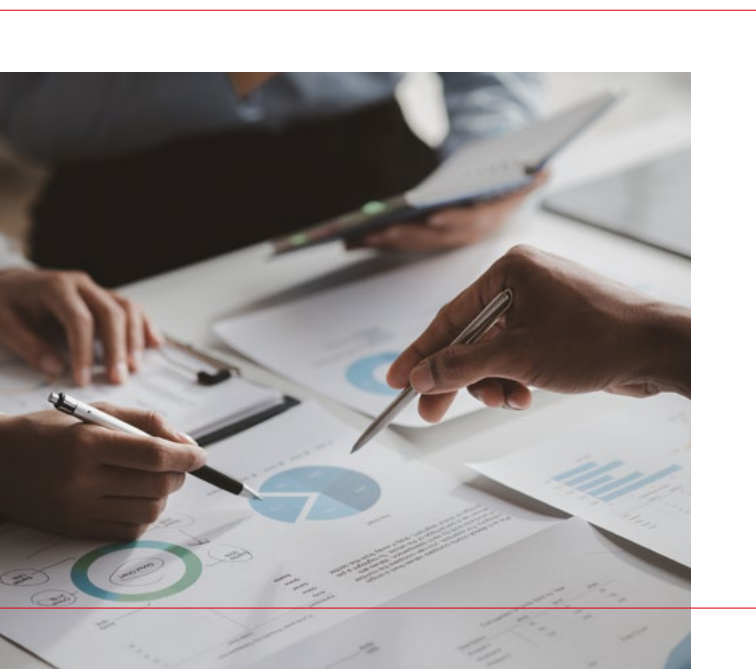
Examples of initiatives carried out in 2022 improving the collective knowledge of the Management Board in the area of sustainable development:

- internal training of the Management Boards of Energa Capital Group companies with respect to ESG and the procedure of requests to the companies' authorities; special attention was paid to ESG management, obligations under the latest European regulations and translation of requirements and standards into business strategies,
- conducted training on climate risks by an external advisor,
- training on the decarbonisation strategy conducted by PKN ORLEN.

The Management Board has delegated responsibility in the area of sustainability, including climate, assigning specific areas (including economic, environmental and social impact) to individual Management Board members. Management Board members receive updates on the status of the most important ESG activities during meetings, which are referred to the Director of the Corporate Management Department, to whom the ESG Department reports directly.

Role of the Supervisory Board in sustainability management

The Supervisory Board evaluates the Management Board’s report on activities of the company and on the activities of the group, which includes information on the implementation of the most important tasks in the area of social responsibility and the impact on non-financial issues. The obligation to carry out such an assessment is set out in the *Articles of Association of Energa SA*. The Supervisory Board submits a report on its assessment to the General Meeting, which all shareholders may attend. In addition, once a year, the Supervisory Board submits to the Ordinary General Meeting a concise assessment of the company’s situation, taking into account the company’s material risk management system. Two of the nine members meet the statutory criterion of independence. It is expected that the *Articles of Association* are to be updated in the near future, which will further oblige the Supervisory Board to assess the report on non-financial information..



National and international market and regulatory environment

One of the key factors influencing Energa’s operations is the regulatory environment – both domestic and international. The Energa Group complies with international human rights regulations applicable to Polish companies, including:

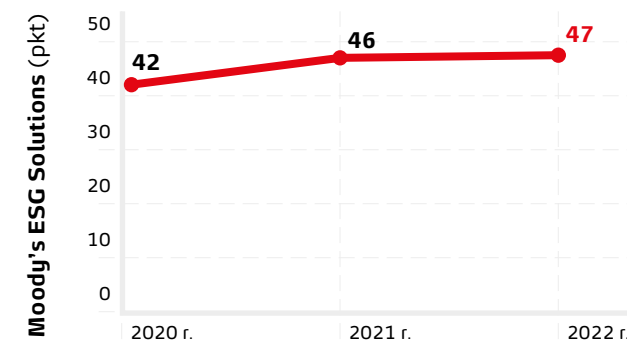
- *Universal Declaration of Human Rights;*
- *European Convention on Human Rights;*
- *EU Charter of Fundamental Rights;*
- *ILO Convention No. 29 concerning Forced or Compulsory Labour;*
- *ILO Convention No. 87 concerning Freedom of Association and Protection of the Right to Organise;*
- *ILO Convention No. 98 on the Application of the Rules of the Right to Organise and Collective Bargaining;*
- *ILO Convention No. 100 concerning Equal Remuneration of Men and Women Workers for Work of Equal Value;*
- *ILO Convention No. 103 on Maternity Protection;*
- *ILO Convention No. 105 concerning the Abolition of Forced Labour;*
- *ILO Convention No. 111 concerning Discrimination in Respect of Employment and Occupation;*
- *ILO Convention No. 182 concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour.*

ESG RATINGS AND USE OF SUSTAINABLE FINANCING

The Energa Group uses sustainable financing. A significant improvement or deterioration in the ESG rating affects the credit margin adjustment in a given year. Thus, ESG issues have a measurable impact on the Energa Group’s financial result.

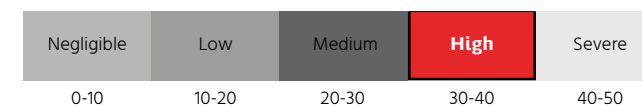
| Name of instrument | Value of financing | Date of granting | Mechanism of change in financing costs |
|--------------------|--------------------|------------------|--|
| ESG-linked loan | PLN 2,000,000,000 | September 2019 | Based on the ESG rating assigned by Moody’s ESG Solutions agency |
| ESG-linked loan | EUR 120,000,000 | July 2020 | Based on the ESG rating assigned by Moody’s ESG Solutions agency |

Energa currently actively participates in one ESG rating, which means that the rating is assigned through an analytical process actively sourcing information directly from the Energa SA team. This is Moody’s ESG Solutions, which assigned Energa 47 points in 2022.

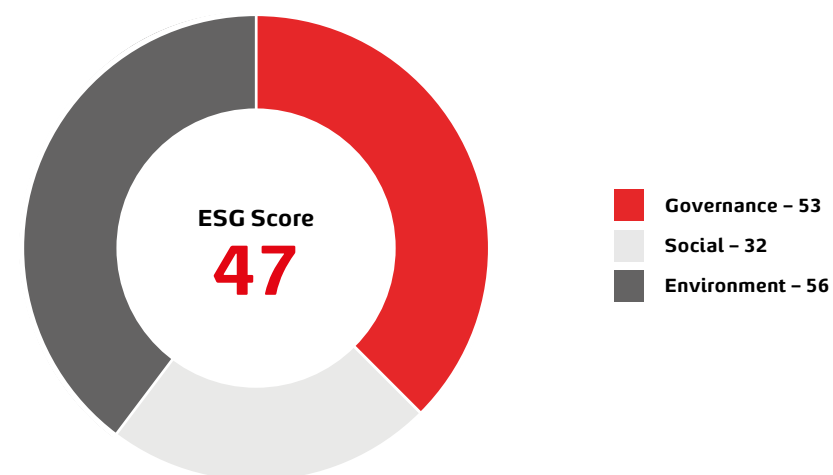


In 2022, Energa initiated measures to submit to the ESG goal assessment awarded by Sustainable Fitch. The assessment process, as with Moody’s, is a process involving active partnership and sourcing data directly from the Energa Group, including non-public documents. Other ESG ratings and ESG risk ratings are assigned without communication with Energa SA, based solely on publicly available information. These are, for example:

Sustainalytics (ESG risk rating) – 35.9

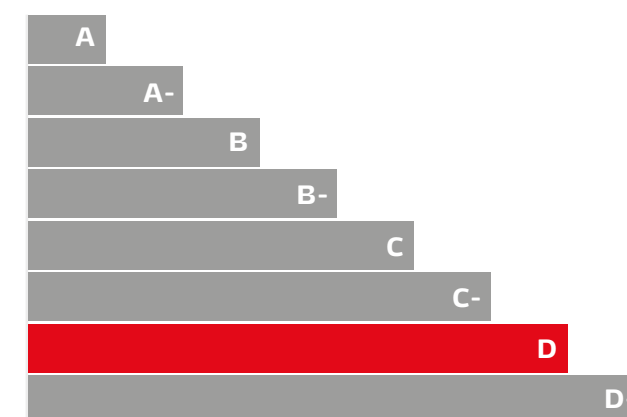


Refinitiv (ESG rating) – 47/100



It should be noted that the amount of publicly available information on Energa’s ESG ratings is significantly lower than for other Polish companies in the energy sector. This is due to the fact that, in many cases, the rules for rating agencies and other organisations to award ratings assume that only the leading company in a given capital group is rated. Therefore, information from the Energa Capital Group is a component of the rating awarded to the ORLEN Capital Group.

Energa actively shares information on its environmental and climate change activities with the CDP (formerly Carbon Disclosure Project) organisation. In 2022, we received a grade of D in this area, which is an improvement on the grade of D- received in 2021.





EU TAXONOMY

REGULATORY FRAMEWORK

Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 establishing a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (Regulation 2020/852) introduced the obligation to disclose in the consolidated statement on non-financial information how and to what extent an activity qualifies as environmentally sustainable.

The criteria for determining whether an economic activity is sustainable are established in the *Committee Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing technical eligibility criteria for determining the conditions under which an economic activity qualifies as making a significant contribution to climate change mitigation or adaptation, and whether that economic activity does not cause significant harm to any other environmental goal (Regulation 2021/2139), and in Delegated Commission Regulation (EU) 2022/1214 of 9 March 2022 amending Delegated Regulation (EU) 2021/2139 as regards economic activities in certain energy sectors and Delegated Regulation (EU) 2021/2178 as regards the public disclosure of specific information in relation to those economic activities (Regulation 2022/1214)*.*

The disclosure obligations are further specified in the *Committee Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by clarifying the content and presentation of the information on environmentally sustainable business activities to be disclosed*

*by companies subject to Article 19a or 29a of Directive 2013/34/EU and specifying the method for complying with this disclosure obligation (Regulation 2021/2178)**.*

CONSOLIDATED DISCLOSURES OF THE ENERGA GROUP

In this section, Energa, as a non-financial parent entity, presents the disclosures of the entire Group in accordance with the requirements of the Taxonomy. In the disclosures for 2021, the company was required to present the percentage of economic activities that qualify for the Taxonomy systematics. The disclosures for 2022 implement for the first time the obligation to present the extent to which the Energa Group's activities are environmentally sustainable, i.e. make a significant contribution to one or more of the environmental objectives indicated in Regulation 2020/852, do not cause harm to other environmental objectives, are carried out in accordance with the Minimum Guarantees and meet the requirements of the Technical Qualification Criteria. This obligation includes the indication of: the percentage of turnover derived from the sale of products or services related to the environmentally sustainable activities of the Energa Group (in line with the Taxonomy) and the percentage of capital expenditure (CapEx) and operating expenditure (OpEx) corresponding to assets or processes related to environmentally sustainable business activities (key performance indicators, KPIs).

* Regulations 2021/2139 and 2022/1214 are hereinafter collectively referred to as the 'Technical Qualification Criteria'.

** Regulation 2020/852, Regulation 2021/2139, Regulation 2022/1214 and Regulation 2021/2178 are hereinafter collectively referred to as the 'Taxonomy'.

The list of activities eligible for the Taxonomy is set to be expanded by the European Union. Technical qualification criteria are currently being developed for a further four environmental objectives, i.e. sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, protection and restoration of biodiversity and ecosystems. As a result of this work, it is possible that the scope of Energa Group's activities eligible for the Taxonomy will be increased by further activities.

Identification of activities eligible for the Taxonomy

In accordance with Regulation 2021/2178, an economic activity qualifies for the Taxonomy systematics regardless of whether it meets any or all of the Technical Qualification Criteria.

The Energa Group has qualified its activities based on the description of the activities contained in the Technical Qualification Criteria and, in a subsidiary manner, using the NACE codes contained therein.

The Energa Group's business activities that qualify for the Taxonomy are primarily related to the environmental objective relating to climate change mitigation. The activities listed in the statements at the end of this section of the report are either related to revenue-generating activities or those in which capital expenditures or operating expenses are incurred.

Activities that are not related to revenue, capital expenditure and operating expenses are not subject to disclosure requirements.

The indicator for the capital expenditure qualification has changed significantly from last year's disclosure. The increase in the indicator was influenced, for example, by the inclusion in the Taxonomy of new activities related to the production of electric energy from gaseous fossil fuels.

Determination of compliance of activities qualified for the Taxonomy

The process of determining the compliance of the Energa Group's activities with the Taxonomy consisted of analysing the fulfilment of the criteria for a significant contribution to climate change mitigation, and then, once the activities meeting the requirements for a significant contribution were identified, compliance with the criteria for not causing serious environmental harm (DNSH) were checked against the other environmental objectives. At the same

time, an analysis was carried out in the Energa Group to determine whether the Group meets the so-called Minimum Guarantees, i.e. whether it has procedures in place to ensure compliance with the *OECD Guidelines for Multinational Enterprises, the United Nations Guiding Principles on Business and Human Rights* (including the rules and rights laid down in the eight fundamental conventions set out in the *International Labour Organisation's Declaration on Fundamental Principles and Rights at Work*) and the rules and rights set out in the *International Bill of Human Rights*.

For some Taxonomy-eligible activities, such as newly constructed gas-fired power plants, it has not been possible at this stage of investment to document the compliance of these activities with the Technical Qualification Criteria, so these activities are presented as Taxonomy-eligible but not Taxonomy-compliant, which may change in the future.

Substantial contribution

The taxonomy establishes various criteria of material contribution for eligible activities. In performing its analysis, the Energa Group assessed compliance with the requirements established for each activity. The following explains how compliance with these criteria was assessed for each activity:

1. Within the scope of activity 4.1. Electric energy production using photovoltaic technology, 4.3. Electric energy production from wind energy, 4.10. Electric energy storage, 6.15. Infrastructure supporting low-carbon road transport and public transport, 7.6. Installation, maintenance and repair of renewable energy technology systems, Regulation 2021/2139 does not introduce requirements for significant contribution – the activities listed in these items are sufficient.

Hence, Energa Group activities such as:

- electric energy production using photovoltaic technology (4.1),
- electric energy production from wind energy (4.3),
- pumped storage power plant and energy storage facility in the form of lithium-ion and lead-acid batteries (4.10),
- charging infrastructure for electric cars (6.15),
- and installation of photovoltaic systems (7.6)

make an important contribution to climate change mitigation.

- The provisions of the Taxonomy regarding the compliance of activity 4.9 *Electric energy transmission and distribution* with the requirements of a significant contribution are not clearly formulated and require interpretation. Energa Group has interpreted the criteria for a significant contribution resulting from item 4.9 of Regulation 2021/2139 in the context of the requirements resulting from Article 3 and Article 10 of Regulation 2020/852, which state that a significant contribution to climate change mitigation is made by activities related to, for example, the distribution of energy from renewable sources. On this basis, the Energa Group has assumed that the portion of revenue, capital expenditure and operating expenses related to the distribution of electric energy from renewable sources is in line with the Taxonomy (information on the adopted allocation ratio is provided in the section on key performance indicators and accounting rules). In addition, for activities related to the distribution of electric energy, Regulation 2021/2139 indicates which elements of infrastructure can be considered compliant. Infrastructure directly related to renewable energy sources (i.e. grid connections and extensions), electric energy infrastructure for the electrification of transport, metering infrastructure and the system of transformers used in transmission and distribution networks meet the requirements for a material contribution and the aforementioned parts of the infrastructure are included in the key performance indicators for activity 4.9. Given that some companies in the energy sector have presented all electric energy distribution activities in their disclosures as compliant with the Taxonomy, it would be expected that the European Committee would issue an interpretation in this regard to ensure comparability of disclosures in the sector. The interpretation issued may affect the scope of future disclosures.
- Within the scope of activity 4.15. Distribution in district heating/cooling systems, Regulation 2021/2139 introduces several alternative criteria. Some of the heat distribution activities carried out in the Energa Group comply with the efficient district heating system criterion and meet the requirements for a significant contribution.

Compliance with the no significant damage (DNSH) criteria

The DNSH criteria are intended to ensure that business activities do not cause serious harm to other environmental objectives. The combination of the material contribution and DNSH criteria is intended to ensure consistency between the objectives of the Taxonomy and to avoid that one environmental objective is pursued at the expense of another.

The DNSH criteria for actions contributing to climate change mitigation include specific requirements for climate change adaptation, sustainable use and protection of water and marine resources, circular economy, pollution prevention and control, and protection

and restoration of biodiversity and ecosystems. The individual DNSH criteria vary from activity to activity (apart from the DNSH for climate change adaptation, where the assessment approach is the same for all activities in principle).

The Energa Group analysed the DNSH criteria related to all economic activities meeting the criteria for significant contribution. This analysis took into account, for example, an assessment of the locations where the economic activity is carried out, the specifics of the economic activity in question and the DNSH criteria applicable to it. Hence, some activities meeting the criteria for significant contribution, e.g. hydroelectric power plants commissioned decades ago, due to the impossibility of confirming compliance with the DNSH requirements, were not considered compliant with the Taxonomy.

Compliance with minimum guarantees

The assessment of Energa Group's compliance with the Minimum Guarantees was performed taking into account the recommendations of the *Final Report on Minimum Safeguards* prepared by the European Commission's advisory body, the Platform On Sustainable Finance (Platform). The assessment took into account the procedures and processes used by the Energa Group. The assessment was carried out in relation to four areas, namely human rights, corruption and bribery, fair competition and taxation.

The application of standards of responsible conduct is embedded in the culture of the Energa Group. These standards are reflected in a number of internal procedures and processes. The Group's basic policies in this area are documents such as the *PKN ORLEN Group Code of Ethics* and the *Code of Conduct for Suppliers*. Energa Group's activities in the area of due diligence are continuously developed.

In its recommendation as to the assessment of compliance with the Minimum Guarantees, the Platform raises issues of identified violations in specific areas. During the period covered by the assessment, no final decisions were issued against Group companies in relation to the above issues and no reports were found in the registers of the OECD National Contact Point and the Business and Human Rights Resource Centre (BHRRC).



For more information on specific areas related to the Minimum Guarantees, see *Responsible Employer*.



KEY PERFORMANCE INDICATORS AND ACCOUNTING RULES

Key performance indicators have been calculated in accordance with the guidelines in Regulation 2021/2178.

For the purpose of calculating the proportions of turnover, capital expenditure and environmentally sustainable operating expenditure, the same accounting rules were applied as for the preparation of the consolidated annual financial statements of the Energa Group. The calculation of the ratios for the Group took into account the relevant consolidation exclusions applied in the preparation of the financial statements. Intra-group sales and turnover resulting from own consumption were excluded from the presentation of key indicators. It should be noted that no part of revenue, CapEx and OpEx, has been double counted. In the case of the electricity distribution business (activity 4.9), the ratio of energy fed into the grid and distributed from renewable sources was determined based on the energy balance. Taking this ratio into account, it was determined what proportion of revenue, capital expenditure and operating expenditure relates to compliant activities. The key performance indicators for activity 4.9 also take into account the infrastructure elements indicated in item 4.9 of Regulation 2021/2139.

Turnover KPI

The key performance indicator related to turnover was determined by dividing the net revenue from the sale of products or provision of services related to the Energa Group's business activities consistent with the Taxonomy system by the consolidated revenue of the Energa Group. The parent company of the Energa Group supervised the process of preparing the key indicators, verifying the financial data related to environmentally sustainable activities so there was no double allocation of any value to the key indicators.

The basis for the calculation of the turnover-related key indicator was the Energa Group's consolidated revenues for 2022, as disclosed in the Energa Group's consolidated financial statements, in the consolidated statement of profit or loss and in Note 10 Business lines (business segments).

The turnover-related KPI was calculated based on financial data on sales of environmentally sustainable products and services to external recipients.

The Company does not present a breakdown of the turnover KPI numerator between leasing revenue and other revenue due to the fact that 100% of the sales revenue in the Energa Group comes from revenue from agreements with customers.

KPI CapEx

The key indicator related to capital expenditure was determined by dividing the total capital expenditure related to environmentally sustainable activities by the total capital expenditure of the Energa Group.

With regard to capital expenditures, the basis for calculating the key indicator was the Energa Group's capital expenditures comprising the purchase of property, plant and equipment, intangible assets, investment real property and right-of-use assets with capitalisation of borrowing costs included in the consolidated financial statements in Note 13 Property, plant and equipment, Note 14 Intangible assets and Note 15 Right-of-use assets

In the CapEx denominator, the Energa Group does not include property rights received free of charge, which are presented in the consolidated financial statements in Note 14 Intangible assets..

The CapEx KPI takes into account capital expenditures that are part of a plan (CapEx Plan) with the purpose of expanding systematically compliant business or enabling systematically eligible business to comply with the taxonomy.

Details of the capital expenditures that are part of the KPI CapEx counter, including the capital expenditures that are part of the CapEx Plan, are shown in the table below.

Quantitative breakdown of the capital expenditures at the aggregate business level into the categories occurring in the Energa Group and defined by Regulation 2021/2178

| Compliant activities (No.) | Additions to fixed assets (in PLN million)* | Total CapEx for compliant activities (in PLN million)** | Including additions from mergers (in PLN million) | Including those included in CapEx plan (in PLN million) | Total capital expenditure under CapEx plan (in PLN million) | Planned compliance date for investment projects undertaken in activities included in the CapEx Plan |
|----------------------------|---|---|---|---|---|---|
| 4.1 | 50,09 | 50,09 | 0,00 | 33,00 | 279,09 | 2023 |
| 4.3 | 6,51 | 6,51 | 0,00 | nd. | nd. | nd. |
| 4.9 | 263,10 | 785,72 | 0,00 | nd. | nd. | nd. |
| 4.10 | 2,79 | 2,79 | 0,00 | nd. | nd. | nd. |
| 4.15 | 2,77 | 2,77 | 0,00 | nd. | nd. | nd. |
| 6.15 | 0,27 | 0,27 | 0,00 | 0,00 | 18,79 | 2024 |
| 7.6 | 0,04 | 0,04 | 0,00 | 0,00 | nd. | nd. |
| Total | 325,57 | 849,18 | 0,00 | 33,00 | 297,88 | |

KPI OpEx

The key indicator related to operating expenditure was determined by dividing the sum of operating expenditure related to activities consistent with the Taxonomy system by total expenditure.

With regard to operating expenses, the basis for calculating the key indicator was the Energa Group’s operating expenses including direct non-capitalised costs relating to research and development, building refurbishment activities, short-term leasing, maintenance and repairs and any other direct expenses related to the day-to-day operation of property, plant and equipment. In determining the direct expenses related to the day-to-day operation of property, plant and equipment, maintenance costs were taken into account, in particular the cost of maintenance and repair of machinery, maintenance materials, IT costs dedicated to maintenance, and servicing. The OpEx value includes the cost of maintenance and repair services also provided within the Energa Group.

Detailed information on the operating expenses that are part of the OpEx KPI counter is presented in the table.

Quantitative breakdown of list of operating expenses

| Operating expenses | Costs (in PLN million) |
|--|------------------------|
| Research and development costs | 0,00 |
| Building renovation activities | 0,02 |
| Uncapitalised leases | 0,74 |
| Maintenance and repair costs | 91,55 |
| Total OpEx for compliant activities | 92,35 |

* Includes fixed assets under construction.

** No quantitative breakdown of capital expenditure associated with the part of the CapEx for activity 4.9 for which the allocation key has been applied.



The presentation of the following tables fulfils the obligation to present key performance indicators and takes into account that required by Regulation 2021/2178 and Regulation 2022/1214.

Percentage of turnover from products or services related to business activities in line with the taxonomy

| Economic activity (1) | Code or codes (2) | Turnover (absolute value) (3) PLN million | Share of turnover (4) % | Criteria for significant contribution | | | | | | Criteria for the 'do no serious harm' rule | | | | | | Minimum Guarantees (17) Y/N | Percentage share of turnover compliant with the taxonomy, Year N (18) % | Percentage of turnover that is consistent with the taxonomy, Year N-1 (19) % | Category (supporting activity) (20) E | Category (Transition activity) (21) Y |
|---|-------------------|---|-------------------------|---------------------------------------|---------------------------------|----------------------------------|------------------------|-----------------|------------------------------------|--|------------------------------------|-------------------------------------|---------------------------|--------------------|--------------------------------------|-----------------------------|---|--|---------------------------------------|---------------------------------------|
| | | | | Climate change mitigation (5) % | Climate change adaptation (6) % | Water and marine resources (7) % | Circular economy (8) % | Pollution (9) % | Biodiversity and ecosystems (10) % | Climate change mitigation (11) Y/N | Climate change adaptation (12) Y/N | Water and marine resources (13) Y/N | Circular economy (14) Y/N | Pollution (15) Y/N | Biodiversity and ecosystems (16) Y/N | | | | | |
| A. ACTIVITIES ELIGIBLE FOR THE TAXONOMY | | | | | | | | | | | | | | | | | | | | |
| A.1. Types of environmentally sustainable activities (according to the taxonomy) | | | | | | | | | | | | | | | | | | | | |
| Electric energy production using photovoltaic technology | 4.1 | 20,47 | 0,10% | 100% | 0% | n/a | n/a | n/a | n/a | n/a | Y | n/a | Y | n/a | Y | Y | 0,10% | n/a | n/a | n/a |
| Electric energy production from wind energy | 4.3 | 291,80 | 1,45% | 100% | 0% | n/a | n/a | n/a | n/a | n/a | Y | Y | Y | n/a | Y | Y | 1,45% | n/a | n/a | n/a |
| Electric energy transmission and distribution | 4.9 | 1 739,04 | 8,65% | 100% | 0% | n/a | n/a | n/a | n/a | n/a | Y | n/a | Y | Y | Y | Y | 8,65% | n/a | E. | n/a |
| Electric energy storage | 4.10 | 142,21 | 0,71% | 100% | 0% | n/a | n/a | n/a | n/a | n/a | Y | Y | Y | n/a | Y | Y | 0,71% | n/a | E. | n/a |
| Distribution in heating or cooling systems | 4.15 | 18,66 | 0,09% | 100% | 0% | n/a | n/a | n/a | n/a | n/a | Y | Y | n/a | Y | Y | Y | 0,09% | n/a | n/a | n/a |
| Infrastructure supporting low-carbon road transport and public transport | 6.15 | 0,96 | 0,00% | 100% | 0% | n/a | n/a | n/a | n/a | n/a | Y | Y | Y | Y | Y | Y | 0,00% | n/a | E. | n/a |
| Installation, maintenance and repair of renewable energy technology systems | 7.6 | 30,45 | 0,15% | 100% | 0% | n/a | n/a | n/a | n/a | n/a | Y | n/a | n/a | n/a | n/a | Y | 0,15% | n/a | E. | n/a |
| Turnover from sustainable environmental activities (in accordance with the taxonomy) (A.1) | | 2 243,58 | 11,16% | 100% | 0% | | | | | | | | | | | | 11,16% | | 1 912,66 | 0,00 |
| A.2 Activities eligible for the taxonomy but not environmentally sustainable (not in line with the taxonomy) | | | | | | | | | | | | | | | | | | | | |
| Electric energy production from water energy | 4.5 | 367,24 | 1,83% | | | | | | | | | | | | | | | | | |
| Electric energy transmission and distribution | 4.9 | 2 593,75 | 12,91% | | | | | | | | | | | | | | | | | |
| Distribution in heating or cooling systems | 4.15 | 16,22 | 0,08% | | | | | | | | | | | | | | | | | |
| Cogeneration of heat or cooling and electric energy from bioenergy | 4.20 | 118,22 | 0,59% | | | | | | | | | | | | | | | | | |
| Turnover from activities eligible for the taxonomy but not environmentally balanced (activities not in accordance with the taxonomy) (A.2) | | 3 095,44 | 15,40% | | | | | | | | | | | | | | | | | |
| Total (A.1 + A.2) | | 5 339,02 | 26,57% | | | | | | | | | | | | | | | | 1 912,66 | 0,00 |
| B. ACTIVITIES NOT ELIGIBLE FOR THE TAXONOMY | | | | | | | | | | | | | | | | | | | | |
| Turnover from activities not eligible for the taxonomy (B) | | 14 755,98 | 73,43% | | | | | | | | | | | | | | | | | |
| Total (A + B) | | 20 095,00 | 100% | | | | | | | | | | | | | | | | | |

Percentage of capital expenditure from products or services related to business activities in line with the taxonomy

| Economic activity (1) | Code or codes (2) | Turnover (absolute value) (3) PLN million | Share of turnover (4) % | Criteria for significant contribution | | | | | | Criteria for the 'do no serious harm' rule | | | | | | Minimum Guarantees (17) Y/N | Percentage share of turnover compliant with the taxonomy, year N (18) % | Percentage of turnover that is consistent with the taxonomy, year N-1 (19) % | Category (supporting activity) (20) E | Category (Transition activity) (21) Y |
|---|-------------------|---|-------------------------|---------------------------------------|---------------------------------|----------------------------------|------------------------|-----------------|------------------------------------|--|------------------------------------|-------------------------------------|---------------------------|--------------------|--------------------------------------|-----------------------------|---|--|---------------------------------------|---------------------------------------|
| | | | | Climate change mitigation (5) % | Climate change adaptation (6) % | Water and marine resources (7) % | Circular economy (8) % | Pollution (9) % | Biodiversity and ecosystems (10) % | Climate change mitigation (11) Y/N | Climate change adaptation (12) Y/N | Water and marine resources (13) Y/N | Circular economy (14) Y/N | Pollution (15) Y/N | Biodiversity and ecosystems (16) Y/N | | | | | |
| A. ACTIVITIES ELIGIBLE FOR THE TAXONOMY | | | | | | | | | | | | | | | | | | | | |
| A.1. Types of environmentally sustainable activities (according to the taxonomy) | | | | | | | | | | | | | | | | | | | | |
| Electric energy production using photovoltaic technology | 4.1 | 50,09 | 1,03% | 100% | 0% | n/a | n/a | n/a | n/a | n/a | Y | n/a | Y | n/a | Y | Y | 1,03% | n/a | n/a | n/a |
| Electric energy production from wind energy | 4.3 | 6,51 | 0,13% | 100% | 0% | n/a | n/a | n/a | n/a | n/a | Y | Y | Y | n/a | Y | Y | 0,13% | n/a | n/a | n/a |
| Electric energy transmission and distribution | 4.9 | 786,72 | 16,15% | 100% | 0% | n/a | n/a | n/a | n/a | n/a | Y | n/a | Y | Y | Y | Y | 16,15% | n/a | E. | n/a |
| Electric energy storage | 4.10 | 2,79 | 0,06% | 100% | 0% | n/a | n/a | n/a | n/a | n/a | Y | Y | Y | n/a | Y | Y | 0,06% | n/a | E. | n/a |
| Distribution in heating or cooling systems | 4.15 | 2,77 | 0,06% | 100% | 0% | n/a | n/a | n/a | n/a | n/a | Y | Y | n/a | Y | Y | Y | 0,06% | n/a | n/a | n/a |
| Infrastructure supporting low-carbon road transport and public transport | 6.15 | 0,27 | 0,01% | 100% | 0% | n/a | n/a | n/a | n/a | n/a | Y | Y | Y | Y | Y | Y | 0,01% | n/a | E. | n/a |
| Installation, maintenance and repair of renewable energy technology systems | 7.6 | 0,04 | 0,00% | 100% | 0% | n/a | n/a | n/a | n/a | n/a | Y | n/a | n/a | n/a | n/a | Y | 0,00% | n/a | E. | n/a |
| Capital expenditure on environmentally sustainable activities (in line with the taxonomy) (A.1) | | 849,18 | 17,43% | 100% | 0% | | | | | | | | | | | | 17,43% | | 789,82 | |
| A.2 Activities eligible for the taxonomy but not environmentally sustainable (not in line with the taxonomy) | | | | | | | | | | | | | | | | | | | | |
| Electric energy production from water energy | 4.5 | 6,30 | 0,13% | | | | | | | | | | | | | | | | | |
| Electric energy transmission and distribution | 4.9 | 803,68 | 16,50% | | | | | | | | | | | | | | | | | |
| Distribution in heating or cooling systems | 4.15 | 1,31 | 0,03% | | | | | | | | | | | | | | | | | |
| Electric energy production from gaseous fossil fuels | 4.29 | 1 389,84 | 28,53% | | | | | | | | | | | | | | | | | |
| Capital expenditure for the taxonomy but environmentally unsustainable activities | | 2 201,14 | 45,19% | | | | | | | | | | | | | | | | 0,00 | 0,00 |
| Total (A.1 + A.2) | | 3 050,32 | 62,62% | | | | | | | | | | | | | | | | 789,82 | 0,00 |
| B. ACTIVITIES NOT ELIGIBLE FOR THE TAXONOMY | | | | | | | | | | | | | | | | | | | | |
| Investment expenditure of activities not eligible for the taxonomy (B) | | 1 820,91 | 37,4% | | | | | | | | | | | | | | | | | |
| Total (A + B) | | 4 871,23 | 100% | | | | | | | | | | | | | | | | | |

Percentage of operating expenditure from products or services related to business activities in line with the taxonomy

| Economic activity (1) | Code or codes (2) | Turnover (absolute value) (3) PLN million | Share of turnover (4) % | Criteria for significant contribution | | | | | | | Criteria for the 'do no serious harm' rule | | | | | | | Minimum Guarantees (17) Y/N | Percentage share of turnover compliant with the taxonomy, year N (18) % | Percentage of turnover that is consistent with the taxonomy, Year N-1 (19) % | Category (supporting activity) (20) E | Category (Transition activity) (21) Y |
|-----------------------|-------------------|---|-------------------------|---------------------------------------|---------------------------------|----------------------------------|------------------------|-----------------|------------------------------------|------------------------------------|--|-------------------------------------|---------------------------|--------------------|--------------------------------------|--|--|-----------------------------|---|--|---------------------------------------|---------------------------------------|
| | | | | Climate change mitigation (5) % | Climate change adaptation (6) % | Water and marine resources (7) % | Circular economy (8) % | Pollution (9) % | Biodiversity and ecosystems (10) % | Climate change mitigation (11) Y/N | Climate change adaptation (12) Y/N | Water and marine resources (13) Y/N | Circular economy (14) Y/N | Pollution (15) Y/N | Biodiversity and ecosystems (16) Y/N | | | | | | | |

A. ACTIVITIES ELIGIBLE FOR THE TAXONOMY

A.1. Types of environmentally sustainable activities (according to the taxonomy)

| | | | | | | | | | | | | | | | | | | | | |
|---|------|-------|--------|------|----|-----|-----|-----|-----|-----|---|-----|-----|-----|---|-------|-------|-------|-----|-----|
| Electric energy production using photovoltaic technology | 4.1 | 0,54 | 0,11% | 100% | 0% | n/a | n/a | n/a | n/a | n/a | Y | n/a | Y | n/a | Y | Y | 0,1% | n/a | n/a | n/a |
| Electric energy production from wind energy | 4.3 | 13,15 | 2,65% | 100% | 0% | n/a | n/a | n/a | n/a | n/a | Y | Y | Y | n/a | Y | Y | 2,6% | n/a | n/a | n/a |
| Electric energy transmission and distribution | 4.9 | 71,19 | 14,32% | 100% | 0% | n/a | n/a | n/a | n/a | n/a | Y | n/a | Y | Y | Y | Y | 14,3% | n/a | E. | n/a |
| Electric energy storage | 4.10 | 3,51 | 0,71% | 100% | 0% | n/a | n/a | n/a | n/a | n/a | Y | Y | Y | n/a | Y | Y | 0,7% | n/a | E. | n/a |
| Distribution in heating or cooling systems | 4.15 | 3,54 | 0,71% | 100% | 0% | n/a | n/a | n/a | n/a | n/a | Y | Y | n/a | Y | Y | Y | 0,7% | n/a | n/a | n/a |
| Infrastructure supporting low-carbon road transport and public transport | 6.15 | 0,42 | 0,09% | 100% | 0% | n/a | n/a | n/a | n/a | n/a | Y | Y | Y | Y | Y | Y | 0,1% | n/a | E. | n/a |
| Operating expenditure on environmentally sustainable activities (in line with the taxonomy) (A.1) | | 92,35 | 18,58% | 100% | 0% | | | | | | | | | | | 18,6% | | 75,12 | | |

A.2 Activities eligible for the taxonomy but not environmentally sustainable (activity not in line with the taxonomy)

| | | | | | | | | | | | | | | | | | | | | |
|---|------|---------------|---------------|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| Electric energy production from water energy | 4.5 | 26,90 | 5,41% | | | | | | | | | | | | | | | | | |
| Electric energy transmission and distribution | 4.9 | 109,28 | 21,99% | | | | | | | | | | | | | | | | | |
| Distribution in heating or cooling systems | 4.15 | 0,02 | 0,00% | | | | | | | | | | | | | | | | | |
| Cogeneration of heat/cooling and electric energy from bioenergy | 4.20 | 0,34 | 0,07% | | | | | | | | | | | | | | | | | |
| Operating expenditure on activities eligible for the taxonomy but not environmentally balanced (activities not in line with the taxonomy) (A.2) | | 136,53 | 27,47% | | | | | | | | | | | | | | | | | |
| Total (A.1 + A.2) | | 136,53 | 27,47% | | | | | | | | | | | | | | | | | |

B. ACTIVITIES NOT ELIGIBLE FOR THE TAXONOMY

| | | | | | | | | | | | | | | | | | | | | |
|---|--|---------------|-------------|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| Operating expenditure from activities not eligible for the taxonomy (B) | | 268,10 | 53,95% | | | | | | | | | | | | | | | | | |
| Total (A+B) | | 496,98 | 100% | | | | | | | | | | | | | | | | | |

Nuclear energy and natural gas activities

| Nuclear energy activities | | Turnover | CapEx | OpEx |
|---------------------------|---|----------|-------|------|
| 1 | The company audits, develops, demonstrates and deploys innovative electric energy generation systems that produce energy through nuclear processes with minimal waste from the fuel cycle, finances or has exposure to these activities. | NO | NO | NO |
| 2 | The company constructs and safely operates new nuclear facilities for the purpose of generating electric energy or process heat, including for district heating or industrial processes such as hydrogen production, and upgrades them for safety, using the best available technology, finances or has exposure to these activities. | NO | NO | NO |
| 3 | The company safely operates, finances or has exposure to existing nuclear facilities generating electric energy or process heat, including for district heating or industrial processes such as hydrogen production from nuclear energy, and upgrades them for safety, finances or has exposure to these activities. | NO | NO | NO |
| Natural gas activities | | | | |
| 4 | The company constructs or operates a system for the generation of electric energy using gaseous fossil fuels, finances or has exposure to these activities. | NO | YES | NO |
| 5 | The company constructs, upgrades and operates systems for the combined generation of heat or cooling and electric energy using gaseous fossil fuels, finances or has exposure to these activities. | NO | NO | NO |
| 6 | The company constructs, upgrades and operates systems for the generation of heat or cooling energy using gaseous fossil fuels, finances or has exposure to these activities. | NO | NO | NO |

Economic activity according to the taxonomy (denominator)

| Types of economic activity | Amount and share – turnover | | | | | | Amount and share – CapEx | | | | | | Amount and share – OpEx | | | | | |
|----------------------------|---|---|---------------------------------|---|---------------------------------|---|--------------------------|---|---------------------------------|---|---------------------------------|---|-------------------------|---|---------------------------------|---|---------------------------------|---|
| | CCM + CCA | | Climate change mitigation (CCM) | | Climate change adaptation (CCA) | | CCM + CCA | | Climate change mitigation (CCM) | | Climate change adaptation (CCA) | | CCM + CCA | | Climate change mitigation (CCM) | | Climate change adaptation (CCA) | |
| | Amount | % | Amount | % | Amount | % | Amount | % | Amount | % | Amount | % | Amount | % | Amount | % | Amount | % |
| 1 | Amount and share of economic activity according to the taxonomy referred to in Section 4.26 of Appendices I and II of Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator. | | | | | | | | | | | | | | | | | |
| 2 | Amount and share of economic activity according to the taxonomy referred to in Section 4.27 of Appendices I and II of Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator. | | | | | | | | | | | | | | | | | |
| 3 | Amount and share of economic activity according to the taxonomy referred to in Section 4.28 of Appendices I and II of Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator. | | | | | | | | | | | | | | | | | |
| 4 | Amount and share of economic activity according to the taxonomy referred to in Section 4.29 of Appendices I and II of Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator. | | | | | | | | | | | | | | | | | |
| 5 | Amount and share of economic activity according to the taxonomy referred to in Section 4.30 of Appendices I and II of Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator. | | | | | | | | | | | | | | | | | |
| 6 | Amount and share of economic activity according to the taxonomy referred to in Section 4.31 of Appendices I and II of Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator. | | | | | | | | | | | | | | | | | |
| 7 | Amount and share of other economic activities according to the taxonomy, not listed in rows 1–6 above, in the denominator of the applicable key performance indicator. | | | | | | | | | | | | | | | | | |
| 8 | Total applicable key performance indicator. | | | | | | | | | | | | | | | | | |

Economic activity according to the taxonomy (numerator)

| Types of economic activity | Amount and share – turnover | | | | | | Amount and share – CapEx | | | | | | Amount and share – OpEx | | | | | |
|--|-----------------------------|--------|---------------------------------|--------|---------------------------------|-------|--------------------------|--------|---------------------------------|--------|---------------------------------|-------|-------------------------|--------|---------------------------------|--------|---------------------------------|-------|
| | CCM + CCA | | Climate change mitigation (CCM) | | Climate change adaptation (CCA) | | CCM + CCA | | Climate change mitigation (CCM) | | Climate change adaptation (CCA) | | CCM + CCA | | Climate change mitigation (CCM) | | Climate change adaptation (CCA) | |
| | Amount | % | Amount | % | Amount | % | Amount | % | Amount | % | Amount | % | Amount | % | Amount | % | Amount | % |
| 1 Amount and share of economic activity according to the taxonomy referred to in Section 4.26 of Appendices I and II of Delegated Regulation (EU) 2021/2139 in the numerator of the applicable key performance indicator. | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% |
| 2 Amount and share of economic activity according to the taxonomy referred to in Section 4.27 of Appendices I and II of Delegated Regulation (EU) 2021/2139 in the numerator of the applicable key performance indicator. | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% |
| 3 Amount and share of economic activity according to the taxonomy referred to in Section 4.28 of Appendices I and II of Delegated Regulation (EU) 2021/2139 in the numerator of the applicable key performance indicator. | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% |
| 4 Amount and share of economic activity according to the taxonomy referred to in Section 4.29 of Appendices I and II of Delegated Regulation (EU) 2021/2139 in the numerator of the applicable key performance indicator. | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% |
| 5 Amount and share of economic activity according to the taxonomy referred to in Section 4.30 of Appendices I and II of Delegated Regulation (EU) 2021/2139 in the numerator of the applicable key performance indicator. | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% |
| 6 Amount and share of economic activity according to the taxonomy referred to in Section 4.31 of Appendices I and II of Delegated Regulation (EU) 2021/2139 in the numerator of the applicable key performance indicator. | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% |
| 7 Amount and share of other economic activities according to the taxonomy, not listed in rows 1–6 above, in the numerator of the applicable key performance indicator. | 2 243,58 | 11,16% | 2 243,58 | 11,16% | 0,00 | 0,00% | 849,18 | 17,43% | 849,18 | 17,43% | 0,00 | 0,00% | 92,35 | 18,58% | 92,35 | 18,58% | 0,00 | 0,00% |
| 8 Total amount and total share of economic activities consistent with the taxonomy in the numerator of the applicable key performance indicator. | 2 243,58 | 11,16% | 2 243,58 | 11,16% | 0,00 | 0,00% | 849,18 | 17,43% | 849,18 | 17,43% | 0,00 | 0,00% | 92,35 | 18,58% | 92,35 | 18,58% | 0,00 | 0,00% |

Business activities eligible for the taxonomy but not in line with it

| Types of economic activity | Amount and share – turnover | | | | | | Amount and share – CapEx | | | | | | Amount and share – OpEx | | | | | |
|---|-----------------------------|--------|---------------------------------|--------|---------------------------------|-------|--------------------------|--------|---------------------------------|--------|---------------------------------|-------|-------------------------|--------|---------------------------------|--------|---------------------------------|-------|
| | CCM + CCA | | Climate change mitigation (CCM) | | Climate change adaptation (CCA) | | CCM + CCA | | Climate change mitigation (CCM) | | Climate change adaptation (CCA) | | CCM + CCA | | Climate change mitigation (CCM) | | Climate change adaptation (CCA) | |
| | Amount | % | Amount | % | Amount | % | Amount | % | Amount | % | Amount | % | Amount | % | Amount | % | Amount | % |
| 1 Amount and share of economic activity eligible for the taxonomy but not in line with the taxonomy, referred to in Section 4.26 of Appendices I and II of Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator. | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% |
| 2 Amount and share of economic activity eligible for the taxonomy but not in line with the taxonomy, referred to in Section 4.27 of Appendices I and II of Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator. | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% |
| 3 Amount and share of economic activity eligible for the taxonomy but not in line with the taxonomy, referred to in Section 4.28 of Appendices I and II of Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator. | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% |
| 4 Amount and share of economic activity eligible for the taxonomy but not in line with the taxonomy, referred to in Section 4.29 of Appendices I and II of Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator. | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% | 1 389,84 | 28,53% | 1 389,84 | 28,53% | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% |
| 5 Amount and share of economic activity eligible for the taxonomy but not in line with the taxonomy, referred to in Section 4.30 of Appendices I and II of Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator. | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% |
| 6 Amount and share of economic activity eligible for the taxonomy but not in line with the taxonomy, referred to in Section 4.31 of Appendices I and II of Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator. | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% |
| 7 Amount and share of other economic activities eligible for the taxonomy but not in line with the taxonomy, not listed in rows 1–6 above in the denominator of the applicable key performance indicator. | 3 095,44 | 15,40% | 3 095,44 | 15,40% | 0,00 | 0,00% | 811,30 | 16,65% | 811,30 | 16,65% | 0,00 | 0,00% | 136,53 | 27,47% | 136,53 | 27,47% | 0,00 | 0,00% |
| 8 Total amount and total share of economic activities eligible for the taxonomy but not in line with the taxonomy in the denominator of the applicable key performance indicator. | 3 095,44 | 15,40% | 3 095,44 | 15,40% | 0,00 | 0,00% | 2 201,14 | 45,19% | 2 201,14 | 45,19% | 0,00 | 0,00% | 136,53 | 27,47% | 136,53 | 27,47% | 0,00 | 0,00% |

Activities not eligible for the taxonomy

| Types of economic activity | Turnover | | CapEx | | OpEx | |
|--|------------------|---------------|-----------------|---------------|---------------|---------------|
| | Amount | Percentage | Amount | Percentage | Amount | Percentage |
| 1 Amount and share of economic activity referred to in line 1 of template 1 which is an economic activity not eligible for the taxonomy according to Section 4.26 of appendixes I and II of Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator. | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% |
| 2 Amount and share of economic activity referred to in line 2 of template 1 which is an economic activity not eligible for the taxonomy according to Section 4.27 of appendixes I and II of Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator. | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% |
| 3 Amount and share of economic activity referred to in line 3 of template 1, which is an economic activity not eligible for the taxonomy according to Section 4.28 of appendixes I and II of Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator. | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% |
| 4 Amount and share of economic activity referred to in line 4 of template 1, which is an economic activity not eligible for the taxonomy according to Section 4.29 of appendixes I and II of Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator. | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% |
| 5 Amount and share of economic activity referred to in line 5 of template 1, which is an economic activity not eligible for the taxonomy according to Section 4.30 of appendixes I and II of Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator. | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% |
| 6 Amount and share of economic activity referred to in line 6 of template 1, which is an economic activity not eligible for the taxonomy according to Section 4.31 of appendixes I and II of Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator. | 0,00 | 0,00% | 0,00 | 0,00% | 0,00 | 0,00% |
| 7 Amount and share of other economic activities not eligible for the taxonomy, not listed in rows 1–6 above, in the denominator of the applicable key performance indicator. | 14 755,98 | 73,43% | 1 820,91 | 37,38% | 268,10 | 53,95% |
| 8 Total amount and total share of economic activities not eligible for the taxonomy in the denominator of the applicable key performance indicator. | 14 755,98 | 73,43% | 1 820,91 | 37,38% | 268,10 | 53,95% |





Ethics and anti-corruption practices

IMPORTANT SUBJECT:

ETHICS AND ANTI-CORRUPTION



ORGANISATIONAL VALUES AND RULES OF CONDUCT

IMPORTANT SUBJECT:

BUSINESS ETHICS

GRI 3-3

GRI 2-24 The Energa Group attaches great importance to building and maintaining the organisation's ethical culture. There is no doubt that the basis for implementing the company's mission and vision, its continuous development and growth, and achieving its business objectives, is the compliance of the actions, decisions, attitudes and behaviours of all employees with requirements that have their origin in ethical values. The above-mentioned requirements are also related to the provisions of applicable laws, guidelines of supervisory institutions, internal regulations and other regulations according to which entities of the Energa Group are obliged to act.

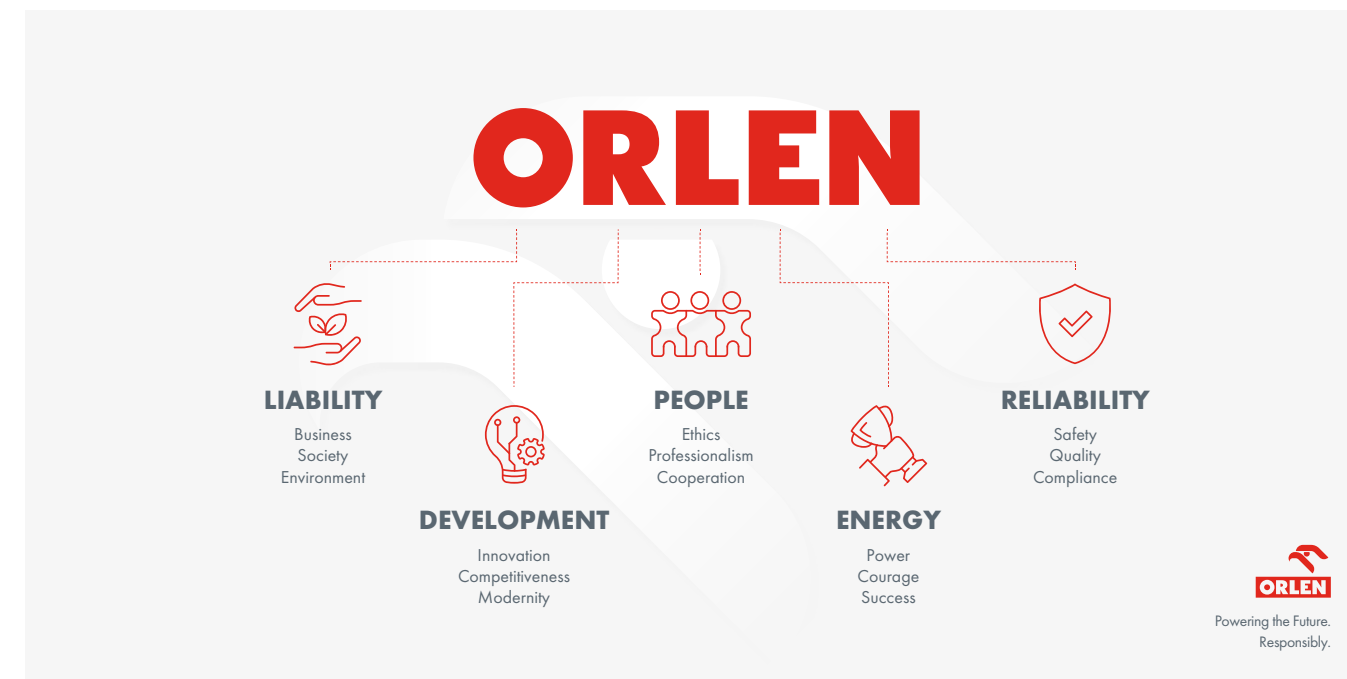
One of the key elements implemented within the framework of the aforementioned assumptions is the provision of procedural and organisational solutions enabling the reporting of violations of the law and the protection of persons reporting violations of the law, which are in compliance with the applicable legal requirements and developed standards. Furthermore, legislative work is monitored (currently the sixth version of the bill) leading to the shaping of new regulations in the area of preventing violations of the law and protecting whistleblowers.

The basic regulation in the area of ethics and compliance is the common *Code of Ethics* for the entire ORLEN Capital Group, which has been implemented into the ownership structure of the Energa Group in the form of an internal regulation entitled the *Code of Ethics of the Energa Group*.

The *Code of Ethics* applies to employees of all Energa Group companies bound by the Agreement on cooperation. Energa Operator, on the other hand, implemented its own Code of Ethics at the beginning of January 2022. The values presented therein are the same as those adopted throughout the ORLEN Group, and also meet the OSD independence criteria described in the Compliance Programme.

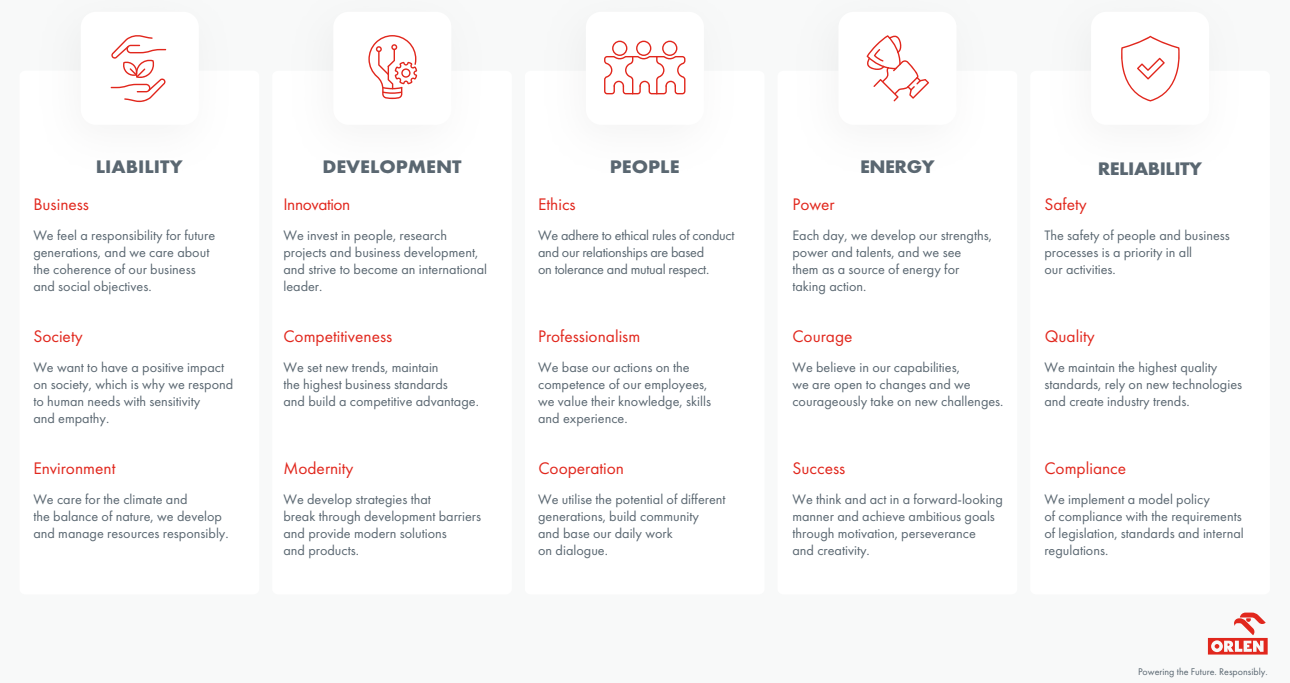
This Code regulates ethical issues related to the functioning of the capital group and its employees and, consequently, rules of conduct both in relations with the external environment and within the group. Its provisions are closely based on the organisation's strategic values of responsibility, development, people, energy and reliability. It is a document that supports implementing the company's business strategy, and a tool to help resolve potential work-related ethical dilemmas. All employees are required to familiarise themselves with the rules and standards contained in the *Code of Ethics*, which is confirmed by signing a statement placed in their personnel file. New employees are familiarised with the document during their initial training. In the event that any regulations are updated, including the *Code of Ethics of the Energa Group*, employees are immediately informed about this through available internal communication channels such as e-mail or the Intranet.

Strategic values resulting from the Code of Ethics of the ORLEN Capital Group



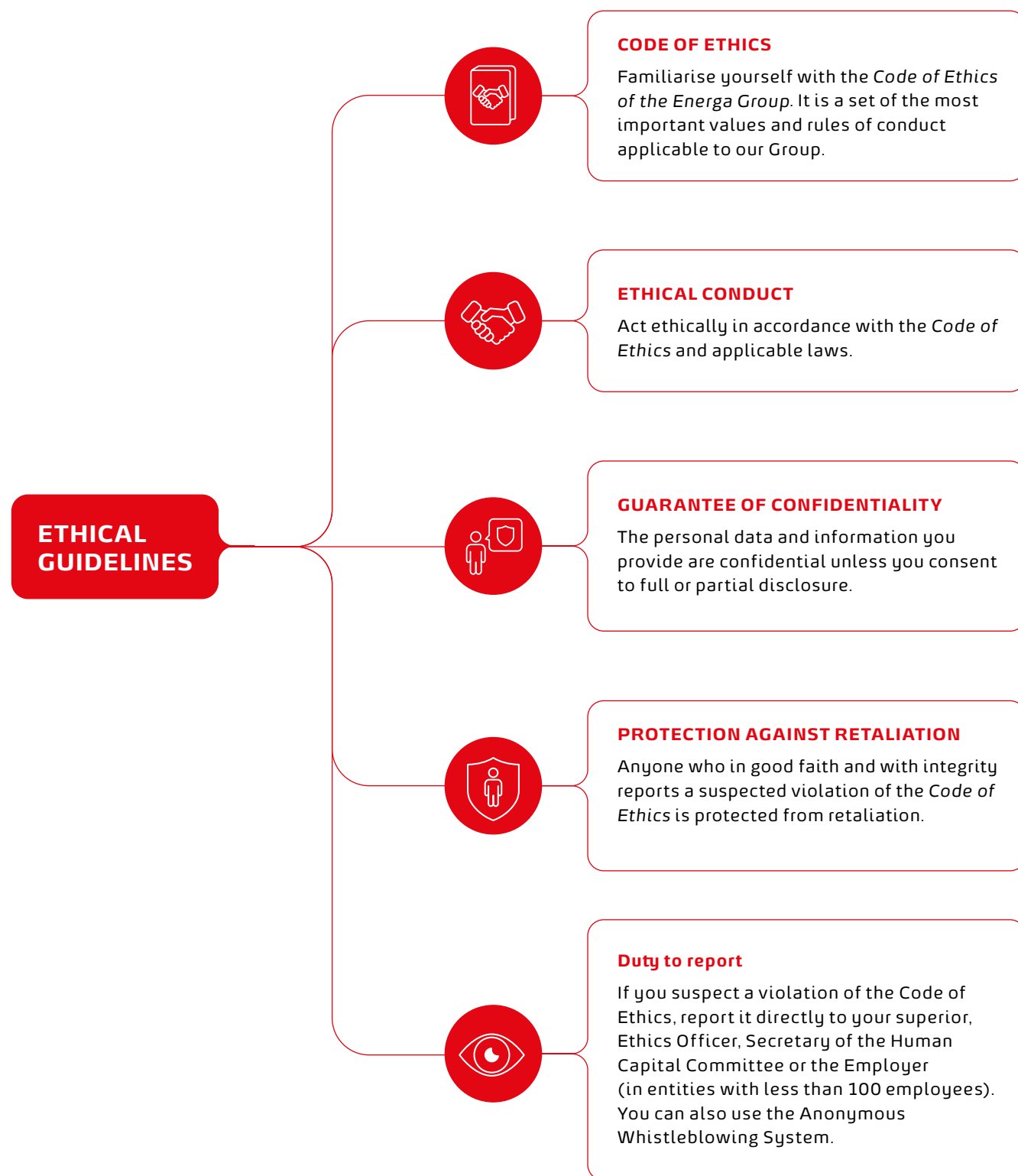
The basis of the Energa Group's strategy in pursuing its business objectives is the values stipulated in the *Code*: responsibility, development, people, energy, reliability. They are also accompanied by rules of conduct indicating preferred behaviour in the organisation. The values and rules constitute our organisational culture, distinguish us on the market, and have a positive impact on the Energa Group's image, competitive advantage and internal relations. They are ingrained in the planning, thinking and acting of all employees.

VALUES AND RULES OF CONDUCT OF THE ORLEN GROUP



ETHICAL ACTIVITIES

We understand ethical action as adherence to the values and rules of conduct applicable to the Energa Group. In the practical terms, this means respect for other employees and stakeholders, cooperation in a spirit of open dialogue, understanding, tolerance and support, and creating a good, friendly atmosphere at work. Ethical behaviour also means acting in accordance with the law – for example, not accepting financial benefits, not withholding or falsifying information and not misleading others. With our actions, we build our corporate image and ensure that it is the best it can be.



ETHICS OFFICER

In accordance with the provisions of the regulation implemented on 18 June 2022 entitled *Rules for the selection and functioning of Ethics Officers in the Energa Group*, a new system is being implemented in the companies with the purpose of introducing uniform rules for the selection of Ethics Officers in the entities of the Group. It defines the procedure for selecting candidates for Ethics Officers and the rules for their functioning and operation. Rules for the management of reports of suspected undesirable behaviour have also been defined.

On 18 June 2022, the Management Board of Energa SA approved and implemented the seventh edition of the *Anti-Harassment and Discrimination Policy in the Energa Group*, adapted to the standard in force at PKN ORLEN SA. In view of the above, complaints concerning the use of so-called undesirable behaviour (defined as any conscious or unconscious behaviour negatively affecting individual employees, teams or the organisation, contrary to the rules of social co-existence or to the values and organisational culture of the Energa Group) have been excluded from the subject scope of the Policy hitherto in force in the Energa Group, and the competence to explain them has been transferred respectively (in accordance with the Rules on the selection and functioning of Ethics Officer in the Energa Group, edition I) to the Ethics Officer – in entities of the Energa Group employing more than 100 employees, and to the Employer – in entities of the Energa Group employing less than 100 employees. The main role of the Ethics Officer is to ensure that employees can freely report questions, concerns or violations of the values and rules of conduct applicable to the Energa Group. The Officer's tasks also include implementing accepted ethical standards and building ethical awareness among employees and business partners. The Ethics Officer supports ethical behaviour, proposes and takes corrective action.

Along with implementing the ORLEN Group ethics system, Ethics Officers were elected for the first time in Energa Group entities employing more than 100 employees. Eighteen Officers were appointed to perform this function. In Energa Group entities with less than 100 employees, the competence to clarify suspected undesirable behaviour, as part of ongoing intervention and prevention, is subordinated to the employer. The Officers uphold the *Code of Ethics of the ORLEN Capital Group* and, in the case of the Officers elected in the Distribution business line, the *Energa-Operator SA Code of Ethics*.

 **18** Ethics Officers
In Energa Group entities with fewer than 100 employees





ETHICS BREACH REPORTING MECHANISMS

GRI 2-26

In case of doubts on matters concerning the values and ethical rules in place in the Energa Group, or in case of deviations from the rules, employees of Energa Group companies may refer suspected violations of the *Code of Ethics* to the Ethics Officer directly, by telephone, e-mail or traditional mail. E-mail reports should be directed to a specially designated mailbox, separate for each of the Energa Group companies in which the Officer operates.

Enabling reports of suspected violations of the *Code of Ethics* to be made directly to the employer (applies to Energa Group companies with fewer than 100 employees).



Through the Intranet and during special training sessions, employees are informed of mechanisms for obtaining advice on ethical issues. Reports of possible violations can be made anonymously by sending a message from any e-mail address to the Ethics Officer's dedicated inbox for this function.

Every message is treated as confidential. The whistleblower is protected from retaliation, provided that they had reasonable grounds to believe that the information about the violation that was the object of the report was true at the time of the report. This also applies to persons assisting in making the report.

Protecting the reported person is very important, as suspicions, even those that are not intentionally false, can be hurtful or stigmatising. The person identified in the report as the one who committed the violation or with whom the person is associated is provided with a presumption of innocence and the right of defence, including the right to be heard. However, it should be remembered that a deliberate and false accusation constitutes conduct in violation of the *Code of Ethics*.

COMPLIANCE MANAGEMENT SYSTEM

GRI 2-27

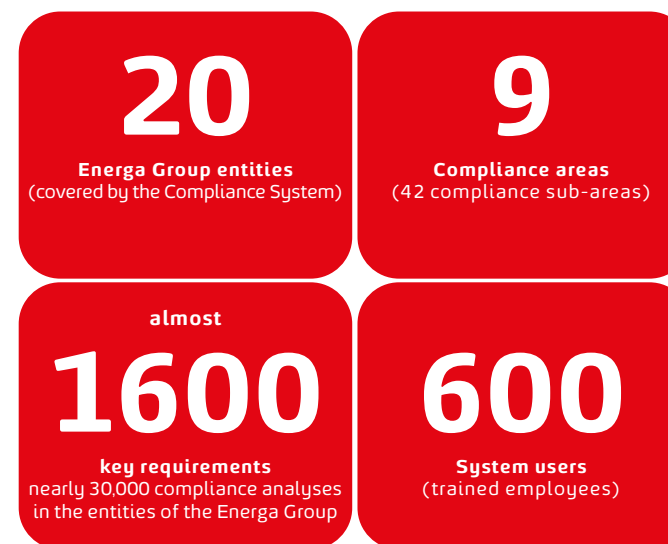


The Energa Group conducts its business ethically and responsibly, implementing the requirements arising from the provisions of the applicable law, adopted internal regulations specific to the entities of the Energa Group and in accordance with the values and standards of conduct contained in the *Code of Ethics of the ORLEN Capital Group*. Any decisions, actions and behaviours inconsistent with these requirements are not accepted as they are contrary to the organisational culture of Energa Group.

Companies such as the Energa Group – operating on a huge scale, in strictly regulated, strategic sectors of the economy, with a large number of customers and employees – are particularly exposed to the risk of actions inconsistent with applicable laws, accepted internal regulations, standards and values. The possible consequences of irregularities are sanctions in legal, financial and image terms. The response to this threat is the **Compliance Management System** in the Energa Group, i.e. a set of mechanisms that reduce the risk of companies incurring negative consequences resulting from non-compliance with applicable regulations (external and internal) and other requirements.

Compliance system in the Energa Group

Interrelated organisational and process elements, policies and regulations, purposes and tools, as well as competences and information to ensure compliance in the Energa Group.



Compliance Idea of the Year 2020

Compliance Awards 2020

CSR exemplary practice

Responsible Business in Poland Report 2019–2021

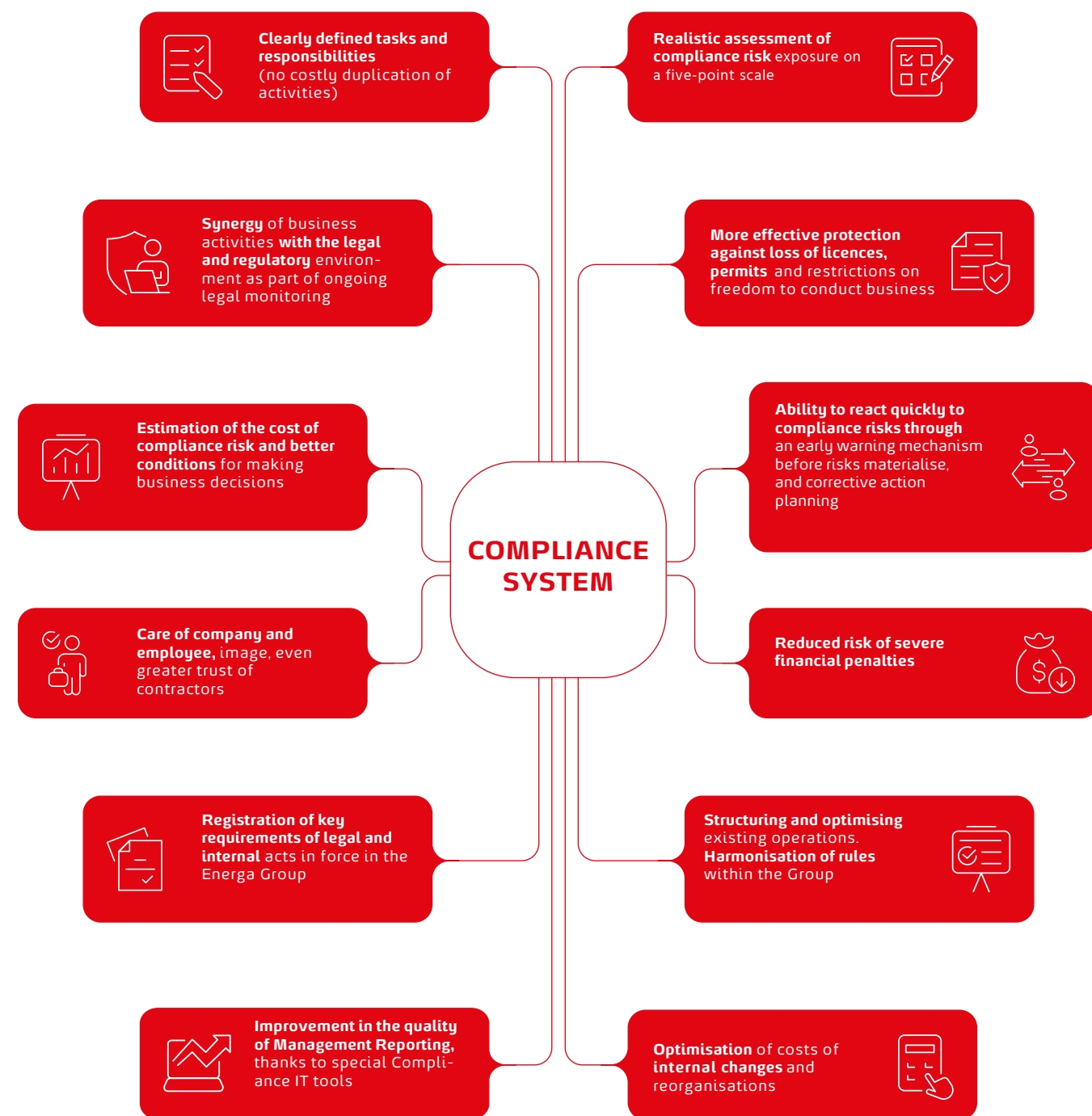
Positive assessment of the Compliance System by the Supervisory Board of Energa SA

Assessments of internal control systems, risk management, compliance and internal audit function – Energa SA Supervisory Board Report 2019–2021

Energa Group identifies compliance risk as a significant and undesirable factor that requires effective measures to be taken for the purpose of compliance. To achieve this purpose, Energa has implemented and maintains the Compliance System, which is consistent and integrated with the other key elements of compliance, including the risk management system, audit and internal control processes, legal service processes and the social responsibility and business ethics function.

The Compliance system implemented at the Energa Group draws on international ISO standards, best practices in compliance management and the specificity of the diversity and scale of the Energa Group's operations. Thanks to the effective implementation of the compliance management process in Energa Group companies, the Compliance System provides an overview of the organisation's compliance with the relevant requirements and a uniform approach to compliance management – with the aim of eliminating non-compliance and thus benefiting all Group stakeholders.

BENEFITS OF IMPLEMENTING THE COMPLIANCE SYSTEM IN THE ENERGA GROUP

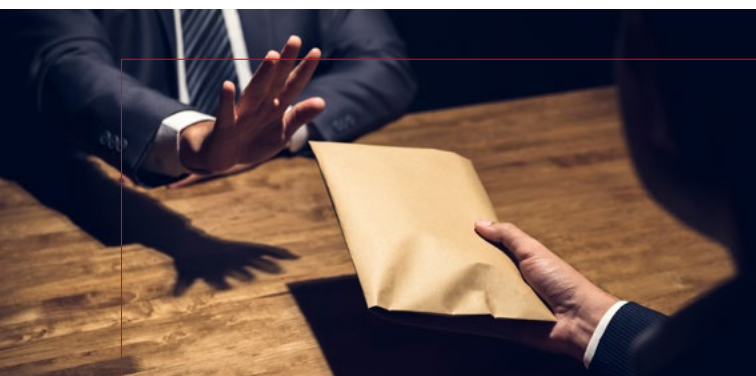


The compliance management system (Compliance) in the Energa Group includes, in particular:

- a uniform and structured approach to compliance management in the Energa Group based on the *Compliance Management Policy and Methodology*;
- an effectively functioning organisational structure in the entities of the Energa Group with the supervisory and coordinating role of Energa SA;
- identification of so-called compliance areas (sets of relevant requirements grouped into thematic scopes);
- identification of so-called requirement owners responsible for implementing the requirements (compliance) in the entities of the Energa Group;
- implementation of a compliance management process consisting of identification of requirements, assessment and monitoring of compliance (with planning and implementation of corrective actions if necessary);
- special tools to support users of the Compliance System in the performance of tasks within:
 - ongoing maintenance of the compliance management process in the Energa Group,
 - periodic review of the compliance management process in the Energa Group (Energa Group Compliance Reporting Platform – Apex and Oracle);
- communication and reporting of the compliance status of the Energa Group at the level of companies, individual compliance areas and the entire group;
- training and awareness-raising activities for employees in the area of compliance.

The implementation of the Compliance System in the Energa Group was awarded the Compliance Award 2020 in the category Compliance Idea of the Year 2020 by the Compliance Institute, a scientific and training institution bringing together academics and experts in the compliance industry. What is more, the implementation was recognised as an exemplary CSR practice in the 2019 and 2021 Responsible Business Reports in Poland – annual publications of the Responsible Business Forum Association describing the best practices of Polish companies in the area of corporate social responsibility.





ANTI-CORRUPTION PRACTICES

IMPORTANT SUBJECT:

ANTI-CORRUPTION PRACTICES

GRI 3-3 The Energa Group attaches great importance to building and maintaining the organisation's ethical culture. The basis for implementing the Group's mission and vision is the compliance of all employees' actions, decisions, attitudes and behaviours with the requirements originating from ethical values. The above-mentioned requirements are also related to the provisions of applicable laws, guidelines of supervisory institutions, internal regulations and other regulations according to which entities of the Energa Group are obliged to act. The Energa Group has an *Anti-Fraud and Conflict of Interest Policy*, which obliges to conduct business in an honest manner and in compliance with legal regulations and the *Code of Ethics of the Energa Group*. Employees of the Energa Group are obliged to perform their duties based on the rules of **integrity, impartiality, objectivity and transparency**. No indications of fraud and conflicts of interest are tolerated. The purpose of the *Policy* is to:

- strengthen the awareness and need to perceive the system of values and standards of conduct adopted in the Energa Group,
- reduce and prevent the occurrence of fraud and conflicts of interest,
- implement procedures related to the prevention of fraud, in particular corruption, and the prevention of conflicts of interest,
- define rules for reporting concerns and circumstances that may indicate the occurrence of fraud or conflicts of interest and rules for handling reports,
- limit the risk of irregularities in business dealings resulting from the actions of counterparties or potential counterparties of the Energa Group.

One of the key elements implemented within the framework of the aforementioned assumptions is the provision of procedural and organisational solutions enabling the reporting of violations of the law and the protection of persons reporting violations of the law, which are in compliance with the applicable legal requirements and developed standards. The procedures provided for in the *Anti-Fraud and Corruption Policy in the Energa Group* are intended both to prevent fraud and conflicts of interest and

to exercise due diligence in clarifying any doubts and suspicions about the correctness of the actions of Energa Group employees. If fraud and conflicts of interest are confirmed, consequences are foreseen for their perpetrators depending on the type and scale of the irregularity. Whistleblowers have the right to maintain the confidentiality of their data and to be protected from retaliation resulting from the report. All employees of the Energa Group are obliged to apply the Policy and to respond to any instances of violations of applicable laws, internal regulations and other rules or standards.

Furthermore, legislative work leading to the shaping of new regulations in the area of preventing violations of the law and protecting whistleblowers is monitored.

In the reported period, work was undertaken to develop new procedural and organisational solutions. Their implementation in 2023 will result in a unified approach to safety according to PKN ORLEN's standards.

With Energa's business security in mind and for the purpose of exercising due diligence, counterparties with whom Energa Group companies intend to cooperate or already cooperate with are subject to verification. Energa Group entities are also obliged to monitor the activities of counterparties during the period of cooperation and to react promptly to any circumstances that may adversely affect the course of the cooperation, especially in the event of a threat to the proper fulfilment of the obligations undertaken.

In the Energa Group in 2022, there were no confirmed cases of corruption resulting in the dismissal or disciplining of employees or the termination of agreements with a business partner. There is one corruption court case pending against the organisation or employees in the Group. Prosecution proceedings are pending, Syg. PK VII \A/Z Ds. 23.2016 concerning abuses in the process of quality audits of biomass purchased at Energa Elektrownie Ostrołęka SA for the system of co-firing biomass with coal, in the years 2011–2015 and 2019–2020. At this stage, charges have been brought against four former employees of the company.

GRI 205-3

CONFLICT OF INTEREST

The *Anti-Fraud and Conflict of Interest Policy in the Energa Group*, ensures standardisation of the approach to circumstances and behaviour that result in irregularities in activities undertaken by employees in a context of conflict of interest.

Conflicts of interest are not disclosed to stakeholders; nevertheless, the Energa Group, through internal and external communication, seeks to reassure stakeholders of the care taken to prevent the occurrence of conflicts of interest, particularly in purchasing and personnel processes.

In addition, members of the governing bodies and supervisory bodies are subject to review and are required to avoid performing activities that are in conflict with their duties to Energa Group

companies and not to take actions that could give rise to suspicion of bias or self-interest. For the purpose of strengthening the ethical organisational culture, in particular in the context of fair conduct and exclusion of acts of unfair competition, the Rules for Accepting and Giving Gifts were introduced as a uniform document applicable to all entities of the Energa Group.

In the reporting period, work was underway on new regulations concerning prevention and mitigation of conflicts of interest and the gift policy, the content of which is in line with PKN ORLEN's requirements and standards. Implementation of the new procedural solutions is scheduled for 2023.

GRI 2-25

PROCESSES FOR LIMITING NEGATIVE IMPACT

In an effort to reduce negative impacts, particularly in terms of countering fraud and conflict of interest, the organisation has a fraud reporting system in place. The system allows for anonymous whistleblowing and, in the event of a whistleblower coming forward, personal information is protected for the purpose of reducing the risk of retaliation.

On top of this, reports can also be made by people from outside the organisation (including business partners and customers). In special cases, according to the scale and nature of the potential abuse (at the reporting party's discretion), the Management Board or Supervisory Board of Energa SA may also be the addressee of the report.

All reports received by the Energa Group's security area are recorded and reported for the purpose of ensuring the effectiveness of the whistleblowing system.

Moreover, during the reporting period, work was in progress on a new regulation on whistleblowing in the Energa Group, with content in line with PKN ORLEN's requirements and standards. Implementation of the new procedural solutions is scheduled to take place in 2023. It is also foreseen that the document should be further updated once the *Whistleblower Protection Act* comes into force.

GRI 2-16

COMMUNICATION OF CRITICAL ISSUES

Energa SA has an internal regulation in the form of the *Business Continuity Plan*, which aims to:

- limit the potential negative consequences of the interruption of critical business tasks – including the negative impact on the image of the Energa Group,
- prepare an organised and effective response to incidents and crisis situations.

The *Business Continuity Plan* defines how the company will respond to incidents and crisis situations, and how it will be communicated to the highest governing body. Its purpose is to avoid such incidents and the associated unacceptable non-financial and financial losses. The scope of the *Business Continuity Plan* is defined by the *List of Critical Business Tasks* adopted by Resolution 1497/V/2019 of the Management Board of Energa SA. The scope of the *Plan* defined in this way means that in the event of a crisis situation and a decision by the President of the Management Board of Energa to implement a contingency mode,

the company's operations may, if necessary, be limited to maintaining the tasks defined by the list at the minimum required level and within the designated recovery times.

The *Business Continuity Plan* has been compiled with detailed assumptions regarding events within and around the organisation. These assumptions were included in a potential emergency scenario for which a *Business Continuity Strategy* was developed. In an emergency mode, a Crisis Staff established for this purpose is responsible for maintaining the *Business Continuity of critical business tasks*. The *Business Continuity Strategy* defines the way in which individual organisational units within Energa will act in the event of events that may result in the unavailability of critical organisational resources (e.g. work stations, personnel, IT systems).

In 2022, there were no emergencies resulting in a decision by the President of the Management Board of Energa to implement a contingency mode in accordance with the applicable *Business Continuity Plan*.



Integrated Risk Management System

GRI 2-25

The Integrated Risk Management System has been in place in the Energa Group since 2011 and is centrally coordinated by Energa SA. The Integrated Risk Management System is implemented based on a Group-wide uniform risk management process, based on international standards and covering all levels of the organisation and Business Lines. The risk management process consists of stages that determine each other and are implemented on a continuous basis. It runs from the level of organisational units to top management, from the level of Group entities to Energa as the parent company.

The formal framework of the Integrated Risk Management System in the organisation is set by the *Energa Group Risk Management Policy*, which is part of the *Agreement on partnership in the Energa Group*. The Regulation enables, for example, the use of uniform rules and also indicates the various stages and roles in the risk management process.

RISK MANAGEMENT PROCESS

Risk management in the Energa Group is understood as a process carried out by the Management Board, management and other employees of the company, aimed at keeping risks at a level determined by the risk appetite. The approach to managing the different types of risk in the Energa Group is illustrated in the diagram:



The organisation's environment forms the basis for all other elements of the risk management process. It shapes risk awareness among employees. It encompasses both the external and internal context of the organisation, taking into account, for example:

- social and cultural, political, regulatory, economic, technological and environmental aspects,
- relations with stakeholders,
- organisational governance, organisational and operational structures,
- strategy and goals,
- organisational culture,
- regulations, standards and guidelines,
- roles and responsibilities.



Risk identification is directly linked to event identifiability and is an element occurring in an interchangeable sequence of the process. Examples of risk identification methods are: SWOT analysis, Delphi method, PEST and BIA analysis, stakeholder analysis or analysis of reports and statements. Full risk identification includes:

- building an initial list of risks that takes into account opportunities and threats and the context of the organisation,
- determining the impact of the risks on the company's management objectives,
- locating risks based on the risk model,
- identifying the owner of the risk,
- describing risks in a simple and precise manner,
- identifying internal and external factors and impacts in the area of the identified risk.



Event identification is an element of the process that can occur interchangeably with or complement risk identification. Further actions after a risk event has been identified are:



- reporting the event by the employee to the Risk unit,
- recording the event in a dedicated system,
- description and analysis of the event including ongoing updates and an action plan to address the risk,
- notifying relevant stakeholders of the occurrence of the event.



Risk assessment includes an assessment of the likelihood and impact of the risk, from which the materiality of the risk is determined. The assessment includes:

- inherent risks, i.e. risks without controls,
- residual risk, i.e. risk with control mechanisms taken into account,
- expected risk, i.e. risk after the implementation of action plans against the risk.



The risk management strategy is determined after the analysis and assessment of the residual risk for each of the identified risks. Depending on the assessment, the risk owner decides whether or not to accept the risk. This decision is each time subject to approval by the Management Board of the Energa Group company.



Monitoring and reporting reporting includes regular verification and supervision of risk identification, event identification, risk assessment and implementation of the risk management strategy. Monitoring and reporting also includes the risk management system. It consists of ongoing and periodic (cyclical) activities.

ORGANISATIONAL GOVERNANCE

Organisational governance refers to the processes and structures put in place within the Energa Group to inform, direct, manage and monitor activities leading to the achievement of its objectives. Efficient and effective actions, implemented as part of the risk management process, are taken through a clear division of roles and responsibilities in the system:



Management Board: oversees and sets the direction of risk management, adopts the results of risk reporting, in particular determining the risk appetite and risk management strategy.



Risk unit: coordinates the risk management process, conducts risk reviews, conducts cyclical monitoring of key risks, reports results, analyses and supports the estimation of the level of materiality of risks in the organisation.



Risk Owner: manages risks, is responsible for ongoing and periodic risk analyses, develops and implements the risk management strategy, monitors and maintains risks within defined limits.



Employees: provide information on risks and incidents.



Audit Committee: monitors the effectiveness of the risk management system.



Internal Audit unit: performs an independent and objective assessment of the elements of the risk management system and takes into account the results of risk reporting in the tasks performed.

KEY ACTION LINES FOR RISK MANAGEMENT

As part of the Integrated Risk Management System, the Energa Group conducts the following activities:



Risk Review – which consists of identifying and assessing risks and defining the risk management strategy in a comprehensive manner. It is conducted on a semi-annual basis.



Periodic monitoring of the most important risks – consisting of verification of the timeliness of risk factors and effects and the status of the implementation of action plans affecting the assessment of the most important risks in the Energa Group. It is conducted on a monthly basis.



Ongoing risk management – consisting of analysing events, identifying and assessing risks and defining risk management strategies in the context of events inside and outside the Energa Group.





ENVIRONMENTAL -ENERGY RISKS

The environmental-energy risks are considered strategic in the Energa Group's risk management model. They result, for example, from the need to strive for climate neutrality, compliance with environmental regulations, permits, norms and standards, as well as investment restrictions in specially protected areas. The intentions and direction of the Group companies with regard to the effects of its environmental activities and energy efficiency are described in the *Energa Group Environmental and Energy Policy*. Environmental risks also include climate risks, i.e. risks relating to climate change mitigation (reducing the negative impact of the Energa Group on the climate).

Risk analysis of the companies' adaptation to climate change (the impact of climate on the Group's operations) is carried out as part of the Integrated Corporate Risk Management System. In 2022, climate risk owners were appointed in the subsidiaries and are required to cooperate with the Risk unit at Energa SA. An important criterion that determines Energa Group's climate action is PKN ORLEN's commitment to achieve carbon neutrality by 2050. Details of risk management are presented below.

| Risk | Description of risks and potential consequences | Control mechanisms used |
|---------------------------|---|---|
| Climate risk | <p>This is the risk of adaptation of Energa Group's business to climate change. The risk relates to the impact of climate change on the productivity of the Energa Group's generating entities and on the operation of the distribution network, as well as the failure to adapt the business activities of the Energa Group companies to the requirements of climate risk management.</p> <p>Materialisation of the risk may mainly relate to the failure to meet the taxonomic objectives under EU legislation, which affects the image and competitive position of Group companies. The risk may also result in a downgrading of the ESG rating by a rating agency, making it more difficult to obtain financing for investment projects or worsening financing conditions (increased margins when obtaining financing and increased insurance costs).</p> | <ul style="list-style-type: none"> ■ Appointment of a member of the Management Board of Energa SA responsible for managing climate issues. ■ Implementation of investment projects for the purpose of energy transition. ■ Operation of an integrated environmental and energy management system, compliant with the EMAS Regulation and ISO 14001 and ISO 50001 standards. ■ Systematic reduction of raw material, water and energy consumption for the purpose of building resilience in the organisation's value chain in the face of depleting natural resources. ■ Monitoring of activities related to climate aspects by, for example, collecting comprehensive and detailed data on risks and opportunities related to climate change in the Energa Group's business lines and continuous supervision of: consumption of energy, water and non-renewable raw materials, increase in the share of RES and development of the distribution network. ■ Incorporating TCFD guidelines into the operation of the Energa Group. ■ Introducing climate risks into corporate risk management processes. |
| Environmental risk | <p>The risk relates to the negative impact of Energa Group companies on the environment, including their impact on climate change, mainly due to greenhouse gas emissions.</p> <p>Materialisation of the risk may involve the loss of ISO 14001 and ISO 50001 certification by individual companies, the deletion of individual companies or the Group from the EMAS register, the loss of the image of a 'green energy group' and an increase in operating costs.</p> | <ul style="list-style-type: none"> ■ The Energa Group Environmental and Energy Policy. ■ Operation of an integrated environmental and energy management system, compliant with the EMAS Regulation and ISO 14001 and ISO 50001 standards. ■ Reduction of GHG emissions in connection with the implementation of the <i>Energa Group Decarbonisation Strategy</i>. ■ Independent external audit of the environmental-energy management system. |

MORE



SOCIAL RISKS

According to the Energa Group's risk management model, social risks are categorised as strategic or operational. They result, for example, from relations with key entities. Energa Group's stakeholders are diverse in nature – they include the local community, individuals – most often recipients of electric energy or heat, contractors in the supply chain, and institutions and entities related by interest to the company or affected by its activities. Among the risks associated with the stakeholders of Energa Group companies, corporate social responsibility issues play an important role consisting, for example, in the implementation of programmes to promote environmental protection and other social initiatives.

Great importance is also attached to issues of communication and building investor relations, which are taken into account in the risk management process. The approach of the Energa Group companies to the management of social issues is set out, for example, in the *ESG Code of the Energa Group*, *the Rules of Communication in the Energa Group*, *the Marketing Policy in the Energa Group*, *the Rules of Conducting Sponsorship Activities*, *the Rules of Conducting Lobbying Activities in the Energa Group Companies*, and *the Charity Policy*. Detailed information on risk management is presented right next to this section.

| Risk | Description of risks and potential consequences | Control mechanisms used |
|--|---|--|
| Risk of social relations and trade unions | <p>The risk involves dialogue with the social partner, in particular trade unions.</p> <p>It concerns the process of maintaining relations between the employer and employees and the process of communication with employees.</p> <p>Materialisation of the risk can lead to claims, hindrance to business, costs associated with possible downtime (strikes, protests) or employee departures, as well as image consequences.</p> | <ul style="list-style-type: none"> ■ Conducting social dialogue. ■ Implementing the provisions of collective agreements and collective bargaining agreements. ■ Communication with trade unions and informing employees of planned changes. ■ Conducting negotiations with trade unions. |
| Risk of sponsoring activities | <p>The risk is defined as undertaking sponsorship activities that do not produce the intended effects relating to, for example, brand dissemination, brand image development, building the reputation of the Energa Group, building good relations with customers and employees.</p> <p>Materialisation of the risk may result, for example, in deterioration of the image of the Energa brand, failure to build brand awareness and popularity, failure to execute the Agreements on sponsorship while payments are scheduled during the period of the sponsor's inactivity.</p> | <ul style="list-style-type: none"> ■ Organising sponsorship events. ■ Engaging ambassadors, i.e. Team Energa, in online initiatives and involving sponsored entities in Energa SA-led campaigns. ■ Reporting of sponsorship activities to the Management Board of Energa SA and the Supervisory Board of Energa SA. ■ Annual preparation of a marketing plan reported quarterly to PKN ORLEN. ■ Cooperation with the Press Office. Reporting on the effectiveness of sponsorship activities carried out by the Energa Group. |
| Risk of ESG activities | <p>Risks related to ESG activities in the Energa Group, in particular the collection, analysis and reporting to management of non-financial data for the purpose of control and evaluation of the company's activities.</p> <p>Materialisation of the risk may lead to the loss of the relevant Moody's ESG Solutions rating score, negative image effects, difficulties in obtaining financing for investment projects, an increase in the margin on granted financing and a downgrade by a rating agency.</p> | <ul style="list-style-type: none"> ■ <i>ESG Code</i> of the Energa Group. ■ Application of ESG activity assessment tools and regular submission to rankings (SDG Action Manager, B-impact assessment, Moody's ESG Solutions). ■ Support from an external consultant on the methodology for preparing the ESG non-financial report. ■ Dialogue with stakeholders through online meetings and surveys sent to stakeholders. ■ Ongoing and cyclical monitoring of the ESG Department's performance. ■ Training and updating of employee knowledge – as needed. ■ Work schedule and guidelines for CSR reporting (GRI), Moody's ESG Solutions. ■ Implementation of the <i>Sustainable Development Strategy for 2021–2023</i> in the ORLEN Group. ■ Active participation in Eurelectric working groups (group related to PKEE participation in electromobility development). |

| Risk | Description of risks and potential consequences | Control mechanisms used |
|---|--|--|
| Brand, image and customer relations risks | <p>Risk refers to inadequate management of the flow of information about the business through diverse communication channels, affecting the perception and business value of the brand and the reputation of Energa Group companies.</p> <p>Materialisation of the risk may result in a decrease in the value of the brand and a deterioration of the image of the Energa Group from the stakeholders' perspective.</p> | <ul style="list-style-type: none"> Rules for handling customer cases received by Energa SA. Activities of the team under Project Initiative A4. Implementation of tasks under the <i>Rules of marketing communication in the Energa Group</i>. Annual preparation of marketing plan reported to PKN ORLEN. Ongoing cooperation and maintaining good relations with stakeholders (dialogue with stakeholders). |
| Risk of communication with external stakeholders | <p>Risk associated with the effects of information exchange between the company and external recipients, customers and other stakeholders. It involves negative media coverage and the possibility of unauthorised information appearing in the media to mislead the public.</p> <p>Materialisation of the risk may lead to a reduction in the credibility of and trust in the Energa Group and affect the competitive position in the market.</p> | <ul style="list-style-type: none"> Conducting external communications on behalf of Energa Group by the Energa SA Press Office. Establishing and maintaining good relations with the media by representatives of the Energa SA Press Office, ongoing cooperation with the media in answering questions. Conducting activities and actions in cooperation or under the auspices of the media, working together with the District and Municipal Consumer Ombudsmen. Media interviews and participation of Management Board members or persons authorised by the Director from the Press Office in news and opinion programmes on topics within the scope of the Group's activities or ongoing projects. Provision of promotional videos on the Energa Group's social media channel and materials for external media. Customer Ombudsman function. Involvement of company representatives in PTPIREE activities. Ongoing contact with media representatives on the Energa-Operator side Ongoing, proactive response to media interventions and enquiries. Adhering to the Communication, CSR, Charity, Marketing and Sponsorship Activities Policy in the Energa Group. |



EMPLOYEE RISKS

These risks are operational in nature. They are risks arising from the required knowledge, skills and experience of the employees who contribute to achieving the objectives of the Energa Group companies. These risks are analysed from the perspective of availability of human capital, partnership with trade unions, realisation of employee benefits and ensuring job security.

Measures describing the approach to employee risk management are described, for example, in the *Code of Ethics of the ORLEN Capital Group and the Rules for the Selection and Operation of Ethics Officers in the Energa Group*, the *Occupational Health and Safety Policy*, the *ORLEN Capital Group Employee Potential Management Policy*, and the *Anti-Harassment and Discrimination Policy*. Detailed information on risk management is presented below.

| Risk | Description of risks and potential consequences | Control mechanisms used |
|---------------------------------|---|---|
| Occupational safety risk | <p>Risks arising from the shaping of proper working conditions in the Energa Group for employees or the shaping of safe conditions of infrastructure operation for third parties. It relates to the application of national and international legislation in the area of obligations and rights of employees, including the employment relationship, employers' and employees' organisations, collective agreements and health and safety regulations. Risks related to the failure to ensure proper supervision of working conditions and the failure to implement the required occupational health and safety standards, which may lead to occupational accidents, occupational diseases or violations of internal regulations and external legislation.</p> <p>Materialisation of the risk may result in accidents at work or occupational diseases, cause disruptions in the continuity of work and lead to an increase in accident and insurance premiums.</p> | <ul style="list-style-type: none"> ENERGA Group Health and Safety Policies. Fire Safety Manuals in each building. Phone app Na Ratunek (i.e. To the rescue). Provision of periodic training in occupational health and safety and fire safety. Protection and insurance of assets (policy). Monitoring of legal regulations in the field of occupational health and safety and fire safety, as well as ongoing compliance with them.. Determination of harmful or onerous factors for initial and periodic medical check-ups. Preventive and advisory visits to Energa Group companies with the participation of a coordinator from PKN ORLEN. Internal HSE and fire safety controls in Group companies. |

| Risk | Description of risks and potential consequences | Control mechanisms used |
|---|---|---|
| Risk of harassment and discrimination | <p>Risk means the risk of occurrence of undesirable events in the form of harassment and discrimination of employees in the Energa Group.</p> <p>Materialisation of the risk may result in loss of image and credibility in the labour market and among employees, lawsuits from employees and unfavourable judgments in court or administrative proceedings, as well as the need to pay compensation or damages for the harm suffered.</p> | <ul style="list-style-type: none"> ■ <i>Anti-Harassment and Discrimination Policy.</i> ■ Functioning of the Anti-Harassment and Discrimination Council. ■ Programme of anti-harassment activities. ■ Establishing channels for reporting suspected harassment or discrimination. ■ Providing training for employees. |
| Risk of unethical behaviour | <p>Risk means the occurrence of unethical behaviour, understood as any behaviour, conscious or unconscious, negatively affecting individual employees, teams or the organisation, contrary to the rules of social coexistence or to the values and organisational culture of the ORLEN Capital Group, as defined in the <i>ORLEN Capital Group Code of Ethics</i> (excluding harassment or discrimination in the place of work at Energa SA).</p> | <ul style="list-style-type: none"> ■ <i>The ORLEN Group Code of Ethics.</i> ■ Rules for the Selection and Operation of Ethics Officers in the Energa Group. ■ Channels for reporting signs of misconduct. ■ Training activities. |
| Risk of security of persons and property | <p>Risks related to unauthorised access to facilities, including energy devices. The risk also relates to the security of employees and third parties on the premises of Group entities, as well as incidents of a terrorist and sabotage nature.</p> <p>The potential effects of the risk may involve threats to the security of network operations, disorganisation of ongoing operational processes, loss or destruction of property or interruption of business continuity.</p> | <ul style="list-style-type: none"> ■ Assurance of the security of persons and company assets by a dedicated Group company. ■ Security plans, including critical infrastructure protection plans. ■ Internal security regulations. ■ Business continuity plans in Group entities. ■ Property, liability and revenue insurance. ■ Physical and technical safeguard systems at Group facilities. ■ Monitoring of security incidents in the Group. ■ Controls of physical and technical security. |



ANTI-FRAUD RISKS

Anti-fraud risks are legal and regulatory in nature. The risks arise from illegal actions taken by management or employees, individually or in an organised manner, which expose the company to fines, sanctions, loss of customers, profits and reputation. It includes activities related to fraud, abuse and corruption.

Anti-fraud risks are managed through the arrangements adopted in the Anti-Fraud and Conflict of Interest Policy and the Rules for Accepting and Giving Gifts. Detailed information on risk management is presented below.

| Risk | Description of risks and potential consequences | Control mechanisms used |
|------------------------------------|--|---|
| Risk of fraud/tortious acts | <p>The risk relates to situations and behaviours related to fraud, including conflict of interest, corruption and embezzlement, that may be committed by employees or associates of Energa Group entities. The risk includes the potential threat of fraud and corrupt activities in operational processes, as well as fraud in connection with the implementation of EU projects.</p> <p>Materialisation of the risk may lead to financial losses, loss of assets and involve prosecution by law enforcement authorities against employees or bodies of Group entities. The risk may adversely affect the reputation and image of the Energa Group, result in a ban on applying for public funds (EU or national) and impair the trust of employees in their superiors, colleagues and the organisation in general.</p> | <ul style="list-style-type: none"> ■ Security units in key subsidiaries. ■ <i>The Policy against Fraud and Conflict of Interest.</i> ■ Internal regulations on fraud, ordering and accounting for EU-funded projects and the procurement process. ■ Training for employees (e.g. on anti-corruption). ■ Dedicated contact channel for reporting symptoms and fraud. ■ Three lines of defence for the organisation (internal control system, risk management system, internal audit). ■ Mandatory anti-corruption and conflict of interest clauses in agreements with contractors. ■ Partnership with the Legal Office on compliance management in the area of fraud and on reporting suspected criminal offences. |



OTHER KEY NON-FINANCIAL RISKS

STRATEGIC AREA

The risks of the strategic area are characterised by a direct impact on the level of achievement of the strategic objectives. Their materialisation has an impact on the development of Energa Group companies and the building of a competitive advantage in the energy market.

| Risk | Description of risks and potential consequences | Control mechanisms used |
|--|---|---|
| Risks related to the implementation of the Long-Term Strategic Investment Plan and the Strategic Development Plan of the Energa Group | <p>The key risks in this area relate to disruptions and significant deviations for the set KPI targets indicated in: the generation area – construction of new RES capacities, optimisation of the use of Energa Elektrownie Ostrołęka SA after 2025, reduction of CO₂ emissions, investments in gas assets; in the distribution area – development of the distribution network, connecting new customers to the network, adjusting to the increase in RES capacities, maintaining the quality of electric energy supply; in the sales area – improvement of results in the core retail business, increasing the number of customers, developing the services and products offered.</p> <p>Materialisation of the risks may lead to a worsening of the Group's competitive position, failure to achieve the assumed EBITDA growth or decrease in operating costs. Risks may also result in penalties (regulatory, contractual, environmental), an increase in variable costs, write-downs on assets or ineffectiveness of incurred expenditures.</p> | <ul style="list-style-type: none"> ■ Implementation of the investments indicated in the <i>Energa Group's Multi-Annual Plan of Strategic Projects</i> for 2021–2030 – in accordance with the investment plan criteria. ■ Ongoing supervision of the implementation of the investment plan. ■ Monitoring of the Group's purposes and investment expenditures as defined in the <i>Energa Group Strategic Development Plan to 2030</i>. ■ Agreements with contractors and suppliers to secure schedule shifts and budget changes. |

| Risk | Description of risks and potential consequences | Control mechanisms used |
|---|--|---|
| Planning and resource allocation risks | <p>Risks related to the challenges of effective revenue and cost planning, pricing and the increase in planning for the long-term balancing cost of local market sources. A key factor in these risks is legislative changes in the operation of energy companies that shape their pricing policies and, together with changes in the prices of raw materials for electricity and heat production, affect the volatility and relevance of planning processes.</p> <p>Materialisation of the risk may lead to failure to implement the Group's strategic and financial plan and to difficulties in or abandonment of advanced projects, loss of market share or the need to purchase missing energy.</p> | <ul style="list-style-type: none"> ■ Ordinance by ENSA on the implementation of the company's schedule for obtaining information from Group companies for the preparation of consolidated financial statements, consolidated economic and financial plans and operational and financial management information. ■ Rules for the calculation of electric energy and gas prices and margin management. ■ Instructions for bidding and methodology for calculating margins from contracts with electric energy generators. ■ Rolling forecasts for revenue and operating costs for the year. ■ Plan monitoring. |
| Information protection risk | <p>Risks arising from efforts to ensure the security of legally protected information and data, such as company secrets, protection from competitive activities and requirements under the regulations on the protection of classified information. Risks associated with loss of confidentiality, integrity and assurance of availability in the context of information processing methods (including in ICT systems).</p> <p>The materialisation of the risk may relate to the disruption or interruption of business continuity in companies, incurring criminal, administrative or official liability. Risks may result in reputational losses due to loss of data and a negative impact on image.</p> | <ul style="list-style-type: none"> ■ <i>Information Security and Cyber Security Management Policy</i>. ■ <i>ICT Security Policy</i>. ■ <i>Information Protection Policy at Energa SA</i>. ■ <i>Information security policy at Energa SA</i>. ■ Conduct of SOC for Energa Group companies. |

LEGAL AND REGULATORY AREA

The risks of the strategic area are related to their impact on the level of assurance of legal provisions, requirements of the energy market regulator and internal regulations describing the rules of organisational governance – their materialisation affects the shaping of the image and reputation of the Energa Group.

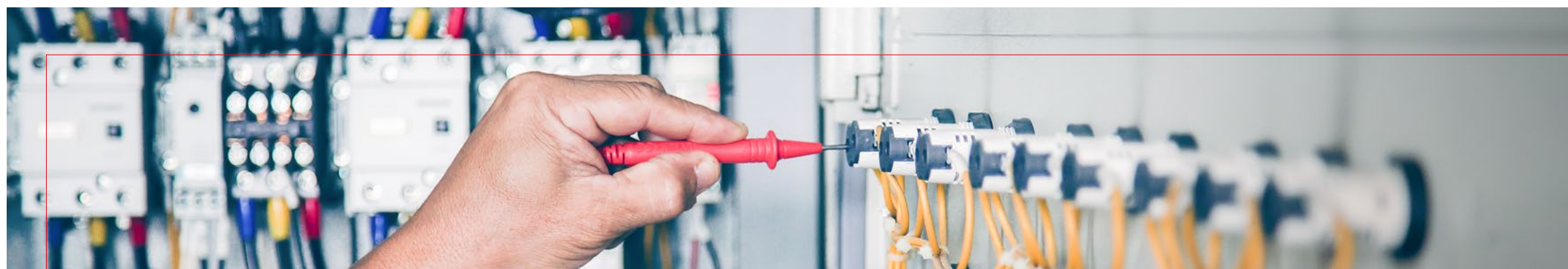


| Risk | Description of risks and potential consequences | Control mechanisms used |
|-----------------------------|---|---|
| Legal risk | <p>This risk relates to ensuring the quality of legal services provided in legal and administrative proceedings conducted by or against Group entities. The risk is also related to the possibility of compensation claims by landowners.</p> <p>Materialisation of the risk may lead to the necessity to pay compensations and penalties, as well as to the granting of regulatory discounts. The risk may also result in additional litigation and legal costs, criminal and administrative sanctions, lack of possibility to carry out line investments provided for in the <i>Development Plan of Energa-Operator SA</i> and the realisation of energy supplies in the case of an order to remove high- and medium-voltage network devices.</p> | <ul style="list-style-type: none"> ■ Partnership with law firms and verification of the quality of legal assistance services provided. ■ Information systems for monitoring and reporting of relevant matters. ■ Internal regulations for the coordination of legal assistance in the Energa Group, as well as regarding the legal status of energy real property. ■ Compliance Management System in the Energa Group. ■ Agreement review in terms of compliance. ■ Bond agreements or legal and material agreements governing the establishment of transmission easement or land easement. |
| Data protection risk | <p>The risk relates to ensuring the privacy and information security of data entities.</p> <p>Materialisation of the risk may lead to obstruction of the company's operational activities, criminal sanctions, including financial and administrative sanctions, control of supervisory bodies, litigation and compensation costs.</p> | <ul style="list-style-type: none"> ■ Implementation of internal regulations in the area of personal data protection, e.g. in terms of dealing with breaches, obtaining consents for personal data processing, fulfilment of information duties, realisation of data subjects' rights or personal data protection risk management. ■ Periodic training and information communication on the basic obligations of employees. ■ Recommendations of the ODO Forum. |

| Risk | Description of risks and potential consequences | Control mechanisms used |
|------------------------|--|---|
| Regulatory risk | <p>This risk relates to legislative changes affecting the operation of individual Energa Group business lines.</p> <p>Materialisation of the risk may lead to modification of investment plans, achievement of lower revenues than the assumed plan, increase in operating costs, imposition of additional obligations or occurrence of losses in sales, as well as imposition of penalties in case of incorrect implementation of legal regulations. Risks also represent an opportunity to adopt legal solutions that enable additional funds to be raised or guarantee a support system for the Group's assets.</p> | <ul style="list-style-type: none"> ■ Monitoring of legal changes. ■ Participation in the legislative process, including monitoring and providing opinions on legislative initiatives. ■ Partnership within the ORLEN Group in the formulation of positions. ■ Work of Group representatives in industry associations. |
| Agreement risk | <p>The risk is associated with the company entering into agreements on unfavourable terms, non-performance or improper performance of agreements and possible claims, complaints or penalties as a result.</p> <p>Materialisation of the risk may result in financial losses, litigation, or a deficiency in the Agreement leading to a lack of coverage of costs, revenues from the execution of the Agreement.</p> | <ul style="list-style-type: none"> ■ Internal contracting and ordering procedures. ■ Central Register of Agreements and Orders. ■ Register and evaluation of qualified subcontractors. ■ Monitoring of the stage of completion of services and supplies. ■ Definition of rules for the liability of partners within the consortium towards the Ordering Party. |

OPERATIONAL AREA

The risks of the strategic area are related to the current activities that the companies undertake for the purpose of implementing strategic activities – their materialisation affects the level of achievement of the operational purposes of the Energa Group companies.



| Risk | Description of risks and potential consequences | Control mechanisms used |
|--|---|---|
| Project and investment risks | <p>Risks associated with investments carried out within the Energa Group towards increasing the Energa Group's generation, distribution and sales potential consisting of failure to meet the assumed implementation date, schedule, budget or scope.</p> <p>Materialisation of risks may lead to failure to achieve a return on investment at the assumed level, the need to incur additional expenditures or write off project costs, return of received funding, loss of potential revenues, escalation of claims in court, the need to incur penalties or image consequences.</p> | <ul style="list-style-type: none"> ■ Implementation of investments in a project structure or by dedicated special purpose vehicles. ■ Ongoing control and monitoring of investments at the operational and strategic level (committees and management). ■ Periodic workshops on deviations within major CAPEX. ■ Agreements and arrangements in place. ■ Monitoring of the market environment of projects, pre-implementation monitoring. |
| Risks relating to the core business of the individual companies of the Energa Group | <p>Risks relating to the conduct of key business activities, such as: the risk of asset failure and interruption of production or distribution continuity, the risk of IT system disruptions and lack of development, supply chain disruptions and the risk of coal and biomass shortages.</p> <p>The materialisation of risks can lead to the need to incur additional costs for restoring the device to its pre-failure state or restarting it, as well as lost revenue due to device unavailability and penalties for failing to meet required stock levels. When strategic IT systems are not aligned, the risk of penalties or disruption to core processes such as invoicing or information security risks is identified.</p> | <ul style="list-style-type: none"> ■ Periodic reviews based on instructions and possessed experience and technical knowledge. ■ Maintenance and investment plans. ■ Asset insurance. ■ Contractual provisions with contractors of manufacturing devices for responding to guarantee defects that occur. ■ Qualification certificates of employees. ■ Diversification of suppliers. ■ Monitoring of the fuel market, fuel production and consumption plans. ■ Multi-year agreements for the purchase and transport of raw materials. ■ Coordination of IT project portfolio. ■ Safeguarding of IT resources. |

| Risk | Description of risks and potential consequences | Control mechanisms used |
|---|--|--|
| Risk of business continuity interruption | <p>Risks related to a breach in the continuity of operation of key processes at Group entities or the occurrence of unexpected disruptions in the operation of these processes. The risk takes into account issues relating to the availability of devices, their efficiency and performance, as well as the impact of weather and hydrological factors and random events.</p> <p>Materialisation of risk can lead to a threat to the safety of life and property, production disruptions, unavailability of resources (locations, systems, employees) carrying out critical processes or failure of other technologically related devices. Risks can also result in contractual penalties and, in an extreme case, loss of concessions.</p> | <ul style="list-style-type: none"> ■ Business continuity strategy. ■ Emergency procedures. ■ Critical Infrastructure Protection Plan. ■ Rules for dealing with an emergency. ■ Replacement locations. ■ Regular testing as part of the business continuity management system. ■ Insurance. ■ Contractual provisions with contractors for responding to defects. ■ Preventive actions, including periodic inspections of the infrastructure. |
| Customer billing risks | <p>The risk is related to the disruption of the invoicing process due to unavailability of billing systems, ongoing migrations or incorrect recording of reading data.</p> <p>Materialisation of the risk may lead, for example, to lower customer satisfaction (increase in complaints, withdrawal from the Group's services and products), deterioration of the Group's image, cash flow disruptions, distorted financial and statistical data, additional costs of rectifying errors or irregularities or proceedings before the ERO and the Act on Competition and Consumer Protection.</p> | <ul style="list-style-type: none"> ■ Monitoring of the level of measurement data delivered and invoices issued. ■ Maintenance agreement with suppliers of billing systems to enable rapid rectification of critical errors. ■ Internal instructions on, for example, the execution of adjustments, interest, the control mechanism related to double invoicing, sales and prosumer billing, and month-end closing. ■ System control mechanisms. |

Environmental impact

RELEVANT TOPICS:

ENERGY EFFICIENCY

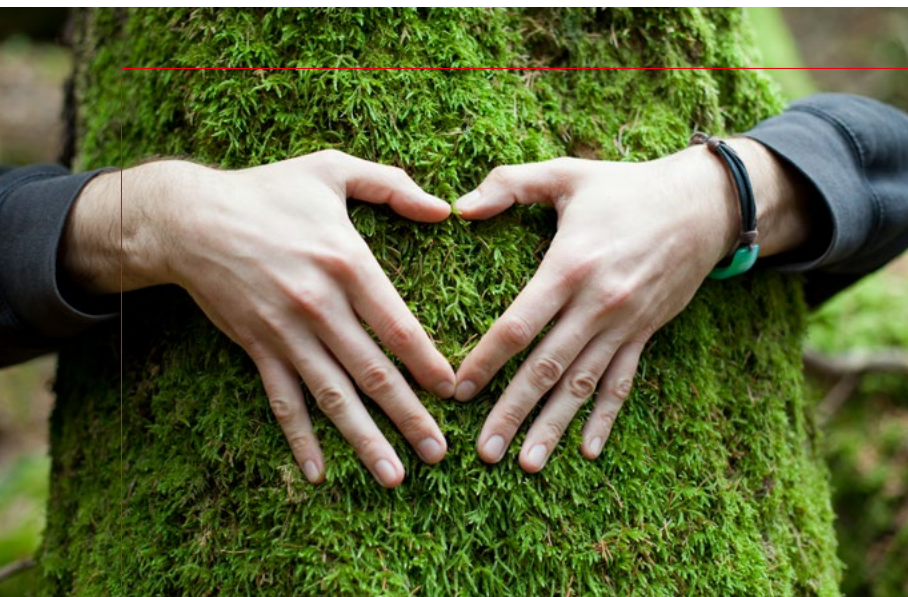
USE OF RAW MATERIALS

WATER

WASTE MANAGEMENT

IMPACT ON BIODIVERSITY





ENVIRONMENTAL IMPACT MANAGEMENT IN THE ENERGA GROUP

GRI 3-3 In March 2022, the Council of Ministers adopted new guidelines to update the *Energy Policy of Poland until 2040*. This strategic document sets out the assumptions for building Poland's energy mix. In addition to the three basic pillars set out so far (fair transition, zero-emission energy system, good air quality), a fourth one – Poland's energy sovereignty – has been formulated. The policy envisages a 30% reduction in greenhouse gas emissions by 2030 and a 23% increase in energy efficiency by 2030 in relation to 2007 projections of primary energy consumption. In the 2040 perspective, an important aspiration of our country is to increase the production of electric energy from RES by about half.

The Energa Group invariably subscribes to the assumptions of the energy transition by, for example, investing in hydropower, wind power and photovoltaics. The plans for the next 10 years are to significantly increase the installed capacity of renewable energy sources, owned and with shares in assets with a total installed capacity of approximately 2.4 GWe.

For Energa, it is important to meet growing consumer demand for energy while meeting its security of supply objectives.



All operational and investment activities carried out are supported by a continuously improved **Integrated Environmental and Energy Management Scheme** compliant with the **EMAS Regulation**. EMAS (Eco Management and Audit Scheme) is the EU's elite voluntary eco-management and audit scheme, which operates on the basis of Regulation (EC) No 1221/2009 of the European Parliament and of the Council of 25 November 2009. According to the Ministry of Climate and Environment, EMAS is currently the most credible environmental management scheme. It is an instrument for improving the competitiveness of businesses. It plays a key role in implementing a circular economy, i.e. a low-carbon, resource-efficient and climate-resilient economy. EMAS allows for the development of practices to prepare smoothly for the transition towards circular economy and the transition to long-term management.

Organisations on the EMAS register include leaders of environmental change in their sectors at the national, EU and even global level. These organisations are the authors of the best environmental protection and eco-innovation solutions. The Energa Group has been one of the organisations covered by the scheme since 2016 and has undergone an external assessment every year since then, i.e. an audit by an accredited EMAS environmental verifier. The Energa Group is the first and so far the only energy group in Poland to be registered under EMAS, including such a large number of companies (15).

Currently a total of 342 Energa facilities are covered by EMAS. In the near future, we expect to add more to the EMAS register,

including renewable energy sources: the PV Gryf solar farm with an installed capacity of approximately 25 MW, five smaller solar farms with a total capacity of 4.2 MW, the PV Kolincz farm with a capacity of approximately 0.8 MW and the PV Wielbark farm in the acquisition process with a target installed capacity of 62 MW.

EMAS in operation in the Energa Group is integrated with ISO 14001 and ISO 50001 within the framework of the *Energa Group Environmental and Energy Policy*. As a result of the integrated approach to environmental issues in all companies – to each system and facility – objectives and measures have been adopted to enable systematic improvement of environmental and energy efficiency. EMAS and the ISO 14001 and ISO 50001 standards are audited in the companies together as part of the environmental and energy integrated scheme.

EMAS has enabled the Energa Group to use the best available techniques and management methods for the purpose of systematically reducing its negative environmental impact by, for example, reducing waste, wastewater, greenhouse gas emissions and pollutants emitted into the air, as well as lower consumption of energy and raw materials. At the same time, this makes it possible to achieve increasingly better financial results. We identify the greatest operational savings in energy consumption (energy efficiency improvements), waste management, as well as water and wastewater management. Environmental indicators, annual reports and environmental declarations make it possible to inform employees, public administration and customers about the activities carried out at Energa in a transparent manner, which is also used in the reporting of non-financial data.

In implementing the *Energa Group Environmental and Energy Policy*, significant external and internal factors were identified, which were then analysed in terms of risk. The threats and opportunities that they may imply for the Energa Group were also assessed. These factors are:

- climate (droughts, violent weather events),
- air quality,
- availability of resources (water, land),
- biodiversity,
- regulatory and financial considerations,
- economic and political context,
- security of supplies (in particular cyber security),
- pandemic risks,
- specific activities and products (core – electric energy and heat, as well as their distribution and sale),
- culture, changes in the organisation.

The business strategy and the direct and indirect external influences of the organisation determine the scope and requirements of the management scheme. The implementation of the *Policy* also requires the identification of stakeholders, their needs and expectations, and the associated risks and opportunities. The context and stakeholders, as well as the associated risks and opportunities, are identified at both the individual company and Group-wide level. The analysis carried out is complemented by an assessment of environmental aspects (direct and indirect) and the definition of management rules for them. Environmental aspects are identified both in relation to the processes of the Group's companies and in relation **to the activities of suppliers and collaborators** that Energa can control or have at least a partial influence on. This analysis from a product and service life cycle perspective includes, in particular, the procurement of raw materials for energy (coal, gas, biomass), their transport (especially in relation to the Generation business line), purchasing, the design of new and upgraded generation and distribution infrastructure, and the design of energy management services for customers. The generation and distribution infrastructure, both at the construction, operation and then disposal stages, is owned by the Group companies and generates direct aspects. On the other hand, the transfer of waste from the dismantling of the generation and distribution infrastructure to subsequent owners and entities carrying out disposal or recovery or recycling processes contributes to the creation of so-called indirect aspects. Due to the intangible nature of the primary product of energy and energy-related services (energy distribution and sale), the life-cycle perspective on the decommissioning and disposal of this product and services is limited.

- By identifying the direct and indirect aspects, their environmental impacts are determined (taking into account the life-cycle perspective);
- The life cycle stages of the infrastructure (construction, operation, demolition) are taken into account in the design processes of the generation and distribution infrastructure, in particular those requiring an environmental decision on the conditions of the investment;
- Purchasing rules are established to ensure a sustainable business-environmental approach and to minimise the risks of potential environmental damage;
- Environmental impact management also for indirect aspects by encouraging customers to take advantage of offers that support environmental and energy efficiency.



TRANSITION TOWARDS A CIRCULAR ECONOMY

RELEVANT TOPIC:

USE OF RAW MATERIALS

USE OF RAW MATERIALS

A circular economy means closing the cycle of raw materials, products and waste for the purpose of greater conservation of natural resources (water, raw materials, energy) and minimisation of waste. The Energa Group has already been implementing the principles of this economy for several years. By optimising resource consumption and waste generation and striving to reduce emissions into the air, Energa not only reduces its negative impact on the environment, but also lowers the costs of its operations.

An example of circular economy implementation is the management of furnace waste and combustion by-products from the coal-fired power plant by Energa Elektrownie Ostrołęka, in place since 2016. These are used in other technological processes and also transferred to external companies for the production of building materials. The financial benefits gained include avoiding fees resulting from waste storage.

In addition, Energa Elektrownie Ostrołęka is systematically trying to reduce the consumption of non-renewable raw materials, carrying out, for example, analyses related to the selection of coal suitable for combustion with optimal both economic and physical-chemical quality parameters, such as calorific value, ash, humidity and sulphur content, milling susceptibility.

For the purpose of reducing the consumption of other raw materials, Energa Group companies take measures to reduce the consumption of transport fuels, as well as paper (switching to e-newspapers, introduction of e-invoices).

Unfortunately, in 2022, the global energy crisis caused by Russia's invasion of Ukraine led to an increase in the use of fossil fuels. This was necessary in order to maintain energy security. As a result, 1,566,784 Mg of raw materials were used in the Energa Group in 2022, 177,361 Mg more than in the previous year.

GRI 301-1 Raw materials or materials used by weight and volume

| Raw materials or materials | 2021* | 2022 |
|---|------------------|------------------|
| NON-RENEWABLE: | | |
| coal [Mg] | 1 257 163 | 1 446 352 |
| natural gas [m ³] | 3 764 727 | 6 758 821 |
| fuel oil [Mg] | 8 798 | 7 460 |
| diesel [Mg] | 3 608 | 3 200 |
| petrol [Mg] | 826 | 799 |
| other non-renewable [Mg] | 259 | 210 |
| consumption of other non-renewable raw materials and materials [Mg] | 34 085 | 37 204 |
| Total consumption of non-renewable raw materials [m³] | 3 764 727 | 6 758 821 |
| Total consumption of non-renewable raw materials [mg] | 1 304 738 | 1 495 227 |
| RENEWABLE: | | |
| biomass [Mg] | 84 644 | 71 503 |
| Total consumption of renewable raw materials [Mg] | 84 644 | 71 503 |
| Consumption of direct materials (e.g. steel) [Mg] | 5 | 18 |
| Total consumption of raw materials [m³] | 3 764 727 | 6 758 821 |
| Total consumption of raw material [Mg] | 1 389 387 | 1 566 748 |

Coal consumption has increased with increased production at Power Plant B in Ostrołęka, which is the only system power plant in the north-eastern region of Poland that ensures the safe operation of the Polish power system.

Due to the ongoing upgrade project at the Elbląg CHP plant, the amount of gas consumed by the company in 2022, which was used in the start-up and operation processes of the installed equipment, increased significantly.

At the end of April 2022, a reserve-peak boiler plant with a thermal capacity of 114 MWt was commissioned. It is estimated that the reserve-peak boiler plant can supply approximately 650,000 GJ of heat to the Elbląg district heating system during the year. The district heating system will continue to be supplied by the primary source, the BB20p biomass unit, which provides approximately 880,000 GJ per year.

Energa-Operator continued the activities started in 2021, which resulted, for example, in a reduction in the consumption of paper and transport fuels:

- In 2022, there was an evaluation of the effects of the project *Implementation of a system to monitor and manage the vehicle fleet using GPS technology*. The company reduced fuel

consumption (petrol by approximately 23%, diesel by approximately 10%), and the process of recording and accounting for the work of company cars was improved.

- The implementation of the WFM (Workforce Management) system continued. The purpose is to achieve optimisation of the use of the working time of employees carrying out orders in the field and those who account for their work by implementing an IT tool to support the management of the work of technical teams. As part of this optimisation, paper resources will be digitalised and the need for printouts will be reduced. The implementation of the project has been extended to 2023.
- The Company maintains the ZET Mobile application, which has contributed to the automation of work in the area of Recipient Technical Service. It has enabled a complete shift away from paper documents to the provision of information in electronic form.

Recycled input raw materials

In 2022, Energa Group companies did not use recycled raw materials for their operations.

Recovered materials from products sold and their packaging

In 2022, Energa Group companies did not use recycled products and their packaging to conduct operations.

* For the purpose of facilitating data comparison, the data for 2021 have been adjusted by removing the values generated by Energa CUW, which has been integrated into ORLEN CUK Sp.z.o.o. as of 2022 and is not included in the 2022 statements.



WATER CONSUMPTION

RELEVANT TOPIC:

WATER

GRI 303-1 Given the nature of our operations, we draw water primarily from surface intakes (rivers, lakes) and deep water wells. In 2022, we abstracted a total of 30,725,851,986 m³, which is 242,332,586 m³ less than in the previous year. We use water mainly for the purpose of generating electric energy in hydroelectric power plants and cooling generating systems.

GRI 303-2

The largest water abstraction – 30,225,508,629 m³ – was recorded at Energa Wytwarzanie. However, this is a return abstraction. The water flows through the hydroelectric power plants and returns to the environment in the same amount. Energa Wytwarzanie is not in a position to significantly influence the volume of surface water abstracted from rivers and lakes. The abstraction of water for energy purposes in a given year is influenced by:

- external factors – climatic conditions: drought, precipitation,
- internal factors – necessary shutdowns of facilities in the course of repairs and upgrades.

The Company is only able to regulate the water level maintained within the limits specified in its water rights permits. By gradually modernising the facilities, it is possible to optimise their operation in such a way as to enable more efficient production while maintaining similar abstraction parameters.

In 2022, there was a decrease in the use of water for energy purposes by approximately 15% compared to the previous year, a decrease in abstraction for cooling purposes by approximately 11% and groundwater abstraction also by approximately 11%.

Energa Elektrownie Ostrołęka draws water from the Narew River and from deep water wells, adhering to the limits set out in the water rights and integrated permits. The company draws surface water from the Narew River:

- for the cooling process and to carry out technical processes – flue gas desulphurisation, preparation of treated water to supplement the water and steam circuits, the district heating system, the hydro-ashing system,
- for the maintenance of the fire-fighting system for economic purposes,
- for raising the weir buckets at low water levels necessary for the operation of the power station.

After passing through the condensers, approximately 99% of the water is returned through the discharge canal to the River Narew, ensuring the biological continuity of the watercourse. The company carries out monitoring of the quality of the surface and groundwater captured, as well as downstream and upstream of the discharge of wastewater entering the river. The purpose of the monitoring is to assess the impact of the system on the status and composition of the surface water. The results of the quantity and quality monitoring are submitted to the relevant environmental authorities. The company generated 68,820,604 m³ more wastewater in 2022. The power station uses neutralised wastewater from the Process Water Preparation Station and partly rainwater and industrial wastewater to supplement losses in the hydro-ashing circuits. As part of the measures taken in previous years, investment and upgrade works were carried out to increase the efficiency of water consumption, including an upgrade of the cooling water system. The upgrade of the cooling water pumps consisted in the installation of new pumps that have the ability to regulate their operating parameters. Activities are currently underway that will take into account the relationship between the water temperature at the abstraction point, the cooling water flow rate and the current output of a given turbo unit. This will have a positive effect on reducing the impact on water resources.

Energa-Operator upgraded the water supply network at the real property in the Kalisz Branch in 2022.

Group companies do not recycle water in order to reuse it.

GRI 303-3 Water withdrawn

| Business line/company | Total volume of water abstracted from all sources considered [m ³ /year] | | Rivers (for cooling purposes) [m ³ /year] | | Rivers (for non-cooling purposes) [m ³ /year] | | Lakes (for cooling purposes) [m ³ /year] | | Lakes (for non-cooling purposes) [m ³ /year] | | Groundwater (for non-cooling purposes) [m ³ /year] | | Mains water [m ³ /year] | |
|--------------------------------|---|-----------------------|--|--------------------|--|-----------------------|---|------------------|---|--------------------|---|----------------|------------------------------------|----------------|
| | 2021* | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 |
| Services and other | 2 299 | 2 292 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2 299 | 2 292 |
| Distribution business line | 51 574 | 59 158 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 204 | 174 | 5 1370 | 58 984 |
| Sales business line | 3 437 | 3 657 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3 437 | 3 657 |
| Generation business line | 35 968 127 261 | 30 725 786 879 | 440 813 900 | 505 267 711 | 35 115 011 017 | 29 663 554 991 | 3 883 300 | 3 707 190 | 407 985 240 | 552 817 440 | 384 784 | 365 135 | 49 021 | 74 413 |
| – Energa Wytwarzanie | 35 534 456 354 | 30 225 508 629 | 12 452 112 | 10 837 147 | 35 110 131 204 | 29 658 141 960 | 3 883 300 | 3 707 190 | 407 985 240 | 552 817 440 | 1 734 | 1 540 | 2 764 | 3 352 |
| – Energa Kogeneracja | 14 206 781 | 11 492 387 | 13 995 092 | 11 246 765 | 173 499 | 183 916 | 0 | 0 | 0 | 0 | 0 | 0 | 38 190 | 6 1706 |
| – Energa Ciepło Ostrołęka | 391 | 523 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 391 | 523 |
| – Energa Ciepło Kaliskie | 6 397 | 8 416 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 6 397 | 8 416 |
| – Energa Elektrownie Ostrołęka | 419 456 252 | 488 776 682 | 414 366 696 | 483 183 799 | 4 706 314 | 5 229 115 | 0 | 0 | 0 | 0 | 383 050 | 363 595 | 192 | 173 |
| – Energa Serwis | 1 087 | 242 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 087 | 242 |
| Grupa Energa | 35 968 184 572 | 30 725 851 986 | 440 813 900 | 505 267 711 | 35 115 011 017 | 29 663 554 991 | 3 883 300 | 3 707 190 | 407 985 240 | 552 817 440 | 384 988 | 365 309 | 106 127 | 139 345 |

* To facilitate data comparison, the data for 2021 have been adjusted by removing the values generated by Energa CUW, which has been integrated into ORLEN CUK Sp.z.o.o. as of 2022 and is not included in the 2022 statements.

GRI 303-3 **Water abstraction by source and water pressure**

| Water abstraction by source | Total water abstraction [m ³ /year] | Quantity of water abstracted from water deficit areas [m ³ /year] | Location of water deficit area | Location of water deficit area* |
|---|--|--|---|---------------------------------|
| rivers (for cooling purposes) | 505 267 711 | 505 267 711 | Energa Elektrownie Ostrołęka, Energa Kogeneracja (EC Elbląg, EC Kalisz), Energa Wytwarzanie (EW Włocławek) | medium |
| rivers (for non-cooling purposes) | 29 663 554 991 | 29 663 554 991 | Energa Elektrownie Ostrołęka, Energa Kogeneracja (EC Elbląg, EC Kalisz), Energa Wytwarzanie (EW Włocławek), other Small Hydroelectric Power Plants SHPP | medium |
| | | | Energa Wytwarzanie (MEW Rakowiec, Pierzchały, Oława) | high |
| lakes (for cooling purposes) | 3 707 190 | 3 707 190 | Energa Wytwarzanie (ESP Żydowo) | medium |
| lakes (for non-cooling purposes) | 552 817 440 | 552 817 440 | Energa Wytwarzanie (ESP Żydowo) | medium |
| groundwater (for cooling purposes) | 0 | 0 | | |
| groundwater (for non-cooling purposes) | 36 5309 | 365 309 | Energa Wytwarzanie (MEW Pierzchały) | high |
| | | | Energa-Operator (Branches in Płock, Gdańsk, Kalisz), Energa Elektrownie Ostrołęka, Energa Wytwarzanie (other abstraction points) | medium |
| | | | Energa-Operator (Oddział Koszalin) | low |
| rainwater directly collected and stored | 0 | 0 | | |
| rainwater from other organisations | 0 | 0 | | |
| mains water | 139 345 | 139 345 | Energa Wytwarzanie (MEW Rakowiec, Pierzchały, Oława) | high |
| | | | Energa Wytwarzanie (EW Włocławek, other Small Hydroelectric Power Plants, ESP Żydowo) | medium |
| | | | Energa Energa Ciepło Kaliskie Energa Ciepło Ostrołęka Energa Serwis Energa Kogeneracja Energa Wytwarzanie Energa-Obrót Enspirion Energa-Operator Energa-Operator Wykonawstwo Elektroenergetyczne Energa Oświetlenie Energa Logistyka Energa Informatyka i Technologie Energa Invest | medium or low |
| | | | | |
| Total volume of water abstracted from all sources considered | 30 725 851 986 | 30 725 851 986 | | |

* Information on areas of increased risk of water deficits was obtained from the WWF website: <https://riskfilter.org/water/explore/map/europe>

GRI 303-4 **Water discharges by place of discharge to third parties in the Energa Group in 2022.**

| Places of destination of water discharges to third parties | Total water discharge [m ³ /year] | Water discharge to water deficit areas [m ³ /year] | Total discharge treatment level – treated water volume [m ³ /year] |
|--|--|---|---|
| 1. discharged to third parties for use* | 109 641 | 109 641 | 0 |
| 2. discharged to surface water | 511 731 252 | 511 731 252 | 511 731 252 |
| 3. discharged to groundwater | 0 | 0 | 0 |
| 4. discharged through the ground | 0 | 0 | 0 |
| Total volume of water discharge | 511 840 894 | 511 840 894 | 511 731 252 |

GRI 303-5 **Water consumption. Total volume of wastewater by quality and place of use**

| Business line/company | Total volume of wastewater [m ³] | | Wastewater discharged to drainage system [m ³] | | Wastewater discharged by means of transport to a wastewater treatment plant [m ³] | | Wastewater discharged to surface water (lake, river, etc.) [m ³] | |
|--------------------------------|--|--------------------|--|----------------|---|--------------|--|--------------------|
| | 2021* | 2022 | 2021* | 2022 | 2021* | 2022 | 2021* | 2022 |
| Services and other | 2 256 | 2 248 | 2 256 | 2 248 | 0 | 0 | 0 | 0 |
| Distribution business line | 51 305 | 53 492 | 46 145 | 50 083 | 5 159 | 3 409 | 0 | 0 |
| Sales business line | 3 437 | 3 657 | 3 437 | 3 657 | 0 | 0 | 0 | 0 |
| Generation business line | 447 503 756 | 511 781 497 | 53 250 | 48 764 | 1 519 | 1 482 | 447 448 987 | 511 731 252 |
| – Energa Wytwarzanie | 16 444 594 | 14 652 160 | 1 429 | 1 875 | 1 264 | 1 282 | 16 441 901 | 14 649 004 |
| – Energa Kogeneracja | 14 227 094 | 11 477 445 | 17 181 | 15 735 | 0 | 0 | 14 209 913 | 11 461 710 |
| – Energa Ciepło Ostrołęka | 356 | 463 | 356 | 463 | 0 | 0 | 0 | 0 |
| – Energa Ciepło Kaliskie | 767 | 724 | 767 | 724 | 0 | 0 | 0 | 0 |
| – Energa Elektrownie Ostrołęka | 416 829 859 | 485 650 463 | 32 431 | 29 725 | 255 | 200 | 416 797 173 | 485 620 538 |
| – Energa Serwis | 1 087 | 242 | 1 087 | 242 | 0 | 0 | 0 | 0 |
| Grupa Energa | 447 560 754 | 511 840 894 | 105 088 | 104 751 | 6 678 | 4 890 | 447 448 987 | 511 731 252 |

* For the purpose of facilitating data comparison, the data for 2021 have been adjusted by removing the values generated by Energa CUW, which has been integrated into ORLEN CUK Sp.z.o.o. as of 2022 and is not included in the 2022 statements.



ENERGY EFFICIENCY AND ENERGY CONSUMPTION

RELEVANT TOPIC:

ENERGY EFFICIENCY

GRI 302-4 REDUCING ENERGY CONSUMPTION

As part of improving the environmental and energy management system in 2022, we updated the companies' energy reviews with data for 2021. During the reviews, areas of improvement in the energy result were identified, including:

- At **Energa Elektrownie Ostrołęka**, the upgrade of cooling water pumps (PC1, PC2, PC3) and the upgrade of air fans (WP) at units 1, 2 and 3 were completed. As a result, the company obtained energy efficiency certificates confirming the average annual amount of final energy saved. The measures taken contributed to a reduction in energy consumption: upgrade of pump PC-1 resulted in annual energy savings of 132,345 toe, upgrade of pump PC-2 resulted in annual energy savings of 160,721 toe, upgrade of pump PC-3 resulted in annual energy savings of 141,452 toe, upgrade of WP air fans at units 1, 2, 3 resulted in annual energy savings of 308,603 toe.
- **Energa-Operator** continued the project *Redevelopment of the grid to Smart Grid standards through installation of smart metering and grid automation for the purpose of activating recipients for improved energy use efficiency and efficient management of the power system for improved security of supply*. In 2022, the company conducted an additional two procurement procedures for the supply of disconnectors and TETRA modems. Installation of the devices, totalling 619 units, is scheduled to take place in 2023.
- In order to reduce electric energy consumption in non-energy facilities, **Energa-Operator Branch in Gdańsk**:
 - replaced 196 LED lamps in office buildings,
 - carried out thermo-modernisation by replacing mechanical ventilation in forty rooms of the building on Towarowa Street in Gdańsk,
 - modernised air-conditioning systems in fifteen rooms in the distribution area
- **Energa Ciepło Ostrołęka** in 2022:
 - carried out an upgrade of the network on Kołobrzaska Street in Ostrołęka,
 - commenced design work related to the preparation of upgrades to further duct networks – replacing old exhausted pipelines with pre-insulated pipe technology. This work will reduce transmission losses, which in turn should reduce energy consumption,
 - operates a ground-mounted photovoltaic system launched in 2020 with a total capacity of 18.48 kWp. Electric energy is generated in 56 modules of 330 Wp each. The production fully covers the demand of the company's technical buildings located in Ostrołęka at 24A Wojska Polskiego Ave. The system has contributed to reducing CO emissions, by 17,958.52 kg,
 - in terms of achieving zero emission of the office building located at 13 Celna Street, in 2021, the first part of the photovoltaic system on the car park bay with a total power of 22.5 kWp was completed. The system was commissioned in March 2022. Electric energy is generated in 60 modules of 375 Wp each and, as designed, covers the electric energy needs of the test station as part of the project entitled: *Innovative phase-change heat and cold storage in a modern district heating system*. On the other hand, the surplus energy is used for the company's own purposes, e.g. for watering green areas with water from a rainwater storage tank built specifically for this purpose.
- **Energa Wytwarzanie** in 2022 began installing PV panels at small hydropower facilities for the purpose of covering its own operation needs (i.e. reducing the purchase of electric energy from the grid). PV panels with an estimated power of 5–7 kW will be installed at SHPP Bielkowo and SHPP Straszyn in 2023. In addition, the company has started installing PV panels at its office and workshop facilities in Straszyn (1 system with a capacity of 25.08 kW) and in Słupsk (2 systems with a total capacity of 39.14 kW).
- In 2022, **Energa Oświetlenie** completed the reconstruction, renovation and thermal modernisation of the company's headquarters building located in Sopot on Grottgera Street. Systems and technical devices were also modernised.

In 2022, the Group's total energy consumption decreased to 8,832,331 GJ. Energy consumption from fuels from non-renewable raw materials increased to a level of 32,675,874 GJ, which is associated with increased energy production from coal at the Ostrołęka B Power Plant. Due to the start of operation of the reserve-peak boiler plant at the Elbląg CHP plant, energy consumption from gas also increased.

GRI 302-1 Energy consumption from non-renewable raw materials by type of raw material*

| Business line/company | Total energy consumed from raw materials [GJ] | | Total energy consumed/used from non-renewable raw materials (own or purchased) by type of raw material [GJ] | | Coal [GJ] | | Natural gas [GJ] | | Fuel oil [GJ] | | Diesel [GJ] | | Petrol [GJ] | |
|--------------------------------|---|-------------------|---|-------------------|-------------------|-------------------|------------------|----------------|----------------|----------------|----------------|----------------|---------------|---------------|
| | 2021** | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 |
| Services and other | 10 342 | 9 099 | 10 342 | 8 990 | 0 | 0 | 402 | 561 | 0 | 0 | 5 318 | 4 654 | 4 621 | 3 774 |
| Distribution business line | 170 297 | 146 463 | 170 011 | 146 170 | 103 | 103 | 21 150 | 18 572 | 2 367 | 2 393 | 126 403 | 109 266 | 19 988 | 15 834 |
| Sales business line | 18 832 | 21 233 | 18 791 | 21 233 | 0 | 0 | 769 | 630 | 0 | 0 | 10 657 | 11 007 | 7 364 | 9 596 |
| Generation business line | 34 338 077 | 38 155 146 | 28 061 964 | 32 499 481 | 27 562 990 | 31 941 575 | 115 763 | 230 290 | 367 186 | 310 671 | 11 494 | 12 475 | 4 531 | 4 471 |
| – Energa Wytwarzanie | 4 902 860 | 4 479 432 | 5 824 | 5 844 | 0 | 0 | 901 | 924 | 0 | 0 | 2 403 | 2 529 | 2 520 | 2 391 |
| – Energa Kogeneracja | 3 710 902 | 3 322 868 | 2 331 847 | 2 140 896 | 2 034 039 | 1 753 232 | 105 638 | 222 441 | 191 141 | 164 166 | 322 | 311 | 706 | 746 |
| – Energa Ciepło Ostrołęka | 328 | 1 151 | 306 | 1 046 | 0 | 0 | 0 | 0 | 0 | 0 | 278 | 920 | 28 | 126 |
| – Energa Ciepło Kaliskie | 374 947 | 351 009 | 374 947 | 351 009 | 364 771 | 343 072 | 9 224 | 6 925 | 0 | 0 | 810 | 821 | 142 | 191 |
| – Energa Elektrownie Ostrołęka | 25 345 383 | 29 998 448 | 25 345 383 | 29 998 448 | 25 164 180 | 29 845 271 | 0 | 0 | 176 045 | 146 505 | 4 626 | 5 984 | 531 | 689 |
| – Energa Serwis | 3 657 | 2 238 | 3 657 | 2 238 | 0 | 0 | 0 | 0 | 0 | 0 | 3 054 | 1 910 | 603 | 328 |
| Grupa Energa | 34 537 547 | 38 331 941 | 28 261 108 | 32 675 874 | 27 563 093 | 31 941 678 | 138 084 | 250 053 | 369 553 | 313 064 | 153 873 | 137 403 | 36 505 | 33 676 |

GRI 302-1 Energy consumption from renewable raw materials by type of raw material*

| Business line/company | Total energy consumed from raw materials [GJ] | | Total energy consumed/used from renewable raw materials (own or purchased) by type of raw material [GJ] | | Biomass [GJ] | | Wind energy [GJ] | | Solar energy [GJ] | | Water energy [GJ] | |
|--------------------------------|---|-------------------|---|------------------|------------------|------------------|------------------|------------------|-------------------|---------------|-------------------|------------------|
| | 2021** | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 |
| Services and other | 10 342 | 9 099 | 0 | 109 | 0 | 0 | 0 | 0 | 0 | 109 | 0 | 0 |
| Distribution business line | 170 297 | 146 463 | 285 | 294 | 0 | 0 | 0 | 0 | 285 | 294 | 0 | 0 |
| Sales business line | 18 832 | 21 233 | 41 | 0 | 0 | 0 | 0 | 0 | 41 | 0 | 0 | 0 |
| Generation business line | 34 338 077 | 38 155 146 | 6 276 113 | 5 655 664 | 1 379 055 | 1 181 972 | 1 662 634 | 1 721 757 | 17 561 | 71 852 | 3 216 863 | 2 680 083 |
| – Energa Wytwarzanie | 4 902 860 | 4 479 432 | 4 897 036 | 4 473 588 | 0 | 0 | 1 662 634 | 1 721 757 | 17 539 | 71 748 | 3 216 863 | 2 680 083 |
| – Energa Kogeneracja | 3 710 902 | 3 322 868 | 1 379 055 | 1 181 972 | 1 379 055 | 1 181 972 | 0 | 0 | 0 | 0 | 0 | 0 |
| – Energa Ciepło Ostrołęka | 328 | 1 151 | 22 | 105 | 0 | 0 | 0 | 0 | 22 | 105 | 0 | 0 |
| – Energa Ciepło Kaliskie | 374 947 | 351 009 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| – Energa Elektrownie Ostrołęka | 25 345 383 | 29 998 448 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| – Energa Serwis | 3 657 | 2 238 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Grupa Energa | 34 537 547 | 38 331 941 | 6 276 439 | 5 656 067 | 1 379 055 | 1 181 972 | 1 662 634 | 1 721 757 | 17 888 | 72 255 | 3 216 863 | 2 680 083 |

* Sources of calorific values and conversion factors are calculated on the basis of KOBiZE indices.

** For the purpose of facilitating data comparison, the data for 2021 have been adjusted by removing the values generated by Energa CUW, which has been integrated into ORLEN CUK Sp.z.o.o. as of 2022 and is not included in the 2022 statements.

GRI 302-1 Total energy purchased, broken down into electric energy, heat, cooling and steam

| Business line/company | Total energy consumed/used purchased [GJ] | | Electric energy [GJ] | | Heat [GJ] | | Cooling [GJ] | | Steam [GJ] | |
|----------------------------|---|------------------|----------------------|------------------|------------------|------------------|--------------|--------------|----------------|----------------|
| | 2021* | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 |
| Services and other | 16 784 | 16 503 | 13 618 | 13 384 | 2 380 | 2 069 | 786 | 1 049 | 0 | 0 |
| Distribution business line | 4 408 357 | 4 375 705 | 4 342 527 | 4 315 359 | 65 830 | 60 346 | 0 | 0 | 0 | 0 |
| Sales business line | 350 454 | 344 626 | 347 334 | 341 187 | 3 078 | 2 941 | 42 | 498 | 0 | 0 |
| Generation business line | 1 562 018 | 1 481 777 | 25 296 | 77 123 | 1 347 473 | 1 207 952 | 0 | 0 | 189 250 | 196 702 |
| – Energa Wytwarzanie | 12 063 | 12 532 | 10 343 | 10 891 | 1 720 | 1 641 | 0 | 0 | 0 | 0 |
| – Energa Kogeneracja | 5 183 | 56 945 | 5 183 | 56 945 | 0 | 0 | 0 | 0 | 0 | 0 |
| – Energa Ciepło Ostrołęka | 1 003 185 | 942 508 | 2 873 | 2 677 | 811 062 | 743 129 | 0 | 0 | 189 250 | 196 702 |
| – Energa Ciepło Kaliskie | 531 117 | 466 578 | 5 489 | 5 368 | 525 628 | 461 210 | 0 | 0 | 0 | 0 |
| – Energa Elektrownie | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| – Energa Serwis | 10 470 | 3 215 | 1 408 | 1 243 | 9 062 | 1 972 | 0 | 0 | 0 | 0 |
| Grupa Energa | 6 337 614 | 6 218 612 | 4 728 775 | 4 747 054 | 1 418 761 | 1 273 308 | 828 | 1 547 | 189 250 | 196 702 |

GRI 302-1 Total energy sold, broken down into electric energy, heat and steam

| Business line/company | Energy sold by organisation [GJ] | | Electric energy [GJ] | | Heat [GJ] | | Steam [GJ] | |
|--------------------------------|----------------------------------|-------------------|----------------------|-------------------|------------------|------------------|----------------|----------------|
| | 2021* | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 |
| Services and other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Distribution business line | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sales business line | 1 162 | 1 236 | 1 162 | 1 236 | 0 | 0 | 0 | 0 |
| Generation business line | 32 033 795 | 35 716 985 | 26 914 077 | 30 877 687 | 4 400 299 | 4 108 398 | 719 419 | 730 900 |
| – Energa Wytwarzanie | 4 807 599 | 4 391 428 | 4 807 599 | 4 391 428 | 0 | 0 | 0 | 0 |
| – Energa Kogeneracja | 2 575 713 | 249 0719 | 308 309 | 305 760 | 2 163 514 | 2 083 478 | 103 890 | 101 481 |
| – Energa Ciepło Ostrołęka | 898 709 | 850 063 | 0 | 0 | 686 061 | 622 318 | 212 648 | 227 745 |
| – Energa Ciepło Kaliskie | 727 456 | 644 892 | 0 | 0 | 727 456 | 644 892 | 0 | 0 |
| – Energa Elektrownie Ostrołęka | 23 024 318 | 27 339 883 | 21 798 169 | 26 180 499 | 823 268 | 757 710 | 402 881 | 401 674 |
| – Energa Serwis | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Grupa Energa | 32 034 956 | 35 718 221 | 26 915 239 | 30 878 923 | 4 400 299 | 4 108 398 | 719 419 | 730 900 |

* For the purpose of facilitating data comparison, the data for 2021 have been adjusted by removing the values generated by Energa CUW, which has been integrated into ORLEN CUK Sp.z.o.o. as of 2022 and is not included in the 2022 statements.

GRI 302-1 **Total energy consumption in the organisation**

| Business line/company | Total energy consumption in the organisation [GJ] | |
|--------------------------------|---|------------------|
| | 2021* | 2022 |
| Services and other | 27 126 | 25 602 |
| Distribution business line | 4 578 654 | 4 522 168 |
| Sales business line | 368 124 | 364 623 |
| Generation business line | 3 866 301 | 3 919 938 |
| – Energa Wytwarzanie | 107 324 | 100 536 |
| – Energa Kogeneracja | 1 140 372 | 889 094 |
| – Energa Ciepło Ostrołęka | 104 804 | 93 595 |
| – Energa Ciepło Kaliskie | 178 608 | 172 695 |
| – Energa Elektrownie Ostrołęka | 2 321 065 | 2 658 565 |
| – Energa Serwis | 14 127 | 5 452 |
| Grupa Energa | 8 840 205 | 8 832 331 |

GRI 302-2 **Energy consumption outside the organisation**

In 2022, Energa Group companies did not collect or analyse data on energy consumption outside the organisation. It is planned to obtain such data in 2024.

GRI 302-5 **Reducing the energy requirements of products and services**

In 2022, Energa Group companies did not conduct activities with the purpose of reducing the energy requirements of products and services.

* For the purpose of facilitating data comparison, the data for 2021 have been adjusted by removing the values generated by Energa CUW, which has been integrated into ORLEN CUK Sp.z.o.o. as of 2022 and is not included in the 2022 statements.

Own index **Installed capacity, broken down by primary energy source**

| Company | Energy source | Electric energy [MW] | | Heat [MW] | |
|------------------------------|---------------|----------------------|----------------|---------------|---------------|
| | | 2021 | 2022 | 2021 | 2022 |
| Ciepło Kaliskie | coal | 0 | 0 | 58,00 | 58,00 |
| Energa Elektrownie Ostrołęka | coal | 633,00 | 633,00 | 201,40 | 201,40 |
| | biomass | 57,00 | 57,00 | 18,10 | 18,10 |
| Energa Wytwarzanie | water | 359,29 | 359,30 | 0 | 0 |
| | wind | 243,85 | 243,85 | 0 | 0 |
| | photovoltaic | 5,41 | 8,40 | 0 | 0 |
| Energa Kogeneracja | coal | 47,00 | 47,00 | 192,69 | 192,81 |
| | biomass | 25,26 | 25,26 | 60,24 | 60,24 |
| | gas | 0 | 0 | 0 | 114,00 |
| Total | | 1370,81 | 1373,81 | 530,43 | 644,55 |

Own index **Net energy output broken down by primary energy sources**

| Energy source | Electric energy [MWh] | | Heat [MWh] | |
|---------------|-----------------------|------------------|----------------|----------------|
| | 2021 r. | 2022 r. | 2021 r. | 2022 r. |
| coal | 2 386 213 | 2 845 920 | 745 187 | 685 739 |
| biomass | 76 128 | 69 895 | 193 138 | 147 235 |
| water | 935 067 | 820 868 | 0 | 0 |
| wind | 453 469 | 472 123 | 0 | 0 |
| gas | 0 | 0 | 56 433 | 61 421 |
| photovoltaic | 4 871 | 19 800 | 0 | 0 |
| fuel oil | 0 | 0 | 0 | 41 578 |
| Total | 3 855 748 | 4 228 607 | 994 759 | 935 974 |



GREENHOUSE GAS EMISSIONS

GRI 305-5 GREENHOUSE GAS EMISSION REDUCTIONS

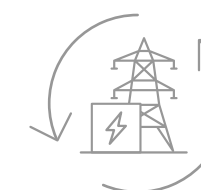
In 2022, we will emit 2,980,812 tonnes of CO₂e, 395,341 tonnes more than last year. The reason for this is the increased demand for electric energy. The increase in emissions is mainly related to the operation of the coal-fired power plant B at Energa Elektrownie Ostrołęka. It is the only system power plant in the north-eastern region of Poland ensuring safe operation of the Polish power system. The operation of the power plant was intensified in 2022.

However, operational and investment activities are continued to reduce direct and indirect CO₂ emissions, e.g. in terms of rational use of raw materials, efficient use of energy and waste management in line with the idea of a circular economy.

Energa Ciepło Ostrołęka started design work on the construction of a new heat source for the Ostrołęka district heating system, which should ultimately translate into a reduction in emissions compared to the current conventional source at Power Plant B.

Energa Wytwarzanie continued its development towards acquiring new photovoltaic systems in 2022. The PV Wielbark project is being implemented, through which the company will ultimately acquire approximately 62 MW of power from around 140,000 photovoltaic panels. In 2022, the Wielbark project commenced operation of PV Wielbark with a capacity of 6 MW and PV Stachy with a capacity of 3 MW. Further systems are to be commissioned in 2023 as part of this project. In addition, the operation of the first stage of PV Gryf with a capacity of approximately 20 MW began in 2022. Operation of stage II with a capacity of approximately 5.2 MW is planned for 2023. Investments in renewable energy sources contribute indirectly to reducing greenhouse gas emissions.

For the purpose of reducing Energa-Operator's indirect emissions:



the company is systematically replacing transformers and modernising the grid infrastructure, reducing electric energy losses.

Avoided CO₂ emissions in 2022 amounted to 865,55 tonnes

Last year, as in recent years, a large increase in the connection of RES micro-installations to the distribution grid took place. Photovoltaics accounted for the largest share among all micro-installations. In 2022, more than 63,000 RES micro-installations were connected to the grid (MV, LV), with a total installed capacity of more than 600 MW.

As a result of Energa Oświetlenie's investment in the upgrade of road lighting infrastructure, around 27,450 luminaires of the old type (mercury, sodium) were replaced with energy-efficient luminaires in 2022. This is estimated to save approximately 7,368.103 MWh of electric energy per year, i.e. 633,543 toe/year, and reduce CO₂ emissions by 5,216.62 t/year. The company also continued to develop electromobility projects in 2022. In 2022, 13 new charging stations integrated into light poles were built and the construction of further stations was contracted. The implementation of projects related to the development of electromobility using existing infrastructure will indirectly contribute to the reduction of CO₂ emissions.

GRI 305-1 **Direct greenhouse gas emissions (GHG emissions in Scope 1)***

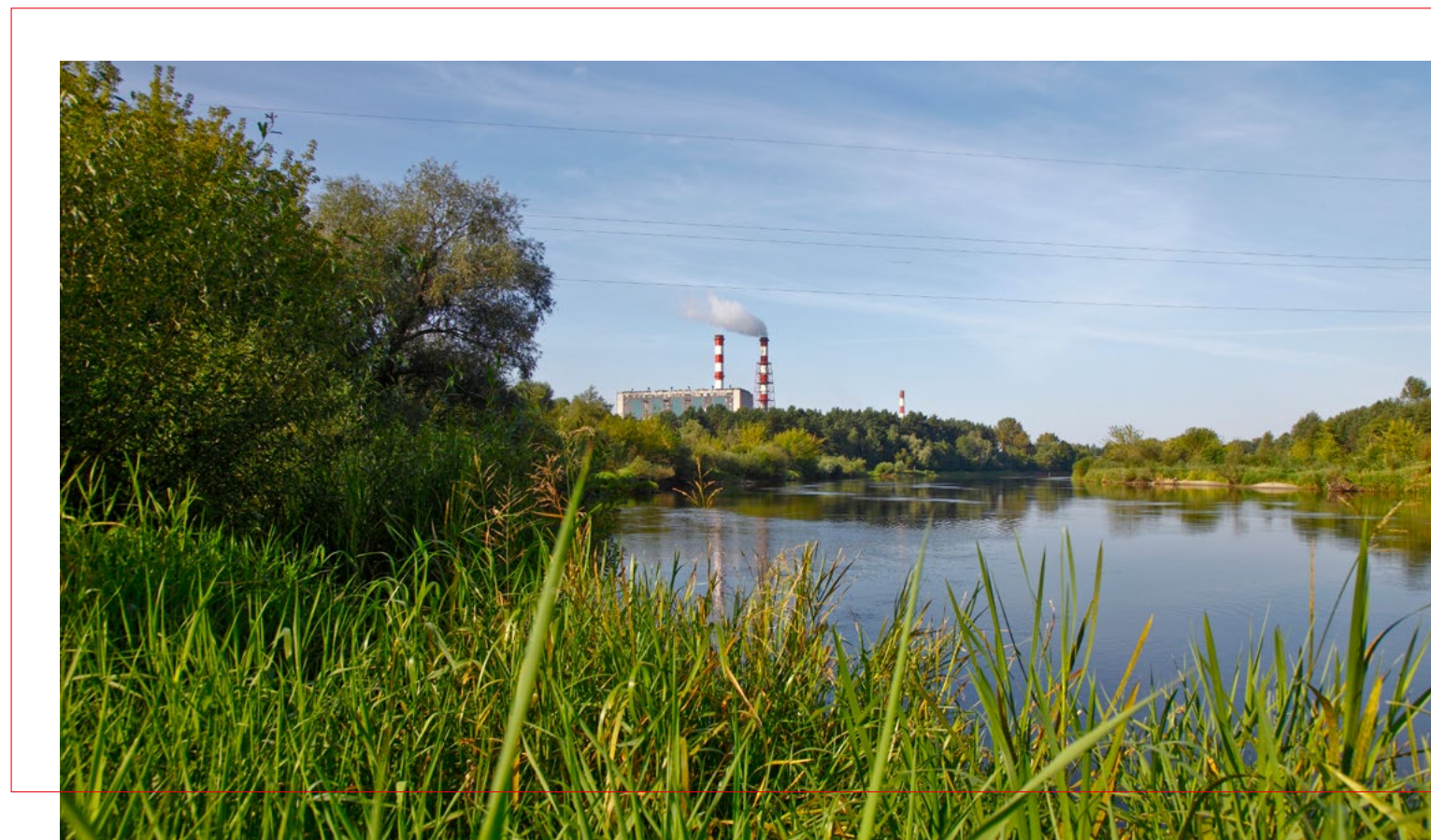
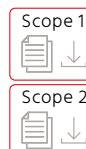
| Business line/company | Emission of greenhouse gases [MgCO _{2e}] | | | | | | | | | | | | | |
|--------------------------------|--|------------------|---|------------------|--------------------------------|----------------|---|------------|--|--------------|---|---------------|--------------------|----------------|
| | Total direct emissions | | Emissions from electric energy generation | | Emissions from heat generation | | Emissions from gas leaks, including related to the occurrence of malfunctions | | Emissions from refrigeration and steam processes | | Emissions from transport of materials, products and waste | | Biogenic emissions | |
| | 2021** | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 |
| Services and other | 739 | 899 | 0 | 0 | 25 | 18 | 0 | 98 | 0 | 0 | 713 | 782 | 0 | 0 |
| Distribution business line | 12 939 | 10 952 | 859 | 195 | 1 259 | 1 254 | 867 | 724 | 0 | 0 | 9 954 | 8 779 | 0 | 0 |
| Sales business line | 1 351 | 1 537 | 0 | 0 | 43 | 36 | 8 | 2 | 0 | 0 | 1 300 | 1 500 | 0 | 0 |
| Generation business line | 2 570 443 | 2 967 383 | 2 225 387 | 2 645 603 | 342 749 | 319 478 | 58 | 62 | 1 101 | 1 024 | 1 148 | 1 216 | 133 380 | 115 190 |
| – Energa Wytwarzanie | 406 | 392 | 4 | 3 | 50 | 45 | 3 | 1 | 0 | 0 | 349 | 343 | 0 | 0 |
| – Energa Kogeneracja | 205 674 | 186 277 | 23 842 | 17 966 | 181 760 | 168 239 | 0 | 0 | 0 | 0 | 72 | 72 | 133 380 | 115 190 |
| – Energa Ciepło Ostrołęka | 1 115 | 1 101 | 0 | 0 | 0 | 0 | 0 | 0 | 1 101 | 1 024 | 14 | 77 | 0 | 0 |
| – Energa Ciepło Kaliskie | 32 164 | 30 113 | 0 | 0 | 32 095 | 30 040 | 0 | 0 | 0 | 0 | 69 | 73 | 0 | 0 |
| – Energa Elektrownie Ostrołęka | 2 330 815 | 2 749 335 | 2 201 541 | 2 627 634 | 128 844 | 12 1154 | 54 | 61 | 0 | 0 | 376 | 486 | 0 | 0 |
| – Energa Serwis | 268 | 164 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 268 | 164 | 0 | 0 |
| Grupa Energa | 2 585 471 | 2 980 771 | 2 226 246 | 2 645 799 | 344 076 | 320 786 | 932 | 885 | 1 101 | 1 024 | 13 116 | 12 277 | 133 380 | 115 190 |

GRI 305-2 **Indirect greenhouse gas emissions (GHG emissions in Scope 2)***

| Business line/company | Indirect emission of greenhouse gases [MgCO _{2e}] | |
|--------------------------------|---|----------------|
| | 2021** | 2022 |
| Services and other | 2 949 | 2 857 |
| Distribution business line | 848 320 | 854 637 |
| Sales business line | 1 717 | 1 404 |
| Generation business line | 118 810 | 113 011 |
| – Energa Wytwarzanie | 2 143 | 2 144 |
| – Energa Kogeneracja | 800 | 8 180 |
| – Energa Ciepło Ostrołęka | 113 655 | 100 662 |
| – Energa Ciepło Kaliskie | 1 064 | 1 056 |
| – Energa Elektrownie Ostrołęka | 0 | 0 |
| – Energa Serwis | 1 147 | 969 |
| Grupa Energa | 971 796 | 971 909 |

* Source of emission factors: scope 1 emissions for generating entities are calculated based on fuel consumption and emission factors used for the ETS; scope 1 emissions for other items and scope 2 emissions are calculated based on the KOBiZE index.

** For the purpose of facilitating data comparison, the data for 2021 have been adjusted by removing the values generated by Energa CUW, which has been integrated into ORLEN CUK Sp.z.o.o. as of 2022 and is not included in the 2022 statements.



GRI 305-3

Other indirect greenhouse gas emissions

(GHG emissions in Scope 3)

Scope 3 GHG emissions are other indirect emissions arising across the organisation’s value chain.

Energa Group, in partnership with PKN ORLEN, has measured Scope 3 emissions (Scope 3) for 2019–2021. The results of the research on the level of these emissions for 2022 will be known and reported in Q2 2023.

Greenhouse gas emissions (Scope 3 GHG emissions) for 2019–2021

| Scope 3 GHG emissions [tCO ₂ e] | |
|--|-----------|
| 2019 | 3 257 641 |
| 2020 | 2 760 036 |
| 2021 | 1 566 597 |

GRI 305-6

Emissions of ozone-depleting substances (ODS)

In 2022, Energa Group companies did not emit ozone-depleting substances (ODS).

Emissions of pollutants, including nitrogen oxides and sulphur oxides

As a result of the upgrade of district heating assets at **Energa Kogeneracja**, the Elbląg CHP plant was commissioned at the end of April 2022 with a reserve-peak boiler plant with a thermal capacity of 114 MWt. The final element of the investment programme is the construction of a system of three gas engines with a unit thermal power of 10 MW. The planned start of operation of the cogeneration gas engine system is scheduled for the end of 2025. Consequently, by the end of 2025, the production of electric energy and heat at the Elbląg CHP plant – which provides approximately 80% of the heat demand in the city’s district heating network – will take place using a low-emission fuel mix consisting solely of natural gas and biomass.

At the **Kalisz CHP plant**, one of the three 30 MWt coal-fired boilers still in use was decommissioned at the end of 2022. This is a historic steam boiler of the OSR-32 type, which was commissioned in 1949. The two remaining WR-25 type water boilers are undergoing an upgrade, consisting of a reduction in the fuel power of each boiler to below 25 MWt and the construction of a new flue gas dedusting system. In accordance with EU legislation, this will allow them to remain in reserve until 2029.

This secures continuity of supply and adequate capacity in the district heating system during the investment programme. In 2022, Energa Kogeneracja completed the tender procedure for the contractor of a gas engine block (BSG) with a total thermal capacity of 20.6 MWt and an electric energy capacity of 22.8 MWe at the Kalisz CHP plant. The construction of the BSG is the next stage in the upgrade of the Kalisz CHP plant. In connection with the already ongoing construction of a reserve-peak boiler plant with a capacity of approximately 50 MWt, there will be a diversification of the fuel mix of the heating industry in Kalisz and a significant reduction in emissions of harmful substances into the environment through the use of natural gas for heat production

Energa Elektrownie Ostrołęka is constantly undertaking investment and modernisation work for the purpose of meeting increasingly stringent European and national regulations. In the near future, the project entitled *Conversion of boiler OP650 No. 3 to burn 50% biomass* will be implemented. The project envisages an investment to adapt the systems of unit no. 3 to emission standards – CO₂e at a level not exceeding 550 g/kWh. The indicated emissions are achievable with biomass co-firing at a share of approximately 50%. The timetable for the task assumes completion of the investment in terms of facilities by 31 December 2025, and in terms of settlement – in the second quarter of 2026.

In view of the steadily increasing cost of CO₂ emission allowances, we are investing in the development of RES sources. The pool of free emission allowances granted to us under the derogation of the EU ETS Directive (for heat production) is decreasing annually, which we compensate for by purchasing allowances on the market.

Own index

Allocation of free-of-charge CO₂ emissions allowances

| Energa Group generation unit | 2022 |
|---|--------|
| Power plant Ostrołęka B | 14 470 |
| CHP plant Elbląg | 14 751 |
| CHP plant Elbląg (reserve-peak boiler plant) | 2 173 |
| CHP plant Elbląg (mobile district heating system) | 1 955 |
| CHP plant Żychlin | 1 615 |
| CHP plant Kalisz | 5 730 |
| Energa Ciepło Kaliskie | 3 924 |



GRI 305-7 **Emissions of nitrogen and sulphur compounds and other air emissions**

In 2022, atmospheric emissions increased to 6,408 Mg, an increase of 313 Mg compared to 2021. The increase in emissions is mainly related to increased electric energy generation at Energa Elektrownie Ostrołęka resulting from the demand of the Polish power system.

| Business line/company | Sum of all emissions to air [Mg] | | NO ₂ [Mg] | | SO ₂ [Mg] | | Volatile organic compounds (VOC) [Mg] | | HCL [Mg] | | Dust (PM) [Mg] | | Other air emissions [Mg] | |
|--------------------------------|----------------------------------|--------------|----------------------|--------------|----------------------|--------------|---------------------------------------|-----------|------------|------------|----------------|------------|--------------------------|--------------|
| | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 |
| Services and other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Distribution business line | 119 | 82 | 3 | 3 | 1 | 1 | 42 | 27 | 0 | 0 | 2 | 0 | 72 | 51 |
| Sales business line | 2 | 2 | 0 | 0 | 0 | 0 | 2 | 2 | 0 | 0 | 0 | 0 | 0 | 0 |
| Generation business line | 5 973 | 6 324 | 2 011 | 1 969 | 2 096 | 1 998 | 5 | 1 | 221 | 132 | 176 | 273 | 1 464 | 1 951 |
| – Energa Wytwarzanie | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| – Energa Kogeneracja | 1 540 | 1 320 | 450 | 391 | 795 | 627 | 0 | 0 | 164 | 97 | 113 | 189 | 18 | 16 |
| – Energa Ciepło Ostrołęka | 1 | 1 | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| – Energa Ciepło Kaliskie | 174 | 159 | 39 | 35 | 95 | 87 | 0 | 0 | 9 | 9 | 5 | 5 | 26 | 23 |
| – Energa Elektrownie Ostrołęka | 4 256 | 4 844 | 1 521 | 1 542 | 1 206 | 1 284 | 0 | 0 | 48 | 26 | 58 | 78 | 1 420 | 1 912 |
| – Energa Serwis | 2 | 1 | 0 | 0 | 0 | 0 | 2 | 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| Grupa Energa | 6 095 | 6 408 | 2 013 | 1 973 | 2 097 | 1 999 | 49 | 30 | 221 | 132 | 178 | 273 | 1 536 | 2 002 |



WASTE MANAGEMENT

RELEVANT TOPIC:

WASTE MANAGEMENT

WASTE GENERATION AND SIGNIFICANT IMPACTS RELATED TO WASTE

The total amount of waste managed in our companies in 2022 was 144,995 Mg, 35,907 Mg more than in the previous year.

As part of the management of waste generated:



We transfer for disposal to entities, in accordance with applicable legislation

All companies are subject to registration in the Waste Database.

The largest part of the waste generated as a result of the operation of the **Energa Wytwarzanie** system is vegetation waste carried with the river current and retained on the inlet grids to the hydroelectric power plants. It should be noted that so-called 'screenings' are not hazardous waste and are neutral for the environment. Their quantity, which is independent of the company, is determined by the characteristics of the areas through which the river flows, the season of the year, and climatic conditions.

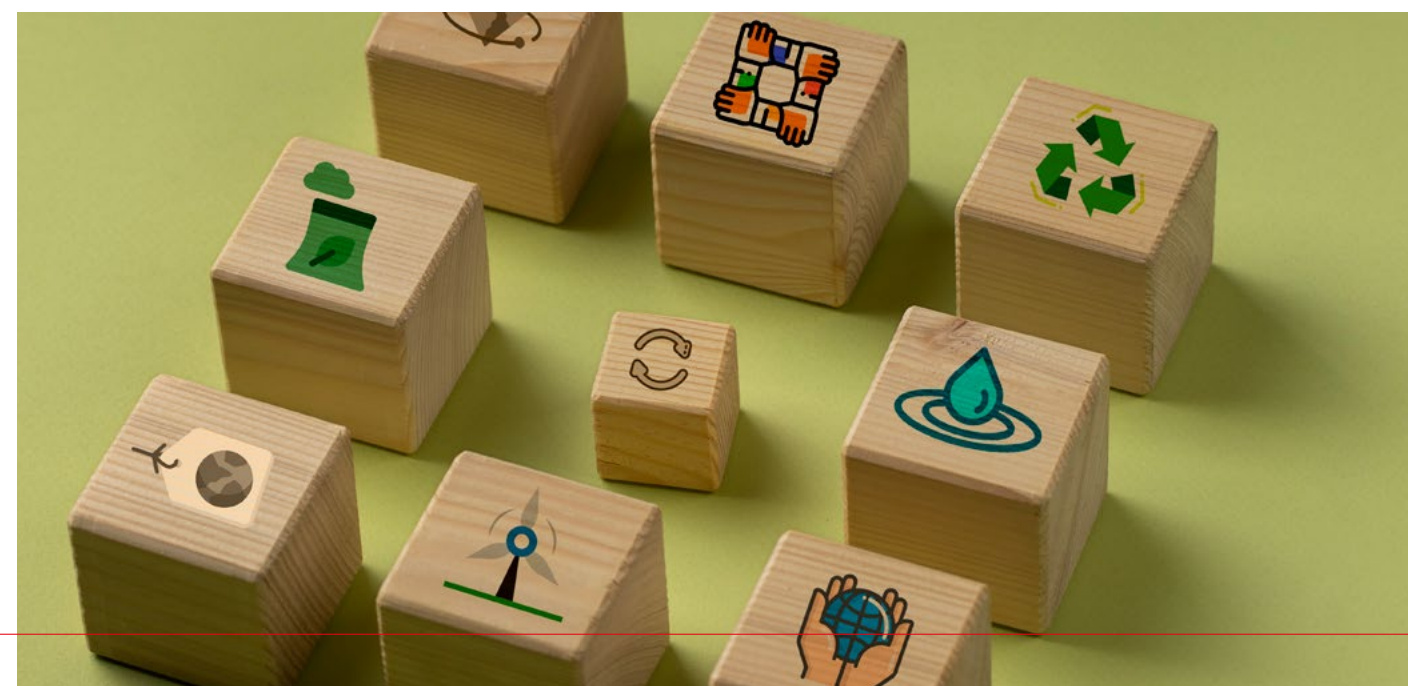
The power plant staff also excavate and segregate other wastes with which the river is polluted. Their removal from the inlet grids is not only necessary for the proper operation of the hydropower plants, but also contributes to the purification of surface water. In 2022, the share of waste collected at the hydropower plants' inlet grids accounted for approximately 70% of all waste generated at the company.

Energa Elektrownie Ostrołęka complies with the conditions of its administrative decision recognising waste gypsum and fly ash as by-products. All by-products of both gypsum and fly ash produced at the company are used economically in the directions indicated in the decisions. The reclassification of waste as by-products has contributed significantly to reducing the amount of waste produced. In addition, on 1 February 2022, the Marshal of the Mazowieckie Voivodeship issued a decision to extend the use of synthetic gypsum, recognised as a by-product, also as an additive for the production of substrate for mushroom cultivation. In 2022, by-products in the form of coal fly ash – 178,537.00 tonnes and gypsum – 47,164.04 tonnes – were produced and transferred to external recipients. The company also aims to increase the extraction and sale of waste accumulated in earlier years, mainly ash-slag mixture. In 2022, significantly more ash-slag mixture was extracted than was generated and sent to landfill. Waste code 19 09 02, from surface water treatment, was used in 2022 in the R3 recovery process to shape the surface of the landfill top.

Energa Ciepło Ostrołęka recorded an increase in the stream of waste generated in 2022 as a consequence of the acquisition of assets from Energa Serwis, which primarily carries out construction and repair works on district heating networks and connections.

GRI 306-3 Waste generated

| Business line/company | Total weight of waste [Mg] | | Weight of hazardous waste [Mg] | | Weight of non-hazardous waste [Mg] | | Weight of ash slag [Mg] | |
|--------------------------------|----------------------------|----------------|--------------------------------|------------|------------------------------------|--------------|-------------------------|----------------|
| | 2021* | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 |
| Services and other | 163 | 205 | 1 | 1 | 162 | 204 | 0 | 0 |
| Distribution business line | 6 604 | 3 875 | 1 840 | 596 | 4 764 | 3 279 | 0 | 0 |
| Sales business line | 421 | 381 | 9 | 13 | 412 | 368 | 0 | 0 |
| Generation business line | 101 899 | 140 534 | 94 | 162 | 7 027 | 3 708 | 94 779 | 136 664 |
| – Energa Wytwarzanie | 473 | 314 | 34 | 33 | 439 | 282 | 0 | 0 |
| – Energa Kogeneracja | 17 594 | 26 293 | 14 | 60 | 4 338 | 1 712 | 13 242 | 24 521 |
| – Energa Ciepło Ostrołęka | 1 | 3 | 0 | 0 | 1 | 3 | 0 | 0 |
| – Energa Ciepło Kaliskie | 4 822 | 4 675 | 2 | 6 | 25 | 12 | 4 794 | 4 656 |
| – Energa Elektrownie Ostrołęka | 78 338 | 109 033 | 33 | 56 | 1 562 | 1 490 | 76 742 | 107 487 |
| – Energa Serwis | 671 | 215 | 10 | 6 | 661 | 209 | 0 | 0 |
| Grupa Energa | 109 087 | 144 995 | 1 944 | 772 | 12 365 | 7 559 | 94 779 | 136 664 |



* For the purpose of facilitating data comparison, the data for 2021 have been adjusted by removing the values generated by Energa CUW, which has been integrated into ORLEN CUK Sp.z.o.o. as of 2022 and is not included in the 2022 statements.

| Business line/company | Total weight of waste [Mg] | | Recycling [Mg] | | Recovery (including energy recovery) [Mg] | | Storage at landfills, of which [Mg] | | Storage on the premises [Mg] | | Other waste handling methods [Mg] | |
|--------------------------------|----------------------------|----------------|----------------|--------------|---|----------------|-------------------------------------|--------------|------------------------------|------------|-----------------------------------|--------------|
| | 2021* | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 |
| Services and other | 163 | 205 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 163 | 205 |
| Distribution business line | 6 604 | 3 875 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 6 604 | 3 875 |
| Sales business line | 421 | 381 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 421 | 381 |
| Generation business line | 101 899 | 140 534 | 4 820 | 4 669 | 15 139 | 131 937 | 1 318 | 1 326 | 384 | 500 | 80 239 | 2 102 |
| – Energa Wytwarzanie | 473 | 314 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 2 | 472 | 312 |
| – Energa Kogeneracja | 17 594 | 26 293 | 0 | 0 | 14 999 | 24 288 | 133 | 127 | 366 | 367 | 2 097 | 1 511 |
| – Energa Ciepło Ostrołęka | 1 | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 3 |
| – Energa Ciepło Kaliskie | 4 822 | 4 675 | 4 820 | 4 669 | 0 | 5 | 0 | 0 | 2 | 1 | 0 | 0 |
| – Energa Elektrownie Ostrołęka | 78 338 | 109 033 | 0 | 0 | 140 | 107 643 | 1 185 | 1 200 | 14 | 129 | 76 998 | 61 |
| – Energa Serwis | 671 | 215 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 671 | 215 |
| Grupa Energa | 109 087 | 144 995 | 4 820 | 4 669 | 15 139 | 131 937 | 1 318 | 1 326 | 384 | 500 | 87 426 | 6 564 |

* For the purpose of facilitating data comparison, the data for 2021 have been adjusted by removing the values generated by Energa CUW, which has been integrated into ORLEN CUK Sp.z.o.o. as of 2022 and is not included in the 2022 statements.

GRI 306-4
GRI 306-2

Waste withdrawn and directed to disposal. Total weight of waste by type and handling method in the Energa Group in 2022

| Waste handling method | Weight of hazardous waste [Mg] | Weight of non-hazardous waste [Mg] | Weight of ash slag [Mg] |
|---|--------------------------------|------------------------------------|-------------------------|
| Re-use, of which: | 0,00 | 0,00 | 0,00 |
| on-site | 0,00 | 0,00 | 0,00 |
| off-site | 0,00 | 0,00 | 0,00 |
| Recycling, of which: | 0,13 | 12,28 | 4 656,31 |
| on-site | 0,00 | 0,00 | 0,00 |
| off-site | 0,13 | 12,28 | 4 656,31 |
| Composting, of which: | 0,00 | 0,00 | 0,00 |
| on-site | 0,00 | 0,00 | 0,00 |
| off-site | 0,00 | 0,00 | 0,00 |
| Recovery (including energy recovery), of which: | 5,30 | 289,80 | 131 641,90 |
| on-site | 0,00 | 156,04 | 0,00 |
| off-site | 5,30 | 133,76 | 131 641,90 |
| Incineration with energy recovery, of which: | 0,00 | 0,00 | 0,00 |
| on-site | 0,00 | 0,00 | 0,00 |
| off-site | 0,00 | 0,00 | 0,00 |
| Incineration without energy recovery, of which: | 0,00 | 0,00 | 0,00 |
| on-site | 0,00 | 0,00 | 0,00 |
| off-site | 0,00 | 0,00 | 0,00 |
| Storage at landfills, of which: | 0,00 | 1 326,37 | 0,00 |
| on-site | 0,00 | 1 199,86 | 0,00 |
| off-site | 0,00 | 126,51 | 0,00 |
| Storage on the premises | 4,51 | 127,93 | 366,12 |
| Other waste handling methods, of which: | 762,43 | 5 802,52 | 0,00 |
| on-site | 1,00 | 0,00 | 0,00 |
| off-site | 761,43 | 5 802,52 | 0,00 |
| Total weight of waste | 772,37 | 7 558,89 | 136 664,33 |

Definitions:

'on-site' means within the physical boundaries or under the administrative control of the reporting company

'off-site' means outside the physical boundaries or outside the reporting organisation's control



ACTIONS FOR BIODIVERSITY

RELEVANT TOPIC:

IMPACT ON BIODIVERSITY

GRI 304-2

SIGNIFICANT IMPACT OF ACTIVITIES, PRODUCTS AND SERVICES ON BIODIVERSITY

We continue our policy of protecting biodiversity and maintaining ecosystem stability, particularly in the areas where our systems and facilities operate. We strive to minimise the negative impact of our companies on the local environment.

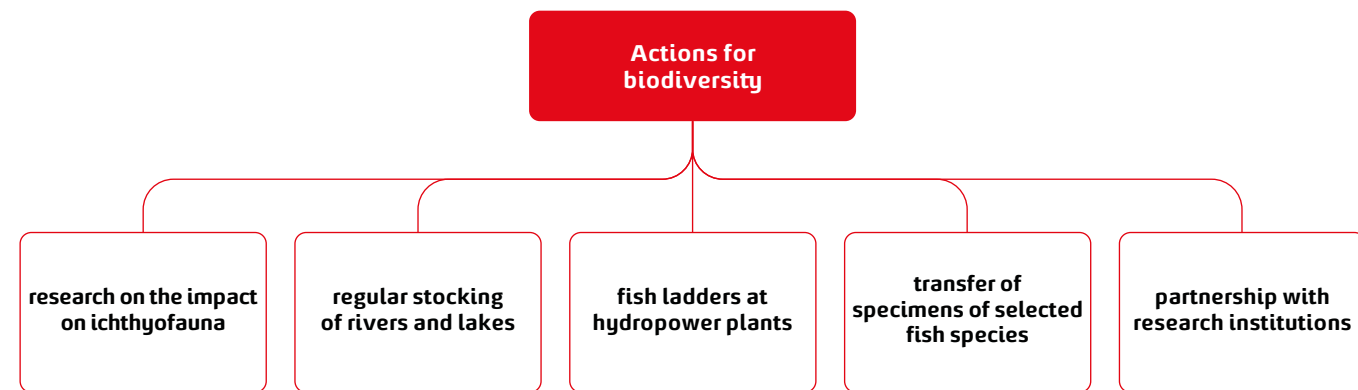
An example of this is the *Energy for Biodiversity* initiative, which is a comprehensive environmental and educational project. It involves the establishment of flower meadows and thus the restoration of ecosystems for the purpose of increasing biodiversity. Flower meadows help to save disappearing plant and animal species and also provide food for wild bees, giving them space to live in summer and shelter in winter. Plants in meadows also better trap smog-forming dust and contribute to lower air temperatures. We inaugurated the project in Ostrołęka in 2020, creating nearly 2.7 hectares of meadows in the area of the furnace waste dump and in front of the headquarters of Energa Elektrownie Ostrołęka. In 2022, we continued mowing, seeding and cultivating the meadow.

Energa Elektrownie Ostrołęka continued to carry out research of the impact of the Ostrołęka B Power Plant on the ichthyofauna of the Narew River in 2022. The purpose of the research is to assess the current state of the river's ichthyofauna and to plan possible actions leading to the elimination of potential negative impacts of the power plant on the river. The research and monitoring work was carried out from April 2021 to the end of March 2022. In the first stage, the composition, abundance and age structure of ichthyofauna flowing in the river were calculated and their losses due to water abstraction for the cooling system were estimated. The species composition and condition of the ichthyofauna captured and discharged back into the river were also investigated. At the same time, we carried out research of the so-called thermal plume of the post-discharge waters, i.e. the influence of the post-discharge

waters on the thermics of the water downstream of the discharge, and a bathymetric survey of the river. The project is summarised in a report containing a description of each survey and measurement carried out and an analysis and discussion of the results obtained. The report also proposes optimal solutions from an operational and environmental point of view to reduce the impact of the power plant, as well as proposals for compensatory measures. Determining the real impact of the power plant on ichthyofauna is difficult due to the magnitude and variability of hydrological conditions, weather factors, biological conditions, etc. With this in mind, we have decided to continue the research in the following years.

Energa Wytwarzanie counteracts the impact of hydroelectric power plants on the biodiversity of rivers and lakes and participates in the monitoring of the effects of its activities in this regard by:

- Participation in regular stocking of rivers and lakes carried out in agreement with the field branches of the Polish Angling Association. The purpose of stocking is to compensate for possible losses in ichthyofauna by maintaining the abundance of selected fish species at a constant level. The stocking costs incurred by the company in 2022 amounted to PLN 82,232.27.
- Gradual equipping of more hydroelectric power plants with fish ladders enabling not only migratory fish species, but also other aquatic organisms that undertake short-distance migrations during particular phases of their life cycle, to cross the water step.
- Partnership with the Polish Angling Association for the cyclic transfer of individuals of selected fish species above the dam structure to allow them to migrate upstream.
- Partnerships with research institutions involved in nature monitoring, including the Inland Fisheries Institute in Olsztyn, which monitors eels at selected hydroelectric power plants.



In the area of the Rościno SHPP, the Association of Towns and Municipalities of the Parsęta River Basin, Energa Wytwarzanie and the Inland Fisheries Institute in Olsztyn are monitoring the operation of the fish ladder at the Rościno SHPP with their own devices. The action is carried out as part of the EU project *Protection of Atlantic salmon and river lamprey in the Parsęta River Basin Special Area of Habitat Protection PLH 320007*.

The protected areas where the systems operated by Energa Wytwarzanie are located are:

- 10 Natura 2000 SAC habitat areas,
- 7 SPA Natura 2000 bird areas,
- 12 protected landscape areas,
- 3 national or landscape parks,
- 2 nature reserves.

All investments related to the construction of power lines carried out by **Energa-Operator**, which are located near or within protected areas, are subject to an environmental impact assessment procedure. The relevant reports are posted on our website: <https://energa-operator.pl/raporty-i-liczby/raporty-srodowiskowe>.



The replacement of overhead wires with insulated or underground cable lines occurs in situations where there is an increased number of disturbances caused, for example, by tree branches or animals. This is most often the case in forested or wooded areas, when the distance to the wires is relatively short and even decreases as the trees grow, or in areas that are home to animal species (mainly birds) that may clash with the wires. Replacing the lines reduces the number of disturbances, which maintains the correct quality parameters of the electric energy supplied to recipients, minimises the

number of power cuts, and improves human safety and protection against fires caused by short circuits. There is also a reduction in the number of animal fatalities (especially birds) both caused by paralysis and following collisions. Insulated wires exclude the possibility of paralysis and, due to their design (a bundle of large-diameter wires), they are more visible, making it easier for animals to avoid them. Another environmental effect of replacing overhead lines with cable lines is landscape protection. Poles and overhead lines are often the most important dominant anthropogenic feature.

Protected areas crossed by Energa-Operator HV lines

| Protected areas | Number of areas | Line length WN (km) |
|------------------------------|-----------------|---------------------|
| Landscape parks | 17 | 178 |
| Landscape park buffer zones | 12 | 221 |
| Nature reserves | 12 | 5 |
| Nature reserves buffer zones | 6 | 5 |
| National park buffer zones | 1 | 5 |
| Protected Landscape Areas | 91 | 1 277 |
| Natura 2000 network areas | 68 | 617 |

GRI 304-1 **Operational areas** areas owned, leased, managed or adjacent to protected areas and areas of high biodiversity outside protected areas. [DOWNLOAD](#)

GRI 304-3 **Habitats protected or restored**
In 2022, Energa Group companies did not revitalise areas where they had ceased operations and did not operate in areas that require active protection (outside protected areas due to legal requirements).

GRI 304-4 **IUCN Red List species** and National Conservation List species with habitats in areas affected by operations. [DOWNLOAD](#)

Planet Energy Academy

For more than 10 years, Energa has been running the *Planet Energy* educational programme aimed at primary school students. It promotes knowledge about electric energy as well as sustainable development and environmental protection. For the last two editions, it has also been organising workshops for teachers as part of the Planet Energy Academy. They are intended to inspire them in the preparation of interesting lessons, combined with experiments and various scientific experiences. The latest mission, Land of Biodiversity, invites children to an expedition during which they will learn what biodiversity is, become familiar with the basic factors that threaten nature and learn how to protect it. The land of waste, on the other hand, teaches how to separate waste, what happens to it once it is thrown away and how to prevent it in everyday life. [MORE](#)

Energa for Nature

We continue to run the Energa for Nature programme. The activities we undertake are particularly focused on the white stork and consist of:

- informing and educating about the white stork and the protection of this species in Poland (together with naturalists),
- activities undertaken mainly by Energa-Operator and Energa SA for the protection of storks.

For more than 25 years, we have been protecting the nests that storks have set up on low-voltage poles. We install new and maintain existing nest protection structures. The number of bird platforms located in our area of operation is currently around 12,000.

We continue to cooperate with naturalists from the ProNatura foundation as part of the bociany.pl project. The naturalists educate and help protect the stork throughout the country, including by providing advice on the nationwide 801 BOCIAN hotline (i.e. 801 26 24 26).

In 2022, Energa-Operator installed an innovative stork nest platform. The multi-family house for storks and other bird species stood on a power pole operated by the Olsztyn Branch, in Milejewo near Elbląg. It is the first stork nesting platform in Poland also equipped with nesting boxes for small and medium-sized birds. The prototype platform has special drawers where different birds can make their nests. The initiative will be extended to other branches of the company. In addition, a partnership was established with the Lesser Poland Ornithological Society for support during the ringing of white storks between June and the end of September 2022. During this period, the company lent the ringers the lifts necessary to ring the birds and take measurements. To implement the agreement, the company pledged to purchase metal and plastic rings worn simultaneously on each ringed bird.

DESCRIPTION OF THE APPLICABLE DUE DILIGENCE POLICIES AND PROCEDURES

Energa Group Environmental and Energy Policy complies with the *EMAS Regulation* and standards: ISO 14001:2015 and ISO 50001:2018.

It defines the general intentions and direction of Energa Group companies with regard to its environmental performance and energy efficiency. It obliges to maintain compliance with all obligations, in particular applicable legal requirements, to systematically improve performance, to reduce negative environmental impacts and to improve energy performance. It provides a framework for the Energa Group to operate and sets environmental and energy objectives and targets. *The Energa Group Environmental and Energy Policy* constitutes appendix No. 27 to the *Agreement on partnership in the Energa Group*.

The tool for implementing the Policy is the *Energa Group's Environmental and Energy Management Programme*, which describes the Environmental and Energy Management System. The purpose of the System is to ensure increasing environmental performance and energy efficiency and sustainable development, using the best available management techniques and methods, while maintaining high efficiency of production and consumption processes in accordance with the idea of a circular economy.

Taking care to prevent pollution, reduce the negative impact on the environment and improve energy performance are the basic tools for maintaining a leading position among Polish energy companies. Organisational and investment activities are intended to achieve this goal. In the *Energa Group Environmental and Energy Policy*, Energa SA, as the parent company, and Energa Group companies declare:

- compliance with legal requirements and obligations towards stakeholders in the field of environment and energy,
- respecting biodiversity, applying the rules of sustainable development,
- gradual transition towards a circular economy,
- monitoring impacts, preventing pollution and improving environmental performance, and managing with the best available techniques,
- monitoring key energy consumptions and improving energy performance through proper operation of infrastructure, investment and modernisation projects, and purchase of energy-efficient products and services,
- commitment to environmental education and pro-environmental initiatives and measures to improve energy efficiency.

All employees are aware of the activities carried out and the requirements of the *Energa Group Environmental and Energy Policy*.

The *Energa Group Environmental and Energy Policy* strictly specifies the division of tasks in terms of responsibility for its implementation in the Energa Group.

You can read more about the *Energa Group Environmental and Energy Policy* in the *Energa Group Environmental Declaration* available at: <https://grupa.energa.pl/otoczenie/polityka>.



The Energa Group Environmental and Energy Policy



Our quest for climate neutrality

RELEVANT TOPICS:

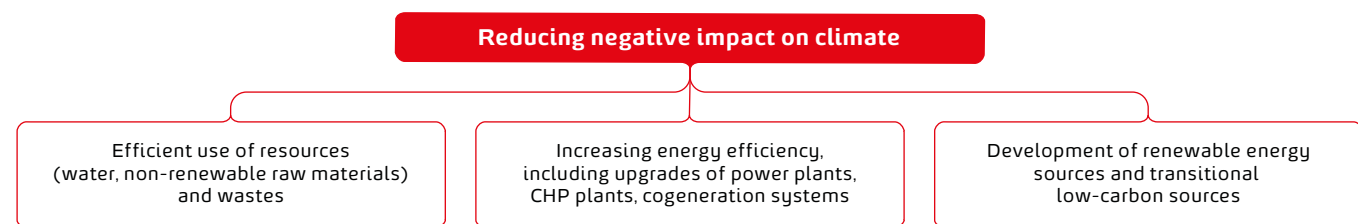
EFFECTS OF CLIMATE CHANGE ON THE ENERGA GROUP'S OPERATIONS

ADAPTING TO CLIMATE CHANGE

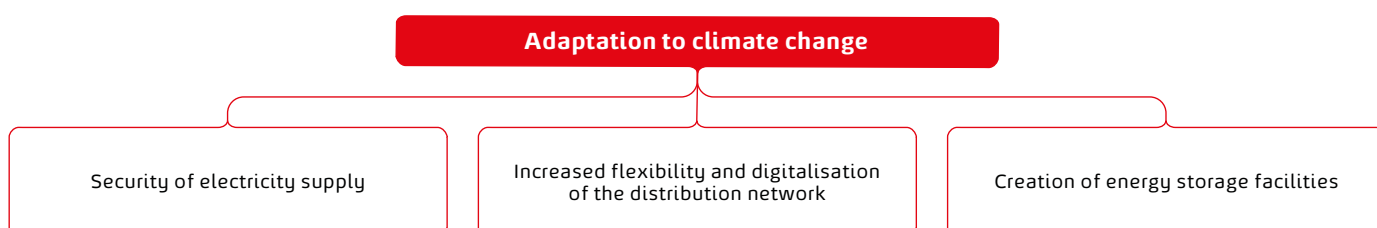
DECARBONISATION AND CONTROLLING EMISSIONS

GRI 3-3 Energia Group is aware of its role in reducing its negative impact on climate change and the need to adapt its operations to climate change. In the long term, the overarching goal is to achieve climate neutrality by 2050 in line with the *European Green Deal, Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020*, and the *EU Climate Change Adaptation Strategy*. Achieving the above goal will be possible through the implementation of the planned energy transition to ensure that the Group's negative impact on the climate is reduced and that the Group's operations are adapted to the changing legal, regulatory and technological environment.

The Energa Group **reduces its negative impact on the climate** mainly by reducing greenhouse gas emissions, which enables, for example, efficient use of resources, increasing energy efficiency in the decarbonisation process, replacing high-carbon fuels with low-carbon fuels and developing renewable energy sources.



The **climate change adaptation measures** undertaken reduce climate risks and maximise the opportunities arising from the energy transition. The adaptation measures being implemented mainly target the creation of energy storage facilities from volatile RES, increased flexibility and digitalisation of the distribution network, and security of electric energy supply.



The Energa Group continuously adapts to new EU requirements and applies good practice reporting in the context of climate change management. For the purpose of better climate risk management in the Energa Group, steps have been taken to fully implement the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). As part of the process, key risks and opportunities related to climate change have been identified. A detailed assessment of climate risks and opportunities is planned to determine their impact on the Energa Group's financial planning, strategic planning and business model.

In the long term, by implementing *Energa Group's Decarbonisation Strategy in line with Energa Group's 2021–2030 Multi-Annual Plan of Strategic Projects and Energa Group's Strategic Development Plan to 2030*, we are supporting the achievement of the Paris Agreement's objectives of, for example, limiting the average increase in the Earth's temperature to below 2°C.



GRI 2-22

DISCLOSURE OF INFORMATION IN CONNECTION WITH THE IMPLEMENTATION OF TCFD RECOMMENDATIONS

Work has begun on implementing the TCFD recommendations and aligning the Energa Group to disclose information in accordance with the new *Corporate Sustainability Reporting Directive* (CSRD) reporting standard. In June 2022, an external consultant conducted a training session organised for Energa's Management Board and management. The purpose of the training was to inform about the need to implement the TCFD recommendations in the Group, to present the process developed by the consultant on climate risk management and to introduce climate scenarios. In partnership with the advisor, a schedule of necessary actions was compiled to ensure the Energa Group's compliance with the

TCFD recommendations. The analysis carried out showed the area of strategy and disclosures in terms of indicators and purposes as requiring the largest adjustment processes.

In July 2022, the *Energa Group Decarbonisation Strategy* was adopted by a resolution of the Management Board of Energa SA and approved by the Supervisory Board on 22 August 2022.

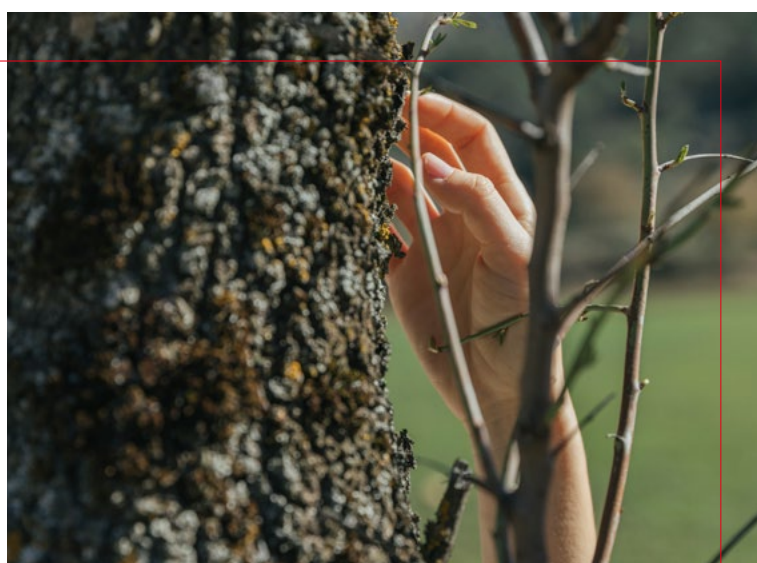
In connection with the update of the *ORLEN Group 2030 Strategy*, the procedure of the Energa Group Climate Policy to 2030 was prolonged, which was supplemented with, for example, appendices on the risks and opportunities related to climate change identified in 2022. The adoption of this internal regulation by the Management Board of Energa is planned for Q2 2023.

SUMMARY OF ACTIONS TAKEN AND PLANS FOR IMPLEMENTING TCFD RECOMMENDATIONS AT ENERGA GROUP

| TCFD disclosure areas | Actions in 2022 | Plans for 2023 |
|-----------------------------|---|---|
| Corporate Governance | <ul style="list-style-type: none"> Conduct an analysis and work schedule of TCFD implementation; Increase the responsibility of the Vice President of Operations to include climate issues; Expand competencies and recruit additional climate experts; Designate climate change risk owners in the companies; Train management staff. | <ul style="list-style-type: none"> Set Management by Objectives (MBO) quantitative objectives at Management Board and executive level in the area of climate change; Implement the <i>Energa Group Decarbonisation Strategy</i>. Gradual progress in its implementation; Adopt the <i>Energa Group Climate Policy to 2030</i>. |
| Strategy | <ul style="list-style-type: none"> Identify gaps regarding compliance with TCFD recommendations in strategic documents; Compile work schedule for implementation of TCFD recommendations in Energa Group. | <ul style="list-style-type: none"> Commence scenario analysis; Acquire detailed regional meteorological data to identify the most relevant climate risk factors; Commence work to identify the impact of climate-related risks and opportunities on the business model, strategy and financial planning. |

| TCFD disclosure areas | Actions in 2022 | Plans for 2023 |
|-----------------------------|---|---|
| Risk management | <ul style="list-style-type: none"> Identify and assess climate risks (by time horizon and Business Lines) that may affect the production systems, as well as the impact of the production process on climate change; Describe mitigation actions for each climate risk; Identify climate opportunities; Create a register of key climate risks and opportunities in the Energa Group. | <ul style="list-style-type: none"> Create climate change risk charts in partnership with the Audit and Internal Control Office; Identify and conduct a process for valuing climate risks and opportunities; Increase the materiality of climate change and environmental-energy risks in the Risk Model; Update and resume proceeding with the internal regulation – Energa Group Climate Policy to 2030. |
| Indicators and goals | <p>Indicators in 2022</p> <ul style="list-style-type: none"> Indicators of greenhouse gas emissions (Mg CO₂) in three scopes (Scope 1, Scope 2 and Scope 3) in the Energa Group; Indicators of energy consumption from non-renewable and renewable raw materials; Indicators of total energy consumption in the organisation; Indicators of maximum achievable generation capacity by raw material; Net energy output broken down by primary energy sources. | <p>Goals for 2030</p> <ul style="list-style-type: none"> Reduce the specific greenhouse gas emission factor (kg CO₂e/MWh) by more than 33%* (relative to the base year 2019); In order to achieve the above goal, it is planned to increase the installed capacity in RES (mainly wind and solar farms) by approximately 155% (relative to the base year 2019). |

In the Energa Group, in accordance with the Energa Group Decarbonisation Strategy, in line with the Energa Group Multi-Annual Plan of Strategic Projects for 2021–2030 and the Energa Group Strategic Development Plan to 2030 and the Energa Group Decarbonisation Strategy, measures are being implemented with the primary purpose of reducing greenhouse gas emissions and increasing the resilience of the distribution infrastructure to the negative impact of weather events. At the same time, priority is being given to the accelerated development of this network to lead to an increase in its flexibility, which will allow an increasing number of RES to be connected.



* On 28 February 2023, PKN ORLEN announced an update to the ORLEN Group 2030 Strategy, assuming continuation of the directions of development of the ORLEN Capital Group, while also setting new goals until 2030, including in the area of energy: Scope 1 to reduce emissions of kg CO₂ e/MWh for Scope 1 by 40% compared to base year 2019, and to achieve carbon neutrality by 2050.

CORPORATE GOVERNANCE – MANAGING CLIMATE-RELATED RISKS AND OPPORTUNITIES

Energa Group is aware of its impact on climate change and the need to adapt the functioning of the organisation. The purpose of Energa's actions is to better govern relevant topics, e.g. climate change mitigation and adaptation. As a consequence, there have been several key changes at all levels of corporate governance.

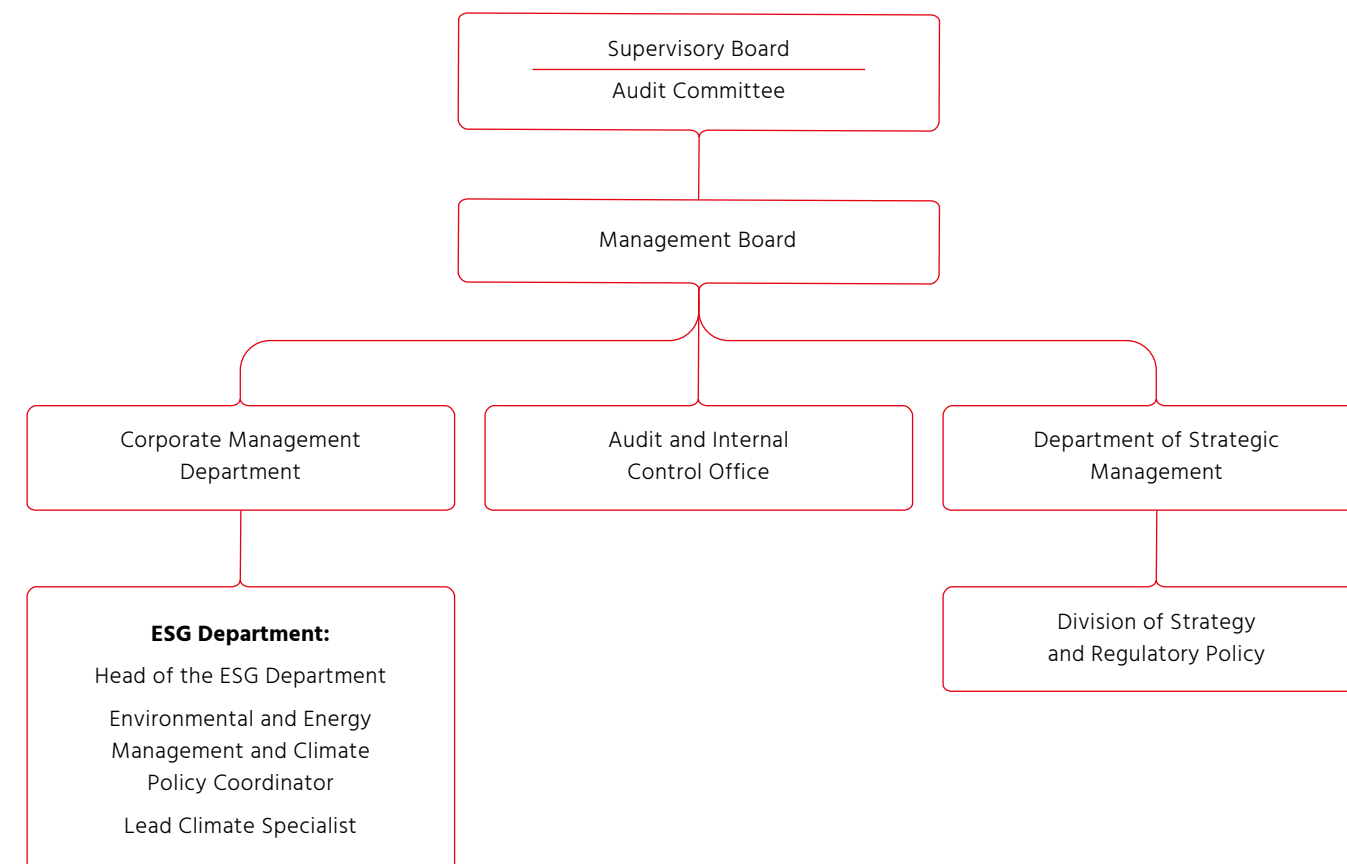
There has been an expansion of the duties and responsibilities of the ESG Division's environmental-energy management coordinator to include oversight of climate policy, including the management of climate risks and opportunities. In addition, a new position – Lead Climate Specialist – was created in the ESG Division with the purpose, for example, of reporting on climate issues in accordance with TCFD recommendations.

In the subsidiaries, the Management Boards have appointed Climate Risk Owners, who are required to partner with Energa's Audit and Internal Control Office. The Climate Change Risk Owners are responsible for managing climate risks and opportunities (identifying, assessing and monitoring these risks and opportunities within the company's operations). At Energa, the climate change risk owner is the Director of the Corporate Management Department. Read more about risk management and the role of the units in the Risk chapter.

[MORE](#)

At the level of the Management Board of Energa SA, the Vice-President of the Management Board became responsible for the climate change area, resulting in the renaming of the position to Vice-President of Operations and Climate*. The adjustment of the corporate governance structure will enable climate issues to be communicated and monitored more quickly, including by the Management Board of Energa.

Management structure in the climate area

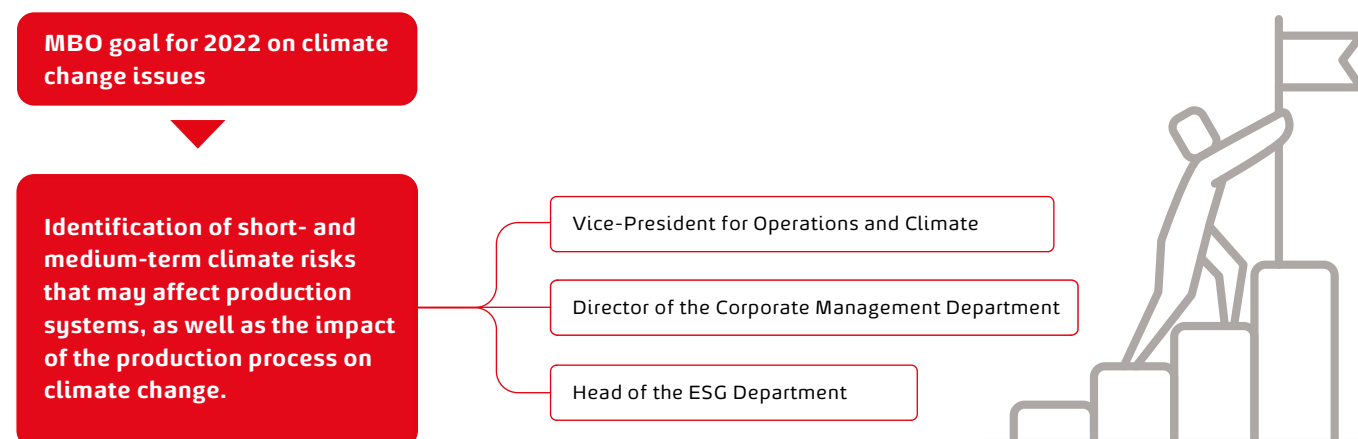


* Prior to the publication of the ESG Report in February 2023, the Vice President of Operations and Climate was dismissed and his responsibilities were taken over by the Vice President of Finance, who is now also responsible for environmental and climate policy.

ROLES AND RESPONSIBILITIES IN CLIMATE RISK MANAGEMENT

| | |
|---|---|
| Energa Group Management Board | <ul style="list-style-type: none"> ■ setting the direction and oversight of risk management at the Energa Group level, ■ adopting the results of risk reporting, including setting the risk appetite and adopting the <i>Risk Management Strategy</i>. |
| Audit Committee | <ul style="list-style-type: none"> ■ monitoring the effectiveness of the Risk Management System. |
| Risk Unit at Energa SA (Audit and Internal Control Office) | <ul style="list-style-type: none"> ■ maintaining and developing the Risk Management System in the Energa Group, ■ supporting the identification of risks, ■ periodic monitoring of key risks. |
| Environmental and Energy Management and Climate Policy Coordinator | <ul style="list-style-type: none"> ■ signalling risks to the goals of the <i>Energa Group Decarbonisation Strategy</i>, ■ signalling potential risks and opportunities for Energa Group resulting from climate change, ■ identifying climate risks that may affect production systems as well as the impact of the production process on climate change (MBO). |
| Lead Climate Specialist | <ul style="list-style-type: none"> ■ overseeing and identifying climate risks (general and industry-specific) on an ongoing basis, ■ overseeing non-financial reporting in line with TCFD recommendations, including indicators used to assess and manage climate-related risks and opportunities, ■ overseeing and analysing the impact of climate-related risks and opportunities on the organisation's operations, strategy and financial planning. |

The issue of climate change has been included in the Management Board's bonus objectives and at director and executive level. Individual climate-related bonus targets are qualitative in nature. A climate change MBO goal for 2022 has been set for the Director of the Corporate Management Department, the Vice President of Operations and Climate and the Head of the ESG Department.



The proposed MBO goal for 2023 will be officially accepted in April 2023.

In addition, in the context of changes in corporate governance at ORLEN Group, which Energa Group is part of, a Management Board Plenipotentiary and Climate and Sustainability Council has been appointed. The main tasks of the newly appointed body will be to analyse risks and opportunities related to energy transition and climate change and to raise the standard of communication with investors and the business environment on environmental issues. The Board will be headed by the PKN ORLEN Management Board Member for Strategy and Sustainable Development.

CLIMATE RISK MANAGEMENT

The CSRD includes reporting on climate issues and will reflect the rules of the TCFD: corporate governance, strategy, risk management, indicators and purposes. Conducting scenario analyses in line with TCFD recommendations is an expected requirement of the directive. The main purpose of the TCFD is to provide a structure for climate risk management and a long-term operating strategy, allowing for appropriate capital allocation and making the Group's strategy more resilient to ongoing negative climate events.

In accordance with the schedule, an identification and assessment of the climate risks (physical and transformational) and climate opportunities of the Energa Group was carried out, together with a breakdown by time perspective: short, medium and long term. The potential impacts of climate risks were identified and mitigating actions were taken with regard to the climate changes taking place.

In order to prepare for the upcoming non-financial reporting obligations under the CSRD, Energa Group is aligning its risk management model with the latest TCFD recommendations. The process, carried out in 2022, to identify and assess the materiality of key climate risks is in line with the existing *Risk Management Policy of the Energa Group*. In addition, periodic analysis and assessment of climate risks at each Group company is carried out as part of the oversight of the Integrated Environmental-energy Management System being implemented (in line with the *Energa Group Environmental and Energy Policy*) and as part of the Integrated Corporate Risk Management System (in line with the provisions of the *Energa Group Risk Management Policy*).

Risk Management process in the Energa Group:

1. The Integrated Risk Management System is implemented based on a Group-wide uniform risk management process, based on international standards (ISO 31000, COSO, FERMA), which covers all levels of the organisation and Business Lines. The climate risk management process consists of stages that determine each other and are implemented on a continuous basis. It runs from the level of organisational units to top management, from the level of subsidiary Group companies to Energa SA as the parent company.

2. The identified climate risks will be reviewed holistically on a semi-annual basis and updated on an ongoing basis. The results of the climate risk analysis are reported and will be reported to the Management Board of Energa to provide a comprehensive understanding of climate opportunities and risks, thereby supporting the planning and decision-making process. The Management Board of Energa decides on the level of risk appetite and approves the climate risk management strategy or identifies actions that need to be taken. The results of the climate risk review are communicated to the risk owners in Energa and reported to the Audit and Internal Control Committee.

3. In the Energa Group, each identified risk has a corresponding risk charter, which includes a description of the identified risk, its drivers and impacts, an action plan and goals for improving performance indicators, and a valuation of the risk before and after the application of mitigation mechanisms.

The effect of implementing the TCFD recommendations, in terms of risk management, was to create a *register of key climate risks*. Similarly, a register of key climate opportunities was created without assessing materiality. Both documents will constitute an appendix to the Energa Group's currently undergoing climate policy, which will be adopted in 2023.

According to the Integrated Corporate Risk Management System, the environmental-energy risks category includes climate risks and environmental risks.

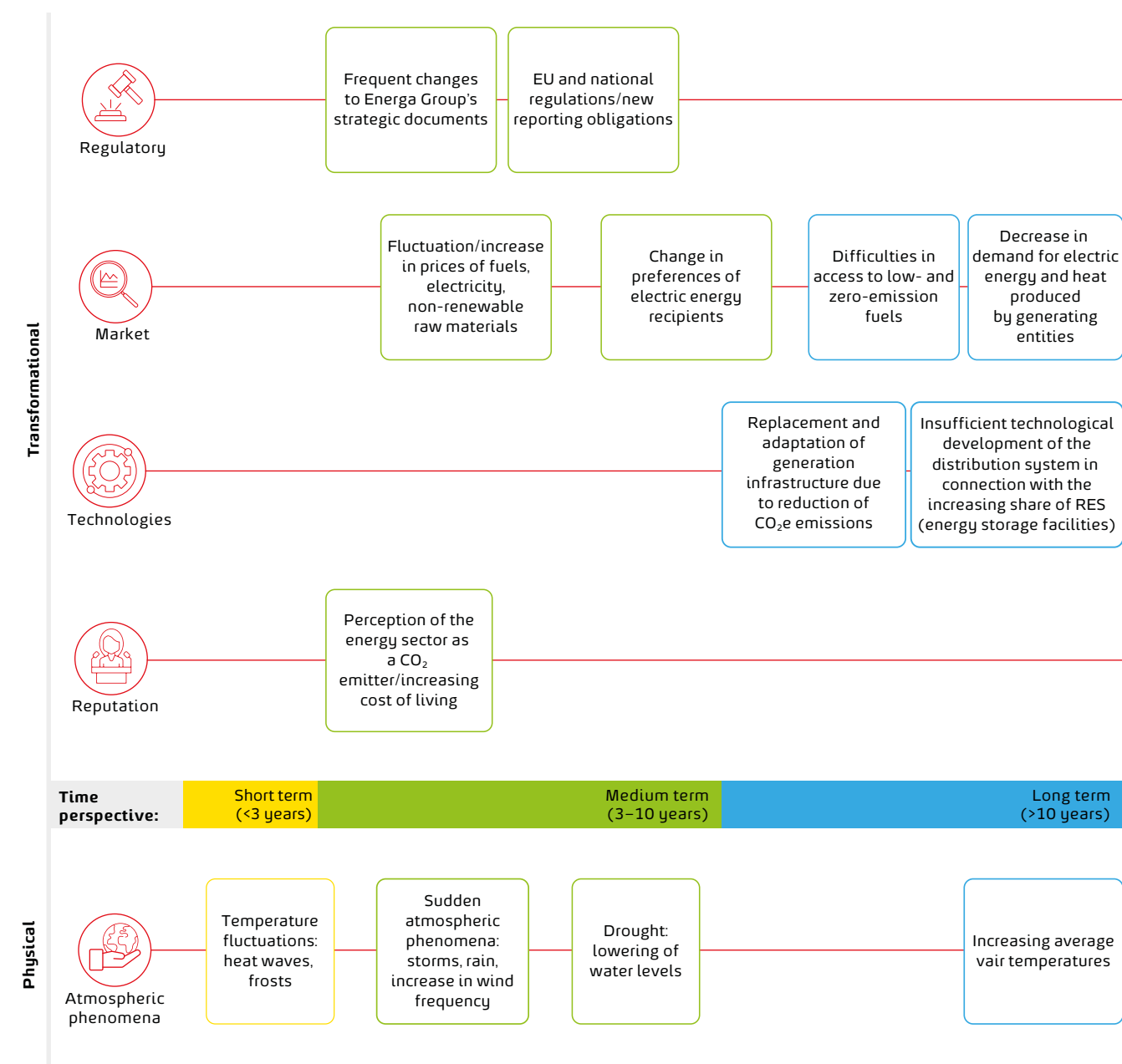
MORE



GRI 201-2 **KEY CLIMATE RISKS**

Thirteen key climate risks have been identified, which include the climate impact on the Group and the Group's impact on the climate.

Map of key climate risks in the Energa Group



Transformational climate risks (transformation towards a circular economy) were grouped into the four aforementioned categories according to the TCFD, and physical risks (atmospheric phenomena) into two categories: abrupt and chronic. All climate risks have been identified in the medium and long term from

which it follows that the possibility of their materialisation and materiality for the Energa Group is greatest between 2025 and 2032. The methodology for assessing the materiality of the risks is presented in the next chapter.

GRI 201-2 **KEY CLIMATE OPPORTUNITIES**

A register of key climate opportunities (RKSK) was created, in which climate opportunities were categorised according to the TCFD. In the above document, each opportunity was assigned to:

- a description of the actions to be taken,
- purposes and indicators to monitor progress on its exploitation,
- a perspective indicating when the opportunity will materialise,
- the business lines to which the opportunity relates.



The following graphic illustrates the key climate opportunities for the Energa Group resulting from the energy transition.

| Business lines: | Generation | Distribution | Sales | Services and other |
|--------------------------------------|--|--|--|--------------------|
| Resource efficiency: | Reduction in operating costs due to lower consumption of energy, water and non-renewable raw materials | | | |
| Energy sources: | | | Increased revenue from energy sales | |
| | | Stimulation of technological development in the Energa Group necessary to systematically increase the share of RES | | |
| | | | Reduction of electric energy production costs | |
| Products and services: | Development of services and products in the area of electromobility | | | |
| | Increase in sales of PV micro-installations and increase in their scope of application | | | |
| | Development of differentiated energy-related offers and products | | Development of differentiated energy-related offers and products | |
| | Development and testing of process and system solution concepts for customer billing | | | |
| Markets: | Energa Group's entry into the microgrid market (Smart Cities) | | | |
| | | Increase in demand for electric energy due to the economic development of the country | | |
| Resilience to climate change: | Increased security of energy supply to recipients | | | |
| | Increased resilience to depleting natural resources | | | |

The identified development opportunities have a significant impact on building Energa Group's competitiveness and resilience in a climate-changing energy sector. Increasing resilience to climate change also includes measures aimed at ensuring security of energy supply with the increasing share of energy from volatile RES and in view of the planned development of distributed energy. Accelerated development of the distribution network is necessary in a situation where more and more RES micro-installations are systematically connected to it.

METHODOLOGY FOR IDENTIFYING CLIMATE RISKS AND OPPORTUNITIES

Stage I – Identification of climate risks and opportunities

The risks have been divided according to the rules derived from the TCFD into:

- transformational risks, which are related to the transition towards a circular economy;
- physical risks (abrupt and chronic), which arise from climate change.

The identified risks in Energa Group companies are based on risk factors defined by the Audit and Internal Control Office (responsible for overseeing the corporate risk system) and the ESG Department in Energa.

The register of key risks for the Energa Group identifies five physical risks of greatest significance and financial impact. These include sudden atmospheric events (e.g. storms, driving rain, hail), temperature fluctuations, drought, increasing average air temperature.

The factors for physical risks were determined on the basis of past events (materialised climate risks), infrastructure specifications and based on the report *Climate Change: Implications for the Energy Sector** and the IPCC's sixth report (*Climate Change 2022: Impacts, Adaptation and Vulnerability*).

In the case of transformational risks, risk factors have been given for regulatory, technological, reputational and market risks, such as changes in laws and regulations, changes in consumer and customer business preferences and changes in energy efficiency requirements.

Compilation of the factors was based on an analysis of past legal and regulatory developments in the energy sector, the technology gap regarding low-carbon solutions and expert knowledge.

An analysis of the companies' assets was used to identify a given climate risk. The method consisted of capturing possible damage or loss of value of the company's assets, which are a consequence of the changing climate and the measures taken to move towards a low-carbon economy.

As a result of the measures taken, each Group company has a detailed list of identified climate risks, including risk factors and potential impacts of a quantitative and qualitative nature.

The process of identifying climate opportunities consisted of one stage, which was carried out analogously to climate risks.

Stage II – Assessment of climate risks

The determination of the materiality of climate risks was carried out in accordance with the *Energa Group Risk Management Policy*, which includes an assessment of the probability and impact of the risk. The probability of a risk is a measure of the frequency of its materialisation. The impact of a risk, on the other hand, is a measure of the consequences of its materialisation, which may affect the financial, strategic, operational or legal and regulatory areas of the Energa Group.

The assessment was mainly quantitative (with qualitative elements), especially when assessing the financial impact of the risks. A five-point scale was used to assess both components. When assessing the financial impact, a financial range was assigned to each weight, together with a supporting description of the impact in the operational, strategic and legal/regulatory areas.

Risk probability assessment

| Weight | Frequency of materialisation |
|--------|--|
| 5. | The risk may materialise at least once in the next quarter (less than 3 months) |
| 4. | The risk may materialise at least once in the next 12 months |
| 3. | The risk may materialise at least once in the next 2 years |
| 2. | The risk may materialise at least once in the next 5 years |
| 1. | The risk is unlikely to materialise or may materialise less than once in 5 years |

Risk impact assessment in the Energa Group

| Weight | Financial range of the impact of risk materialisation |
|--------|---|
| 5. | > PLN 1 billion |
| 4. | PLN 100 million – PLN 1 billion |
| 3. | PLN 10–100 billion |
| 2. | PLN 1–10 billion |
| 1. | < PLN 1 billion |

The materiality of the risk is determined by the product of the risk probability weight and the risk impact weight using the risk matrix.

Depending on the value, the following levels of risk materiality can be determined: key, medium or low.

Risk map



The register of key climate risks in the Energa Group includes all key risks and some medium risks. At the Energa level, the key climate risks, together with the risk factors, their impacts and corresponding indicators, are included in the climate change risk

sheet and the environmental-energy management risk sheet, so that they are constantly monitored and undergo periodic analysis.

* The report *Climate Change: Implications for Energy Sector*; Climate Everyone's Business; University of Cambridge, World Energy Council, 2014 was created entirely on the basis of the IPCC fifth report: AR5 Climate Change 2014.

STRATEGY IN RESPONSE TO CLIMATE CHANGE

Like the energy sector as a whole, the biggest challenges await Energa Group in terms of compliance with the TCFD recommendations in the area of strategy. In the first stage of the implementation of the new guidelines, short-, medium- and long-term climate-related risks were identified together with their potential impact on the generation systems. Preventive actions currently being implemented were assigned to each risk. In the next stage, a scenario analysis is planned. It will enable an assessment of the impact of climate risks and opportunities on the Energa Group's business model, strategy and financial plans. The planned scenario analysis will be carried out using climate projections that take into account different rates of increase in average air temperature and accompanying socio-economic changes. Its purpose is to develop an Energa Group strategy that is resilient to economic and climate change based on TCFD recommendations and IPCC reports.

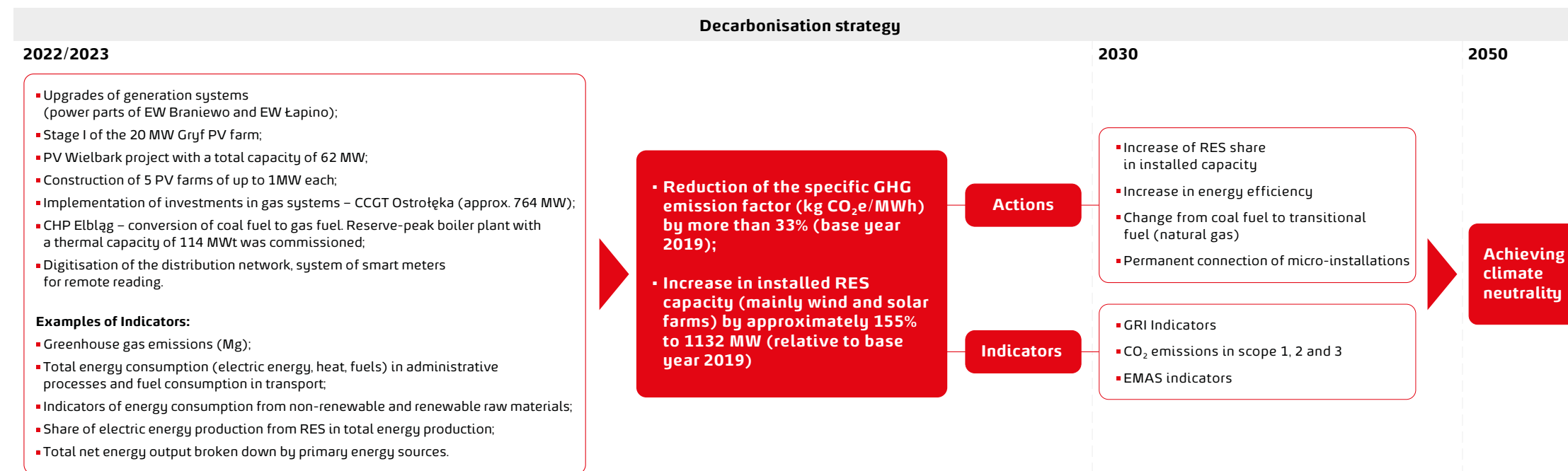
DECARBONISATION STRATEGY

Following the announcement on 30 November 2020 of the *ORLEN Group 2030 Strategy*, setting the goals of CO₂ emission reduction in the energy area at 33%* by 2030 and climate neutrality by 2050, the *Energa Group Decarbonisation Strategy* (Strategy) was prepared. The prepared Strategy document presents the pathway to achieve the assumed goals by 2030 and by 2050. The Strategy was adopted on 22 July 2022 by the Management Board of Energa SA and was approved by the Supervisory Board on 22 August 2022.

In order to meet the requirements of the *ORLEN Group 2030 Strategy*, work on the Strategy was divided into two stages. The first stage looked at the possible decarbonisation pathway to 2030 compared to 2019, which was chosen as the base year. For comparative purposes, a decarbonisation indicator (kg CO₂/MV\h) was used. The decarbonisation of direct emissions (Scope I) in electric energy and heat generation by 2030 will consist of replacing high-carbon fuel with low-carbon fuel (gas) and building new 'green' generation capacity.

Referring to the most emission-intensive generation source, the Ostrołęka B Power Plant entity, two scenarios were assumed. Both scenarios were mainly based on assumptions included in the *Multi-Annual Plan of Strategic Projects* adopted by Energa's Supervisory Board on 31 August 2021. The investment plan included in the WPIS was adjusted by assumptions known at the time of preparing the Strategy. These assumptions related to feasible decarbonisation investment projects planned up to 2030, as well as RES projects planned for commissioning at the beginning of the next decade. The second option was created in relation to ongoing work with the purpose of establishing a National Energy Security Agency. The assumptions point to the separation of coal assets from the Energa Group through the incorporation of Energa Elektrownie Ostrołęka SA (EEO B) into the National Energy Security Agency. Regardless of the implementation of one of the listed scenarios, the goal of CO₂ reduction for the energy area by 2030 will be achieved. The decarbonisation of indirect emissions (scope II) will occur mainly through increased energy efficiency and, over time, the purchase of energy from low- and zero-carbon sources for own use. In addition, a pathway to zero-carbon by 2050 is presented.

The key decarbonisation purposes of the Energa Group together with the measures and indicators used to monitor changes in the decarbonisation area



The activities planned in the Energa Group until 2030 are aimed at decarbonisation (e.g. further development of RES, digitisation of the distribution network, connection of RES micro-installations, installation of remote reading smart meters), and the costs related to their implementation are included in internal regulations – the *Energa Group Strategic Development Plan until 2030 and the Multi-Annual Plan of Strategic Projects for 2021-2030* (WPIS). Energa Group's Decarbonisation Strategy sets management directions and presents plans for reducing greenhouse gas emissions.

* On 28 February 2023, PKN ORLEN announced an update to the *ORLEN Group 2030 Strategy*, assuming continuation of the directions of development of the ORLEN Capital Group, while also setting new goals until 2030, including in the area of energy: Scope 1 to reduce emissions of kg CO₂ e/MWh for Scope 1 by 40% compared to base year 2019, and to achieve carbon neutrality by 2050.

INDICATORS AND GOALS

Due to the nature of its operations, the Energa Group has a negative impact on the climate mainly through greenhouse gas emissions. By implementing the *Decarbonisation Strategy*, we aim to continuously reduce this. We are carrying out activities aimed at improving energy efficiency, increasing the share of RES in the energy mix and connecting an increasing number of RES micro-installations to the grid, contributing to the overall reduction of emissions in Poland.

The Energa Group tracks its carbon footprint by calculating and monitoring Scope 1, 2 and 3 emissions. In order to measure and manage its negative impact on the climate, the Energa Group uses indicators and goals developed under the Integrated Environmental and Energy Management System in line with the Eco-Management and Audit Scheme.

The *ORLEN Group 2030 Strategy* sets, for example, the following purposes for the energy area:

- reducing CO₂e/MWh emissions by 33%* (compared to 2019), and achieving carbon neutrality by 2050,
- ending coal-fired power generation by 2035.

All measures taken and planned are aimed at adapting the Group's operations to climate change through better management of climate risks and opportunities. The process initiated to implement the TCFD's recommendations will continue and be expanded with detailed analyses in the coming years. In the coming years, the purpose will be to link currently reported indicators to identified climate risks and to compile new ones that measure the progress of decarbonisation and the effectiveness of the Energa Group's climate risk management.



* On 28 February 2023, PKN ORLEN announced an update to the *ORLEN Group 2030 Strategy*, assuming continuation of the directions of development of the ORLEN Capital Group, while also setting new goals until 2030, including in the area of energy: Scope 1 to reduce emissions of kg CO₂ e/MWh for Scope 1 by 4.0% compared to base year 2019, and to achieve carbon neutrality by 2050.



The customer in the spotlight

RELEVANT TOPICS:

NETWORK EXPANSION AND RES CONNECTIONS

IMPACT OF THE ECONOMIC SITUATION ON ENERGY PRICES AS WELL AS CONSEQUENCES FOR CUSTOMERS AND COMPANIES

ETHICS IN MARKETING, SALES AND CUSTOMER COMMUNICATION

QUALITY OF SERVICE

CUSTOMER PRIVACY AND DATA PROTECTION



WE SUPPLY ENERGY

RELEVANT TOPICS:

NETWORK EXPANSION AND RES CONNECTIONS

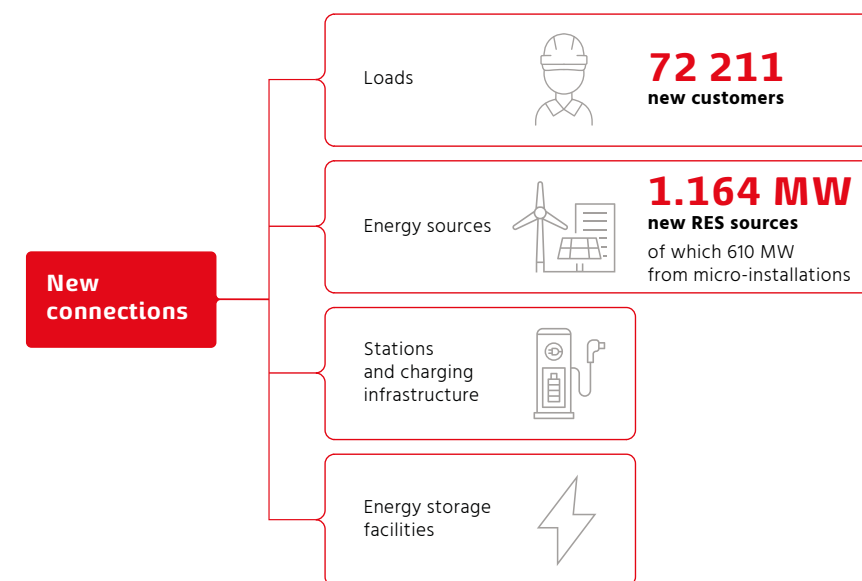
ETHICS IN MARKETING, SALES AND CUSTOMER COMMUNICATION

Energa-Operator SA is the lead company of the Distribution business line of the Energa Group. Energa-Operator acts as the Distribution System Operator (DSO). The company's activities are licensed and regulated based on the decision of the President of the Energy Regulatory Office. In accordance with the requirements of the distribution licence, Energa-Operator is responsible for the development, operation and upgrade of the transmission infrastructure in the area of operation in order to supply energy with correct quality parameters to recipients connected to the network.

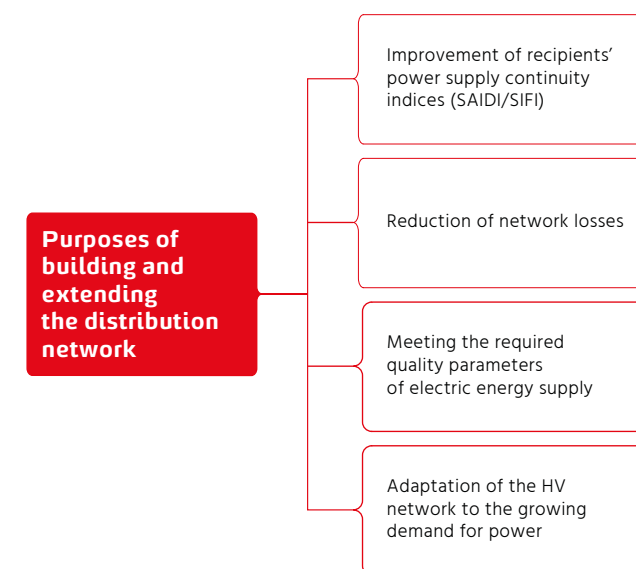
KEY DIRECTIONS FOR ENERGA-OPERATOR'S INVESTMENTS IN 2022 ARE:

- further connection of new recipients and new sources and related construction of new networks,
- expansion and redevelopment of the network to ensure that it is able to handle the increased demand for power, in particular with regard to the HV network,
- reconstruction and upgrade of the distribution network at all voltage levels to improve recipients' power supply continuity (SAIDI/SAIFI) and meeting the required quality parameters of electricity supply and reduction of network losses, such as:
 - conversion of overhead bare MV lines running through forest and wooded areas to cable lines and/or insulated overhead conductors,
 - MV system automation,
 - replacement of non-networked (emergency) MV cables,
 - replacement of low-voltage lines with insulated lines with connections,
 - construction of new MV line connections,
 - replacement of HV/MV transformers,
- connection of public charging stations and charging infrastructure for public road transport,
- connection of energy storage facilities to the grid,
- purchase and installation of smart metering infrastructure, the implementation of which results from the changes introduced in the Energy Law, by the *Act of 20 May 2021 amending the Energy Law* and certain other acts (Journal of Laws of 2021, item 1093, as amended), pursuant to Article 11t and in the *Capacity Market Act* introducing the requirement for all recipients, with the exception of municipal recipients, to carry out readings of energy consumption data on an hourly basis and, on this basis, to settle the capacity market fee starting from January 2021. In addition, in the *Renewable Energy Sources Act*, Article 4 section 2a obliges Energa-Operator to take readings at all generators and prosumers on an hourly basis of the energy consumed and injected into the grid. From 1 April 2022, the obligation to bill these customers on the basis of read hourly profiles was introduced,
- adaptation of Energa-Operator's network to the requirements set out in *Committee Regulation (EU) 2017/2196 of 24 November 2017*, which established the Network Code on electricity emergency and restoration – the so-called NCER. The purpose of these investments is to enable the designated facilities to operate for 24 hours in the event of loss of the primary energy supply and to provide the required functionality as defined in the Recovery Plan for the Polish power system.

Diagram of new connections



GRI 3-3 INFRASTRUCTURE DEVELOPMENT



As a result of the investments, **72,211 new customers** were connected in 2022, **1,164 MW of new RES capacity** was connected to the grid, including 610 MW from micro-installations, and nearly **2,400 km** of high-, medium- and low-voltage lines and more than 622 km of connections were constructed and upgraded.

The development of the power grid, including the WN-110 kV network, is related both to local economic development and the connection needs of industry, housing and RES, as well as to the strengthening of power supply reliability. Energa-Operator also carries out tasks resulting from the necessity to adapt the HV lines to increased power flows

related to the growing demand for power from already connected entities.

At the same time, in the scope of investments related to the HV network, Energa-Operator is obliged to carry out investments resulting from the long-term *Concept of operation of the LV transmission and HV distribution network* as a closed network within the company's area of operation, which is being developed jointly with the Polish Power Grid.

Particularly important from the point of view of the local economy (at the municipal or supra-municipal level) is the implementation of tasks involving the **construction of new 110/15 kV stations** (the so-called main supply point), which dramatically improve the connection capacity and supply security of entities supplied from local MV and LV power lines.

The development of the electricity grid must be correlated with the economic development of the country and the increased demand for electric energy resulting, for example, from the assumed **development of electromobility**, which requires adaptation of the grid to the changing load at all voltage levels.

KEY TASKS COMPLETED IN 2022

1. final acceptance of the reconstruction of 110 kV line between Bytów and Gałąźnia Mała with the use of poles with increased height to minimise outages resulting from falling trees due to wind,
2. reconstruction of 110 kV line between Włocławek Azoty – Włocławek Zachód to improve line capacity,
3. construction of new interconnections between the Energa-Operator and PSE SA networks, i.e.:
 - launching of 2 new 110 kV line connections with PSE SA at the 400/110 kV/kV Pelplin system and distribution station, i.e. creation of 110 kV line connections: Pelplin – Subkowy and Pelplin – Lignowy,
 - in the area of the Kalisz Branch, launching new 110 kV line connections with PSE SA at the Konin system and distribution station and establishment of a 110 kV Konin – ZUO – Walcowania relationship.
4. commissioning of a new 110 kV line between Wielbark and Chorzele, carried out jointly with PGE Dystrybucja under the agreement for the interconnection of the power grid of Energa-Operator SA and PGE Dystrybucja SA. This investment made it possible to close the ring in the 110 kV network, i.e. the secondary supply of power to both the Wielbark main supply point and the Chorzele main supply point,
5. reconstruction of the 110 kV line between Płock and Sierpc with the use of low-voltage conductors to improve the line's capacity (task with EU funding).

In 2022, in connection with the implementation of the obligation of the distribution system operator (DSO) under the *Act of 11 January 2018 on electromobility and alternative fuels*, investment works concerning the construction of connections and networks



and the construction of **24 public charging stations** were carried out. Thus, in 2022, the company completed the construction of 279 general-access charging stations for electric vehicles as part of the statutory obligation. The company connected 310 charging points in 139 general-access charging stations. The implementation of investment tasks in this area will continue in 2023. In addition, connections were built in 2022 for 46 public charging stations and charging points as part of the charging infrastructure for road public transport.



CUSTOMERS, RECIPIENTS OF ELECTRIC ENERGY AND SERVICES

Energa-Operator is the DSO operating in the northern and central parts of the country. Within this area, it serves all customers of the Energa Group as well as TPA (Third-party Access) customers, i.e. customers who have chosen a seller other than Energa-Obrót and with whom the company has concluded agreements for the

provision of distribution services. The company's area of operation covers almost **75,000 km²**. The number of system users at the end of 2022 was **3,299,213**, and the total length of power lines is over **195,000 km**.



Number of users of Energa-Operator

| Recipient type | 2021 | 2022* |
|---------------------|------------------|------------------|
| individual users | 2 941 191 | 2 995 599 |
| industrial users | 9 225 | 9 743 |
| institutional users | 11 842 | 11 991 |
| commercial users | 283 775 | 281 880 |
| TOTAL | 3 246 033 | 3 299 213 |

Length of above and underground transmission and distribution lines by regulatory regime (km)

| Branch | HV power lines | | MV power lines | | LV power lines with connections | |
|-------------------|----------------|-------|----------------|--------|---------------------------------|--------|
| | Overhead | Cable | Overhead | Cable | Overhead | Cable |
| Gdańsk | 961 | 37 | 5 096 | 4 491 | 7 653 | 13 114 |
| Kalisz | 1 099 | 0 | 9 647 | 1 890 | 14 504 | 6 817 |
| Koszalin – Słupsk | 1 195 | 2 | 8 569 | 3 297 | 5 452 | 9 283 |
| Olsztyn – Elbląg | 1 269 | 4 | 11 554 | 2 540 | 11 689 | 7 436 |
| Płock | 901 | 7 | 10 708 | 1 515 | 15 823 | 4 775 |
| Toruń | 1 104 | 16 | 8 775 | 2 131 | 14 245 | 7 681 |
| Energa-Operator | 6 529 | 66 | 54 349 | 15 864 | 69 366 | 49 106 |

Compared to 2021, there was an increase in the total length of lines by approximately 2,000 km, with a decrease of more than 300 km recorded in the total length of medium- and low-voltage overhead lines, while the length of cable lines increased by more than 2,200 km.

* As at 31 December 2022.

DECREASE IN ENERGY SUPPLY OUTAGES AND THEIR DURATION

Improving the reliability and quality of electric energy supply to recipients is directly related to the concept of **energy security**, which is part of the basic tasks of Energa-Operator as the DSO. Adopted appropriate courses of action and consistent implementation of key modernisation investments aimed at improving the continuity of power supply directly affect the level of customer satisfaction with the services provided.

The prevailing weather conditions have a significant impact on the continuity of electric energy supply. Increasing and occurring with increased frequency in recent years, unprecedented, variable and unfavourable meteorological phenomena are contributing to an increased number and extent of failures, including massive failures on the company's electricity network and significant damage to the electricity infrastructure, which is predominantly an overhead network.

In 2022, the company achieved power supply reliability index values of: **SAIDI – 410.5** min and **SAIFI – 3.19**, of which as much as 70% for SAIDI and 38% for SAIFI were indices for mass failures.

Since the beginning of 2022, weather anomalies, in particular windstorms, have on several occasions caused numerous and severe damage to the company's electricity network at all voltage levels, depriving a significant proportion of recipients of their electricity supply.

The worst impact was caused by hurricane-force winds with speeds of up to 120 km/h caused, for example, by the lows: Nadia, Xandria, Ylenia (Dudley), Eunice, Antonia (Franklin), which occurred in the first months of 2022.

At the height of the action of the elements in the company's territory, 70 HV lines and about 600 MV lines were affected by failures. Fifty HV/MV stations and nearly 13,000 MV/NV stations were without power, depriving more than 350,000 recipients of electric energy supplies.

The appropriate procedures implemented in the organisation to deal with failures caused by mass emergencies contributed to efficient recovery efforts. In some cases, due to the very large area of the failure and the difficult weather and field conditions, the time taken to fully restore the grid took up to several days. Nearly 1,300 electricians were involved in the field work, supported by the employees of group companies and external contractors. Some of the work was carried out in forested areas, where gusts of windstorms, breaking branches and whole trees posed a threat to the life and health of the electricians. Because of this, some of the work was only carried out after the dangerous conditions had subsided. Uniformed services – the army and the fire brigade – and local government services were also involved in dealing with the failure, helping to clear access roads to the places of the failure or to build temporary roads.

For the SAIDI and SAIFI indices, excluding the impact of mass failures, there was an improvement in performance in 2022 with respect to 2021 of 6% for SAIDI and 7% for SAIFI, respectively.

Own index **Frequency of energy supply outages to recipients of Energa-Operator in 2022**

| Types of outages | SAIFI* (number of outages/recipient/year) |
|---|--|
| planned outages and unplanned outages with catastrophic outages (excluding mass failures) | 1,99 |
| outages related to mass failures | 1,20 |

Own index **Average duration of energy supply outages distributed by Energa-Operator in 2022**

| Types of outages | SAIDI** (minutes/recipient/year) |
|---|-------------------------------------|
| planned outages and unplanned outages with catastrophic outages (excluding mass failures) | 124,68 |
| outages related to mass failures | 285,78 |

* SAIFI (System Average Interruption Frequency Index) – the index of the average system frequency of long and very long outages, representing the number of recipients affected by all these outages during the year, divided by the total number of recipients served.

** SAIDI (System Average Interruption Duration Index) – the index for the average systemic duration of a long and very long outage, expressed in minutes per recipient per year, which is the sum of the product of its duration and the number of recipients affected during the year, divided by the total number of recipients served.

GRI 3-3
GRI 2-29

CUSTOMER DIALOGUE AND RESPONSIBLE COMMUNICATION



In 2022, thirteen articles were published in sixteen local dailies and forty-three local websites on naszemiasto.pl, targeting a wide range of recipients of Energa-Operator. Through the articles, we educate the public on the company's core business and identity in terms of the requirements of the Compliance Programme* and emphasise the importance of continuity in the supply of electricity. The promotion of electronic methods of dealing with customers improves the customer's contact with the company.

The articles presented the scope of the company's activities as a distribution system operator and the services provided. These included information on what the company does, tariffs, the consequences of the theft of network components, the stability of energy supply, responsible work in the vicinity of infrastructure and the safe use of energy by children.

Other topics discussed included channels of contact with Energa-Operator, how to behave in the event of a power shortage, how the process of connecting micro-installations to the grid works and how to use RES wisely to not waste their production potential.

BEZPIECZNA KRAINA ENERGA-OPERATOR EDUCATIONAL PROGRAMME

In mid-2022, the company launched the Bezpieczna Kraina Energa-Operator programme. The project involves educational activities related to the safe use of electrical devices by children, appropriate behaviour around electrical infrastructure and minimising the number of accidents related to electrocution.

* Compliance Programme – a programme to ensure non-discriminatory treatment of distribution system users approved by the President of the Energy Regulatory Office, with the purpose, for example, of providing equal quality service to all our customers, potential customers and entities cooperating with us.

Bezpieczna Kraina is a new edition of the company's several years of activities in this area, as well as a reference to the Planet of Energy programme that has been implemented for years in the Energa Group.

'We educate for safety. We educate because it is worth it. We believe that this knowledge will ensure the safety of children' – These are the main objectives of the programme, visible on the website and promoted during educational meetings.

The programme consists of:

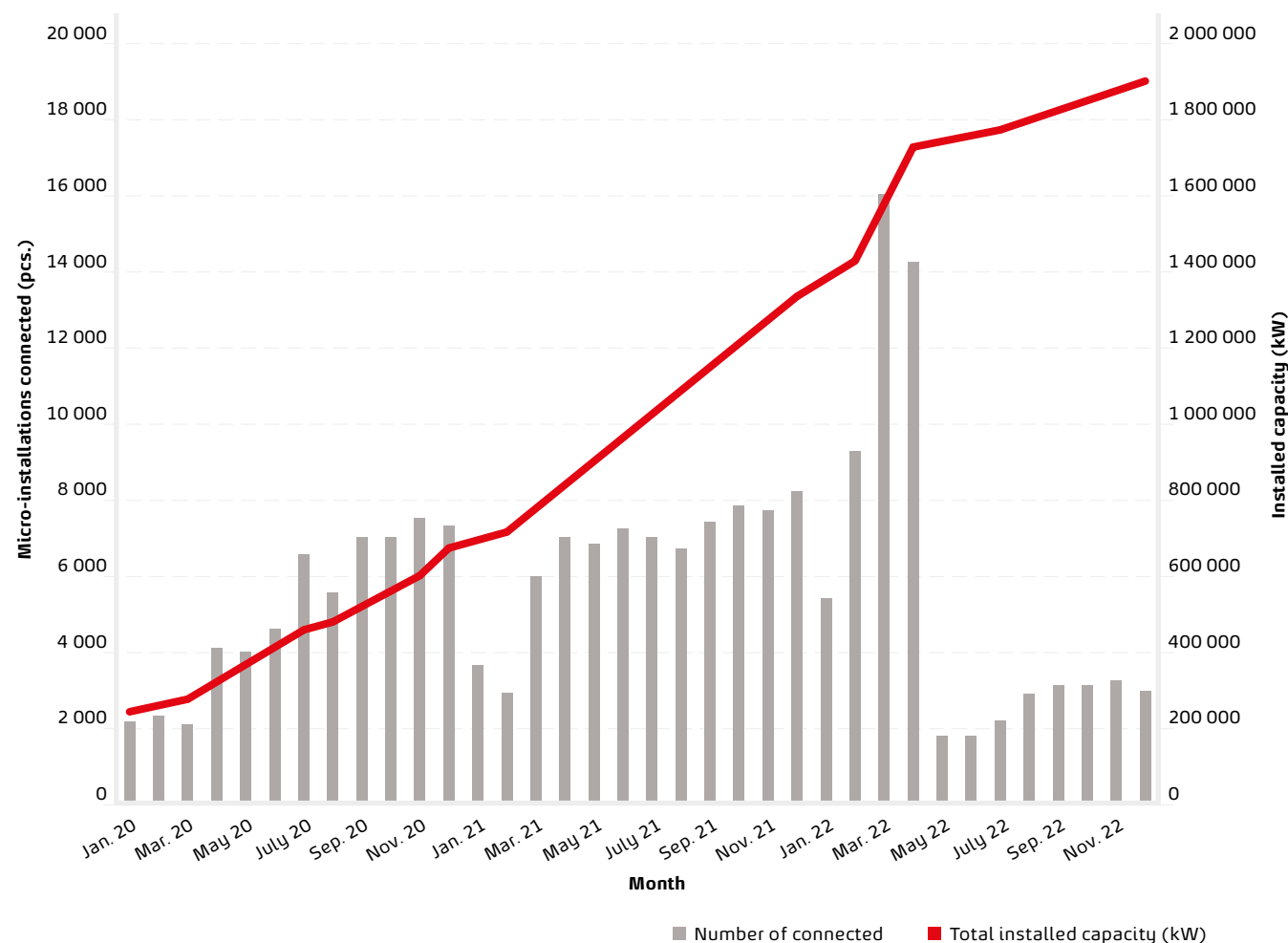
- The **online educational platform** entitled Bezpieczna Kraina Energa-Operator. It includes interactive e-learning classes for the youngest and their carers, as well as materials for teachers allowing them to prepare lessons on their own.
- **Educational events** – in 2022, the company organised four educational events on its premises. During the events, educators imparted knowledge about physical phenomena and the rules for the safe use of electricity in a way that was attractive to children. To this end, they used exhibits and devices presenting physical experiments and phenomena related to electricity, such as a Van de Graaff generator and models of a hydroelectric, wind and solar power station. In 2022, more than 2,400 people participated in such events.
- **Additional meetings in schools** conducted by employees of Energa-Operator.



DEVELOPMENT OF INDIVIDUAL PROSUMER ENERGY

In 2022, 63,810 new micro-installations were connected, of which 99.75% were solar PV systems. The total installed capacity of micro-installations in 2022 was 593 MW

Number and installed capacity of grid-connected micro-installations



The graph shows the number of connected micro-installations by month between 2020 and 2022 and the accompanying increase in installed micro-installation capacity. The highest number of connected micro-installations in 2022 fell in the period from January to April, when 43,168 systems were connected in four months, representing more than 67% of the connections in the whole of 2022.

Number of micro-installations connected to Energa-Operator's grid in the branches in 2019–2022 on a notification basis

| Branch | as at 31.12.2019 | as at 31.12.2020 | as at 31.12.2021 | as at 31.12.2022 |
|---------------|------------------|------------------|------------------|------------------|
| Gdańsk | 4 040 | 16 078 | 32 014 | 45 328 |
| Kalisz | 8 622 | 24 078 | 41 592 | 57 907 |
| Koszalin | 3 220 | 9 831 | 19 974 | 26 876 |
| Olsztyn | 4 005 | 12 929 | 23 965 | 32 198 |
| Płock | 3 964 | 12 448 | 23 158 | 31 581 |
| Toruń | 4 131 | 12 837 | 24 439 | 34 889 |
| total: | 27 982 | 88 201 | 165 142 | 228 779 |

Such a large increase in connected micro-installations in the first months of the year was due to the entry into force of the amendment to the *Renewable Energy Sources Act* on 1 April 2022, which introduced changes to the billing system for prosumers. The discount system of metered billing of energy (in kilowatt-hours – kWh, hence the interchangeable name net-metering) and virtual storage of surplus energy produced was replaced by a new one involving value-based, or monetary, billing (i.e. net-billing). Only prosumers whose systems were reported by 31 March 2022 are entitled to use net-metering billing.

Installations reported from 1 April 2022 onwards are billed on a net-billing rule, based on the sale of surplus electric energy. At the end of 2022, the total number of micro-installations connected to the Energa-Operator grid was 228,779, with a total installed capacity of 1,897 MW.

According to Article* section 8d7 of the *Energy Law*, the DSO is obliged to connect the micro-installation within 30 days of the recipient's notification. The average timeliness of completion of notifications by Energa-Operator throughout 2022 was 99.95%.

ILLEGAL CONSUMPTION OF ELECTRIC ENERGY

Illegal Consumption of Electric Energy is defined in Energa-Operator's Tariff.

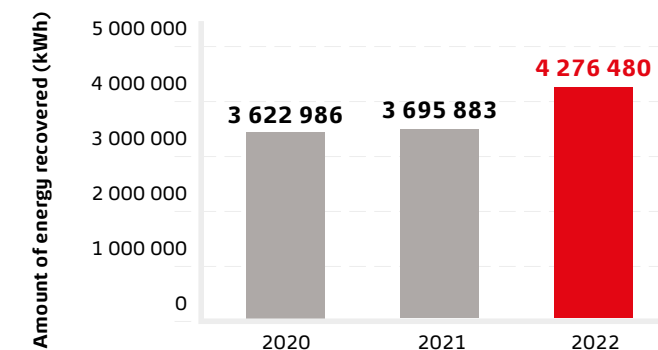
Illegal Consumption of Electric Energy is defined as:

- 1) consumption of electric energy without an Agreement,
- 2) consumption of electric energy:
 - a) with total or partial disregard of the metering and billing agreement,
 - b) by tampering with the metering and billing system with the effect of falsifying the measurements made by the metering and billing system.

The determination that an Illegal Consumption of Electric Energy has occurred in a given case is made as a result of a control in accordance with the rules set out in the *Regulation of the Minister of Energy of 15 December 2016 on the conduct of controls by energy enterprises and internal procedures* of Energa-Operator. Controls are carried out by employees and persons providing services to the company and who are also employees of companies that have

signed an agreement for the provision of services. In the last three years, 11,595,349 kWh have been recovered as a result of controls confirming Illegal Consumption of Electric Energy.

Amount of energy recovered between 2020 and 2022



COMPLAINTS PROCEDURE

Energa-Operator enables both sellers and customers to report queries and complaints. The website of sellers, available at <https://swi.energa-operator.pl>, is a dedicated IT tool for communicating with sellers, through which it is possible to ask questions and report complaints. Each seller is given access to the website as well as their login and password. In addition, dedicated Seller Advisors provide support in handling urgent and emergency cases. Complaint handling and timeliness are described in the IRIESD (Instruction of Distribution Network Operation and Maintenance) under item H: *Complaint handling and information obligations*.

- Complaints from customers of Energa-Operator are accepted through all standard contact channels, i.e. electronically, by telephone, by post and during a personal visit. In 2022, 10,159 legitimate customer complaints were received.
- The overall timeliness of responding to complaints at the end of 2022 is 98%.

Total number of cases of non-compliance with regulations and voluntary codes concerning labelling and information on products and services, taking into account the consequences of non-compliance

| | |
|---|----------|
| Number of cases of non-compliance with regulations resulting in a fine or penalty | 2 |
| Number of cases of non-compliance with regulations resulting in a warning | 0 |
| Number of cases of non-compliance with voluntary codes | 0 |
| Total number of cases | 2 |

No penalty was imposed on the company in 2022, the penalties referred to in the table relate to incidents from previous years that remain pending.



SALE OF ENERGY

RELEVANT TOPICS:

IMPACT OF THE ECONOMIC SITUATION ON ENERGY PRICES AND CONSEQUENCES FOR CUSTOMERS AND BUSINESSES

ETHICS IN MARKETING, SALES AND CUSTOMER COMMUNICATION

QUALITY OF SERVICE

GRI 3-3 In the area of customer service, the overarching goal of the Energa Group is to provide the highest possible level of service. In every channel of contact with the customer (hotline, chat, letters, etc.), we focus on the comprehensiveness of the proposed solution and on minimising the customer's effort.

In order to meet customer expectations, we have taken a number of measures to expand our offerings, including the creation of 'green' products. We maintain an ongoing dialogue with customers and aim to provide customers and counterparties with energy at affordable prices and appropriate quality parameters. We conduct communication and marketing activities responsibly. We also monitor customer satisfaction.

The implementation of a business model based on a consistent and broad offer of products and services is being handled by Energa-Obrót, leader of the Sales business line.

The autumn of 2022 brought a huge challenge to the company. The announcement of the government's energy shield was combined – for many customers – with the need to submit a statement to the energy seller to make use of the shield's benefits. The company had to carry out a campaign to collect statements, as well as enter them into billing systems and adapt the systems to the modified billing rules.



Energa-Obrót faces the following challenges in 2023:

1. Maintaining the quality of customer service in a situation of increased enquiries and complaints due to the introduction of the Solidarity Shield and the handling of statements.
2. Making the ePUAP.gov.pl platform available for statements for the individual customer.
3. Adaptation to the requirements of the RES Act, implementation of the virtual prosumer.
4. Implementation of the new Energa26 platform.
5. Internal employee training to maintain high quality customer service.

Energa-Obrót's business customers are provided with an individual advisor, together with an experienced support team dedicated to this customer group. Each case is approached by the advisors with the utmost care in order to provide a prompt response at the highest possible level. In addition, work has been initiated on the development of a new self-service system with solutions tailored for institutional customers, with a planned launch date in the second half of 2023.

Russia's attack on Ukraine and the ongoing armed conflict there since February 2022 has had – and continues to have – a negative impact on the global economy. It has caused disruption of the supply chain and significant uncertainty about the future continuity of the European economies. This situation took place throughout 2022, the energy contracting period for 2023. It therefore did not significantly affect energy prices for business buyers in 2022 in most cases, except for those buyers who did not have energy contracted for the whole year and had to buy energy at higher prices. The G-tariff for households is approved by the ERO President for the whole year, so these 2022 customers did not, as a rule, suffer any negative impact from the increase in energy prices on the Polish Power Exchange.

CUSTOMERS, RECIPIENTS OF ELECTRIC ENERGY AND SERVICES

Electric energy and service recipients include all customer segments – industry, large, medium and small business and households. In 2022, Energa Group served around 3.2 million customers, of which more than 2.8 million were individual customers. At the end of 2022, the Energa-Obrót outlets network consisted of nine of its own outlets and 56 external outlets operated by agents.



Our outlets and external outlets are located in the following provinces: Pomeranian, West Pomeranian, Kuyavian-Pomeranian, Warmian-Masurian, Mazovian, Łódź and Greater Poland.

All our outlets are wheelchair accessible.

Own index Number of recipients of Energa-Obrót and volume of electric energy sales in 2022.

| Recipient type | 2021 | | 2022 | |
|-------------------------------|----------------------------------|------------------------------|----------------------------------|------------------------------|
| | Number of Power Delivery Points* | Electric energy volume (TWh) | Number of Power Delivery Points* | Electric energy volume (TWh) |
| individual customers | 2 999 800 | 7,55 | 2 866 100 | 5,80 |
| customer/commercial customers | 65 700 | 4,17 | 247 523 | 5,33 |
| public institutions | 105 700 | 2,13 | 104 961 | 2,12 |
| industrial customer | 26 700 | 4,65 | 32 283 | 4,66 |
| generators | 2 735 | 0,04 | 2 563 | 0,04 |
| RAZEM | 3 200 635 | 18,54 | 3 253 430 | 17,96 |

OFFER TO THE CUSTOMER

Continuous communication with the customer across multiple channels, as well as measuring customer satisfaction, allows the product offer to be systematically adapted to changing customer needs. The construction of the product portfolio was guided by sustainability guidelines and activities in the pursuit of zero carbon, as well as adaptation to regulatory and market changes.

Awareness and sales campaigns promoting photovoltaic systems, as well as solutions available on Energa.pl, including the possibility of dealing with issues related to rewiring or setting up a new meter, changing the tariff group or concluding a new agreement completely online, were carried out in 2022 as part of activities aimed at customers and SOHO (Small or Home Office). In addition, a blog, zielonepojecie.pl was launched on customer issues from the perspective of sustainable development, operating under

the slogan *Nature drives us to action*. It addresses issues related to photovoltaics, electromobility, energy saving and energy efficiency.



* The number of customers of Energa-Obrót is not the same as the number of power points (PPE) reported by Energa-Operator because one customer may be a user of several electric energy points. In addition to this, it is important to remember about TPA – Energa-Operator can be the distributor of energy from a seller outside the Energa Group.

Business products were promoted through the implementation of a campaign for indexed offers with the Indexed Offers Platform (POI), as well as campaign activities for e-mobility, indoor lighting upgrades and energy efficiency products: visualisation of consumption profiles, energy efficiency audits, reactive power compensation and optimisation of consumption parameters.

In 2022, mass offers for residential customers and SOHO remained on sale with few changes from the previous year. The most popular offers were those with discount cards for ORLEN and BLISKA stations. These can be used by both individual and SOHO customers. Their implementation was part of key product initiatives carried out as part of the partnership with PKN ORLEN to give customers a real benefit from Energa's affiliation with the ORLEN Group. The Joy of Helping offer, with each Agreement concluded amounting to PLN 100 of support for selected children's aid centres, was also very popular. Thanks to the offer, the company donated nearly PLN 400,000 to a charitable purpose. Another offer that has significantly gained in popularity is the Green Energy Package. Each agreement signed obliges Energa to plant a tree seedling. The agreements concluded will result in nearly 21,000 seedlings being planted, which are planned for spring 2023.



Due to significant changes in the company's legal environment, i.e. laws relating to the introduction of the **Solidarity Shield**, the portfolio of offers for residential customers was modified in Q4 2022. Price guarantee offers were abandoned in favour of offers with rates indexed to the consumer standard price list. This change implements the regulators' objective of freezing energy prices, allowing customers to benefit from the Solidarity Shield.

Within the offers for companies in the SOHO segment, we continued to sell our existing offers, as these were invariably very popular with customers. The most popular solutions chosen by companies were offers with guarantees of RES energy origin and an offer with a security package (licences for anti-virus software).



GRI 2-29

CUSTOMER DIALOGUE AND RESPONSIBLE COMMUNICATION

The key role of the customer as a stakeholder makes the company attach particular importance to an ongoing dialogue. The Energa Group continuously develops and adapts forms of dialogue with customers so that the partnership has a long-term effect of building loyalty.

Basic forms of dialogue conducted with customers and its effects

| Dialogue sources | Key dialogue effects |
|--|---|
| <ul style="list-style-type: none"> website social media research on customer satisfaction and opinions qualitative and quantitative marketing research Net Promoter Score – NPS First Time Resolution – FTR Consumer Ombudsman educational campaigns customer-focused competition | <ul style="list-style-type: none"> awareness of customer expectations creation of products and services adapted to customer expectations creation of transparent offer and agreement conditions simplifying language in communication with the customer responding quickly to fault reports and customer complaints clear description on invoices |

The most important measures to improve and build better communication with customers in 2022 include:

- adapting to the requirements of the Renewable Energy Sources Act of April 2022;
- implementing net-metering, net-billing, prosumer collective billing;
- making the prosumer ICT system available on the Energa24 website;
- adapting to the requirements of the government's Solidarity Shield (freezing of electricity prices, introduction of maximum prices);
- maintaining a high customer satisfaction rate, which indicates a high level of customer service quality (the infoline's NPS is 71% – an increase of 8% compared to 2021);
- implementing an online form for handling statements for Shield 2;
- adapting to requirements of the Central Energy Market Information System;
- internal employee training to maintain high-quality customer service.

In addition, to improve the process of communication with customers, Energa-Obrót has consistently simplified the language that employees use to communicate with each other, but above all with customers, for the past five years. Simple language makes the content clear and understandable. As a first step, the company simplified the Agreement and General Terms and Conditions documents that the customer takes home with them and often keeps

for many years. In the new documents, our employees do not use bureaucratic jargon, do not write about the customer in the third person, and use language that the customer uses every day to explain definitions. That is why electric energy is called electricity there and the metering and billing agreement is called a meter. In addition to simple documents, the announcements on the company's hotline, information letters and answers to customer requests are also simple.



As of 2019, Energa-Obrót has been certified by the Association of Energy Trading as a signatory to the *Code of Good Practice for sellers of electric energy and gaseous fuels*. The award of the certificate was preceded by a detailed audit of the quality and reliability of customer service carried out by an external certification organisation.

The *Code of Good Practice for Electric Energy and Gaseous Fuels Sellers* is a set of rules for the highest standards of sales and fair customer service – from entering into an agreement, to changing parameters, to issues related to complaints and agreement termination. Compiled in 2018 by members of the Association of Energy Trading with the partnership of the Energy Regulatory Office.

MONITORING CUSTOMER SATISFACTION LEVELS

Energa-Obrót is responsible within the Group for the sale of electric energy and after-sales customer service. The needs and behaviour of customers are evolving very rapidly and, as a consequence, their expectations in terms of service and support are also changing. The customer is becoming increasingly aware of their rights and opportunities, with the consequence that companies wishing to remain competitive in the market should take this process into account in their development strategy. Marketing research is one method of constantly monitoring the changing needs and expectations of the customer in terms of services and products. That is why the company carries out the research projects outlined below.

Measurement of Customer Experience (CX) indices

CX indices are measured continuously using voice recordings during automated phone calls to customers who have visited the outlet or used the hotline or LiveChat. These include the following indices:

- Net Promoter Score (NPS), i.e. the propensity of a customer to recommend a contact channel,
- First Time Resolution (FTR), i.e. the percentage of resolution of a customer's problem during contact,
- Customer Satisfaction Score (CSS), or customer satisfaction with the way information is communicated during contact.

When analysing the average annual values of the Customer Experience indices, it is worth pointing out the continued high level of service quality in outlets and hotlines, where even an improvement in the NPS and FTR indices was recorded in 2022 compared to a year earlier. Only LiveChat, as a relatively 'young' service channel, recorded a slight decrease in customer ratings in 2022 compared to the earlier measurement.

Outlets, where the advisor has direct contact with the customer, achieved higher problem resolution (FTR) and satisfaction (CSS) scores than the remote channels, namely hotline and LiveChat. This is related to the nature of the remote channels.

Mystery customer research in outlets

The research, carried out using the 'mystery customer' method, consists of incognito visits by trained auditors to the outlets of Energa-Obrót. The auditor's task is to carry out a typical service case, through which they are able to assess the level of service quality, fulfilment of formal requirements by the advisor, advisor's image and appearance of the outlet. In 2022, one visit per month was made to each outlet.

During the research period, the outlets received an average of 85.9% of positive evaluations from the auditors (an increase of 3 percentage points compared to 2021) by area examined:

- first impression: first contact, greeting the customer, image standards of the advisor – 92.4%
- service and sales skills: resolving a service issue, moving on to a sales call, examining customer needs, sales call, meeting regulatory requirements – 83.8%
- visit summary: conclusion of the call, language in the service, general evaluation of the contact – 95.6%

Audit of telephone sales calls

The audit involves listening to telephone sales calls conducted by employees of companies co-operating with Energa-Obrót to verify compliance of telemarketers' behaviour with the call script and standards imposed by the company.

The audit covers calls carried out according to two scenarios: the first call with a customer and the second call concluding the sales process. Within each scenario, there are both successfully concluded conversations, i.e. an agreement is signed, and negatively concluded conversations, i.e. conversations in which the customer does not take up the offer. The audit is carried out in a continuous cycle, with 400 calls per month listened to.

All in all, the average annual audit result for company-provided calls was 91%. This high score was made up of the following evaluation elements:

- introduction, seller's introduction,
- presentation of the offer,
- formal parts related to information requirements,
- summary of the conversation,
- confirmation of agreement with the customer.

Nationwide customer satisfaction research

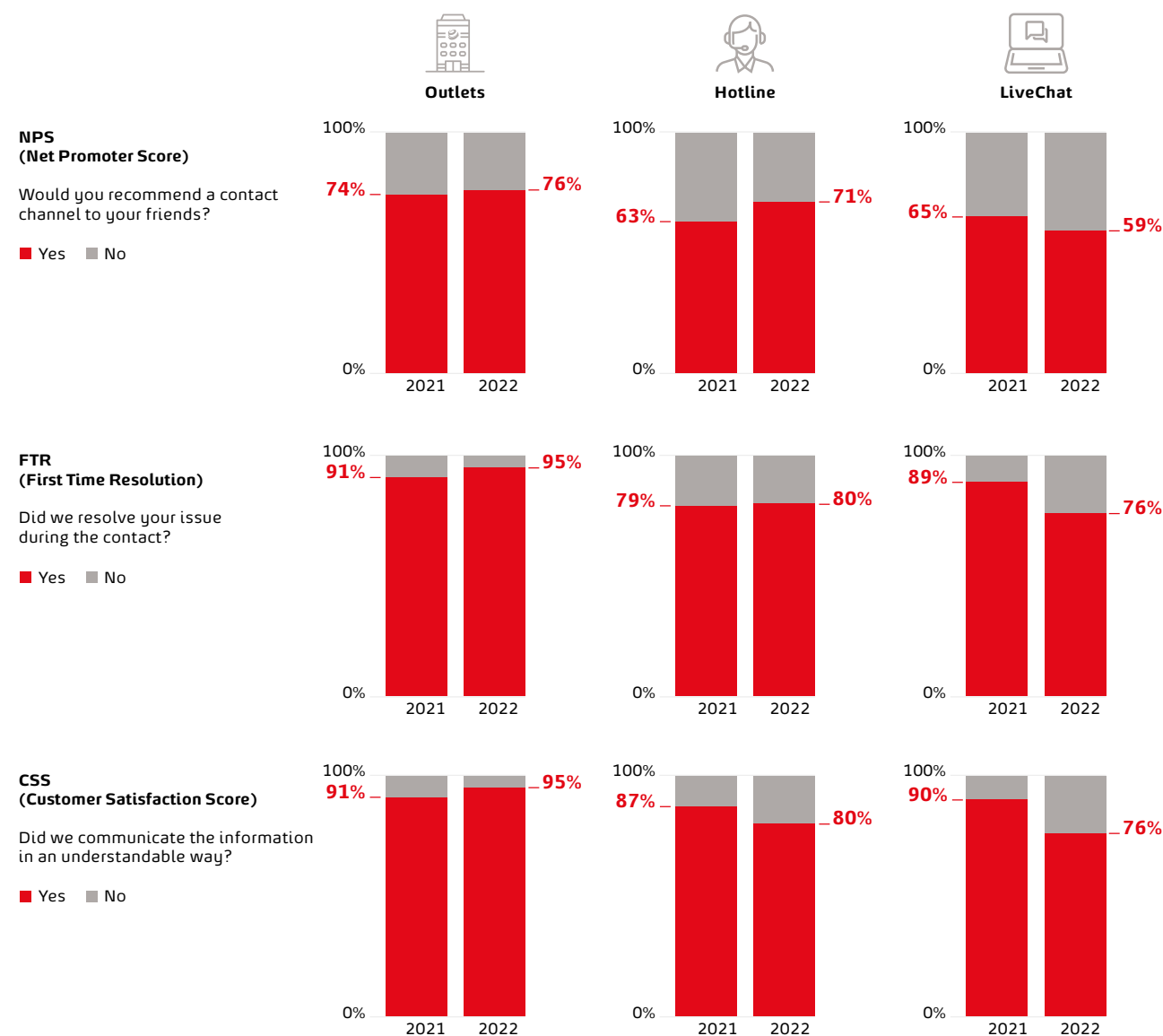
The main purpose of the research was to assess the satisfaction of individual customers and those in the SOHO segment with the partnership with Energa-Obrót compared to customers of competitors, i.e.: Enea, Tauron, PGE and E.ON.

The research examined, for example, the product offer, billing and invoicing, and contact with service channels. The research was carried out between November and December 2022.

The most important requests from the satisfaction assessment by individual customers are:

- Almost ¾ of customers of Energa (72%) express overall satisfaction with its services. This index has increased significantly compared to last year's measurement (by 8 points). Those who are dissatisfied cite excessively high prices as the reason.
- ¾ of examined customers of Energa are willing to use the company's offer again. The value of this index is similar to the results of the competition.
- The NPS index is slightly lower than that of the competition (by 7 points from the average for the competition). In contrast, it has increased compared to the previous wave of the research in 2021:
 - Customers of Energa are more likely than customers of the competition to justify their rating by a general reluctance to recommend services or companies.
 - In the case of competitors, on the other hand, we observe a higher proportion of respondents justifying their rating by the excessive price of services.
- As in the last two measurements, customers of Energa rated reliability of supply and satisfaction with tariffs best.
- Customers of Energa who have recently signed an agreement to purchase electric energy are characterised by a significantly higher level of satisfaction and a higher propensity to recommend the company compared to customers in general. In contrast, the satisfaction level of customers dealing with a service issue is significantly lower.
- The majority of customers still do not take advantage of any additional services offered by electric energy supply

Own index The Customer Experience indices in 2021 and 2022 for each channel were as follows:



companies. About half are aware that such services are offered by their seller.

- Analyses with the purpose of examining the impact of specific areas of partnership on satisfaction showed that areas for urgent improvement, i.e. characterised by high importance but rated relatively poorly by customers of Energa, are:
 - comprehensibility of the service price list,
 - price per kWh of electric energy,
 - possibility to contact the company,
 - comprehensibility of the Agreement.
- Customers of Energa most often resolve the reported issue at the first contact and this is a significant improvement in this parameter compared to the previous wave of the research. At the same time, the frequency of contacts with customer service branches has decreased significantly.
- The best-rated contact channel is the visit to the outlet. Customers rated the courtesy of the outlet employees particularly highly.

The most significant findings after analysing the requests from the research among customers of the SOHO segment are:

- The level of satisfaction of SOHO customers with Energa's services stands out positively compared to customers of the competition and is similar to that recorded in the previous research. 8% of Energa's customers expressed satisfaction with the company's services, with 70% declaring their willingness to choose it again. Comparable values of the indices are only observed among Tauron's customers.
- Customers of Energa are more likely than customers of competitors to declare their willingness to recommend the company's services. The NPS index amounted to 11 in the current measurement (in 2021: -5).
- For customers of Energa who have recently signed an agreement to purchase electric energy, levels of satisfaction, loyalty and willingness to recommend are higher than for customers in general. In contrast, customers who dealt with a service issue expressed significantly more critical opinions towards the company.

- Considering the elements related to the offer, customers of Energa are most positive about the certainty of supply and satisfaction with the tariff. The overall satisfaction with the product offer of Energa customers is close to the 2021 level.
- Form of payment and method of receiving invoices are the best rated areas related to invoices and payments.
- Compared to the previous measurement, the assessment of the readability of invoices has increased among all Energa customers. However, it is worth noting that among customers of competing companies, ratings of all areas related to invoices and payments have increased compared to the previous measurement.
- The vast majority of customers do not use additional services. Customers of Energa most frequently declared an interest in photovoltaic panels. Interest in other services both among customers of Energa and competitors is declining over time – a trend we have clearly observed over successive editions of the research.
- Analyses with the purpose of examining the impact of specific areas of partnership on satisfaction showed that areas characterised by high importance but rated relatively poorly by customers of Energa, are:
 - possibility to contact the company,
 - satisfaction with products and additional services,
 - satisfaction with the agreement, tariffs,
 - price per kWh of energy and the amount of other charges.
- The best-rated contact channel is the visit to the outlet. Contact via the hotline was rated more positively by customers as part of the service process than the sales process. Out of the facets of this channel, they most appreciated the courtesy of the consultant and the clarity and comprehensibility of the information provided.

In summary, Energa-Obrót collects and analyses customer feedback on their experiences, preferences, expectations regarding the company, products and services. The company uses this knowledge in activities aimed at increasing customer satisfaction, in the process of building new products and service standards.

GRI 2-26 **COMPLAINTS PROCEDURE**

Every customer of Energa-Obrót has the right to submit a complaint, request, grievance or report. They can send them to the company's registered office address, report them to the hotline, to the electronic customer service office, at outlets or via the website. The customer's case must be dealt with within 30 days of receipt, unless the energy law, the tariff, the distributor's tariff or the instructions for the operation and use of the distribution network provide for a different deadline. A customer's request or complaint regarding billing rules should be dealt with within 14 days of receipt.

Own index **Timeliness of response to complaints and notifications**

| | Written contact | | E-mail contact | |
|---|-----------------|--------------|----------------|--------------|
| | Complaint | Notification | Complaint | Notification |
| 2022 | 95% | 98% | 98% | 97% |
| Change (increase/decrease) compared to 2021 | -2% | -1% | 0% | -1% |

For cases whose initial resolution has proven unsatisfactory, the Energa-Obrót Consumer Ombudsman is an important support for customers.

Energa-Obrót is the only entity in the energy market with a Consumer Ombudsman.

The ombudsman's role is also to provide advice and seek the best solution for customers in complex and lengthy cases. The main rule of the ombudsman's activities is independence from the company's customer service channels. The ombudsman does not deal with the processing of complaints and notifications, nor with the collection process, but with the analysis of the responses sent and the verification of the correctness of the complaint resolution process. Complaints and feedback to the customer ombudsman can be sent via a special form available at: <https://www.Energa.pl/dom/obsługa/reklamacje-i-zgloszenia.html>.



In 2022, Energa-Obrót's Consumer Ombudsman handled 377 cases. Approximately 85% of the cases were complaints related to the presentation of the sales offer and the conclusion of the Agreement, the remaining 15% were requests for instalment payments, complaints related to prosumer issues, and billing complaints.

Monetary value of significant penalties for non-compliance with laws and regulations concerning the supply and use of products and services [PLN]

| Company | Total value of penalties [PLN] imposed on the organisation for non-compliance with laws and regulations concerning the supply and use of products and services | | | |
|-----------------|--|-------|---------|------|
| | 2019. | 2020. | 2021. | 2022 |
| Energa-Operator | 831 000* | 0 | 50 000* | 0 |
| Energa-Obrót | 353 216,23 | 0 | 0 | 0 |

* Proceedings that resulted in fines but were not paid in 2022 due to appeals taken.



TAKING CARE OF CUSTOMER DATA SECURITY

RELEVANT TOPIC:

CUSTOMER PRIVACY AND DATA PROTECTION

GRI 3-3 In connection with the provisions of *Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons in relation to the processing of personal data* and on the free flow of such data, and repealing Directive 95/46/EC (General Data Protection Regulation – GDPR), there is a unified personal data security management model in the Energa Group – Energa Group companies are served by a specialised entity in this regard, namely the Personal Data Protection Services Department ('Wydział Usług Ochrony Danych Osobowych', formerly: 'Wydział Usług Ochrony Danych Osobowych'), located in Energa Centrum Usług Wspólnych Sp. z o.o. (ECUW).

This handling includes the provisions contained in Appendix 9 to the *Agreement on partnership in the Energa Group, in the document entitled Energa Group Personal Data Security Policy*. This document was revised in 2022. Its purpose is to ensure that Energa Group companies comply with their obligations regarding the processing of personal data of individuals in accordance with applicable laws. The rules and procedures described in the Policy are there to ensure due diligence is exercised by Energa Group employees when performing personal data processing activities, including the realisation of any rights of data subjects, personal data protection breach processes, and the performance of information obligations.

The Personal Data Security Policy describes the control mechanisms and defines the roles, tasks and responsibilities in the *Diagram of the management structure for the protection of personal data security in the Energa Group*. The Security Office at Energa monitors the application of the provisions of the Personal Data Security Policy by conducting ongoing supervision of the functioning of the personal data protection structure in the Energa Group.

In 2022, the Personal Data Protection Services Department implemented training on the rules of personal data protection for employees of Energa Group companies.

In the Energa-Operator company, in 2022, with regard to the Personal Data Protection:

- an audit was conducted of the implementation of the rules set out in appendixes 4 and 6 to the Personal Data Security Policy, i.e. the rules for the implementation of information obligations regarding the processing of personal data and the rules for the implementation of Personal Data Protection training and the issuance of authorisations to process personal data,
- data retention tables were created for the periods of storage of categories of documents containing personal data in the company,
- an annual review of the Personal Data Protection risk analysis was carried out,
- the control of the Audit and Internal Control Office from Energa continued with regard to the implementation of the recommendations resulting from the audit of the adaptation of selected Energa Group companies to the GDPR requirements.

At Energa-Obrót, a Data Protection Officer was appointed by resolution of the Management Board, taking into account section 37.4 of the GDPR and in accordance with the adopted model of personal data protection functioning in the Energa Group. The EOB published the name and e-mail address to the DPO on its main website. The Controller has provided the DPO with access to the IT system in which the DPO handles data protection consultations.

The power of attorney granted by the Management Board allows free communication with all employees of the company to obtain the information necessary to carry out the tasks of the DPO.

A Data Protection Officer is positioned in the Information Security Office of the EOB to support the DPO.

The activities of the DPO are also supported by the Information Security Office and a designated coordinator whose competence and location in the Controller's organisational structure enable the

GRI 418-1 **immediate** implementation of the recommendations and procedures recommended by the DPO.

In 2022, **35 events** affecting Personal Data Protection security were recorded at Energa-Operator, which resulted in indications of a possible Personal Data Protection breach. As a result of the analysis of these events, 20 of them were qualified as Personal Data Protection breaches, 6 of which were reported to the supervisory authority in Poland for Personal Data Protection, i.e. the President of the Personal Data Protection Office with its registered office in Warsaw. In 2022, 35 requests for the realisation of data entities' rights were submitted to Energa-Operator. All of them were implemented within the time-frame provided by the GDPR regulations.

At Energa-Obrót, despite compliance with the rules, **20 breaches** of customer privacy and data loss took place, 6 of which the company was obliged to report to the Personal Data Protection Office. Five incidents involved the erroneous sending of an individual customer agreement, one case involved the sending of an employee statement.

DESCRIPTION OF POLICIES APPLIED

Energy distribution

Energa-Operator applies the *Energa Group Policy on IT Security*. In 2022, customer service was based on procedures for:

- handling customer requests in the distribution and alarm areas,
- handling of seller requests,
- determining the individual payment deadline for receivables under the distribution service agreement,
- handling of a micro-installation notification by way of a notification or permission to use a type A generation module up to 50 kW/ installed capacity,
- settlement of the distribution service,
- termination of the electric energy distribution service agreement,
- the creation of a plan and the introduction of restrictions on energy supply and consumption for the normal mode,
- selection and change of sellers under the General Distribution Agreement (GDA),
- conclusion of distribution service contracts with electric energy customers (based on requests) and change of seller under the GDA,
- handling receivables collection,
- general certification in the capacity market,
- updating of the Instructions for the Operation and Maintenance of the Distribution Grid,
- certification of Reduction Facilities under the Simplified Current Programme,

- implementation of the metering operator service for DSO,
- rules of conduct in cases of receiving a notification of a failure from the area of operation of another electricity distribution system operator,
- instructions for the operation of automatic rebates 43 of the Tariff Regulation),
- operation of reserve sales,
- rules of procedure for acknowledgement of receipt of invoices correcting sales in minus.

In addition, the company has a Compliance Programme in place that defines the undertakings to be taken by the company in order to ensure non-discriminatory treatment of distribution system users. Since June 2021, Energa-Operator has had a *Communication, CSR, charity, marketing and sponsorship activities policy at Energa-Operator*, which sets out a number of activities in the areas mentioned.

Sale of energy

At **Energa-Obrót**, customer service in 2022 was based on books of customer service standards:

- Sales and customer service standards for outlet employees.
- Sales and customer service standards for business customer advisors in the agency sales network.
- Customer service standards for consultants who handle letters and eBOK.
- Customer service standards for call centre consultants.
- Sales and customer service standards for PV sales network consultants.
- Good practices – a document developed by the Association of Energy Trading.

The purpose of applying the standards is to ensure professional service, as well as to build employee awareness – who the customer is, what their needs and expectations are. Caring for relationships is a core value for the company, and professional and reliable customer service is a priority in action.

DUE DILIGENCE PROCEDURES

Energa-Operator has a *Code of Good Practice for DSOs* developed within the framework of the Polish Association of Electricity Transmission and Distribution.

In the area of customer service, Energa-Obrót applies the *Good Practices of Electricity and Gas Fuel Sellers* developed by the Association of Energy Trading – i.e. what a customer can expect from a reliable seller.



Responsible employer

RELEVANT TOPICS:

OPERATING CONDITIONS

EMPLOYEE DEVELOPMENT

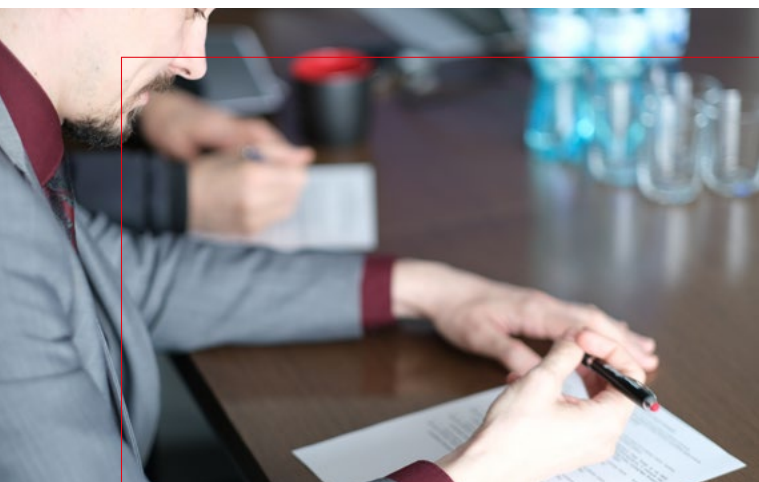
INTERNAL COMMUNICATION, EMPLOYEE SATISFACTION AND WELL BEING

EQUAL OPPORTUNITIES

DIVERSITY AND INCLUSION

EQUAL REMUNERATION BETWEEN WOMEN AND MEN

FREEDOM OF ASSOCIATION



STABLE WORKING CONDITIONS

RELEVANT TOPIC:

OPERATING CONDITIONS

The pillar of the Energa Group is its employees. Our purpose is to create a friendly working environment in which every employee has the opportunity to maximise their potential. Our operating strategy is based on building employee commitment, loyalty and motivation, knowledge sharing and competence development.

It is together with employees that we create an organisation that is open, accepts diversity and values experience, skills and knowledge. We also place great emphasis on shaping remuneration according to the specifics of the work performed, qualifications and professional experience. We offer more favourable working and pay conditions than those resulting from the generally applicable law. An employment contract for an indefinite period is the predominant form of employment.

All the measures we have taken contribute to the image of the Energa Group as an attractive place to work. In 2022, integration with ORLEN Group continued to play a key role in shaping the processes implemented by Energa Group. A number of activities in the HR area have been made more coherent, allowing us to create an environment of equal opportunities for employees that guarantees fair, stable and safe working conditions within the entire ORLEN Group. We implement the priorities and key tasks related to HR policy based on best market practices on an ongoing basis.

Since 2020, when the Energa Group was integrated into the ORLEN Capital Group, the interaction and involvement of all employees has been crucial to the success of the integration process. Energa Group companies have gone through a phase of integration, building shared values and transformation. Some functions and departments with similar roles in both Groups were merged, resulting in more efficient management. In 2021, shared services were consolidated, combining the operations of the Corporate Services Centre and Energa Shared Services Centre companies, as well as ORLEN Ochrona and Energa Ochrona. In

addition, in 2021, Energa Green Development was established to act as a competence centre within the structures of the merged ORLEN Group for the preparation and implementation of low- and zero-emission investments, and CCGT Ostrołęka, which is implementing a project to build a combined cycle power plant in Ostrołęka. The above changes have resulted in Energa Group being a stable place for employees in 2022, despite the dynamics of ownership changes and the development of new business areas. Many activities in the personnel area are aimed at creating equal opportunities for employees within the entire ORLEN Group, guaranteeing uniform and safe working conditions.

EMPLOYMENT STRUCTURE

GRI 2-7

The Energa Group employed **8,781 people** at the end of 2022. From 2020 onwards, data is presented according to the consistent methodology and definition operating in the ORLEN Group as total employment (active and inactive employees) under an employment contract in persons employed as at the last day of a given year.

Between 2020 and 2022, the year-on-year change in headcount resulted from ownership changes and mainly from natural rotation and employee mobility – one of the ways of supplementing human resources within the entire ORLEN Group. Partnerships between companies in the area of employee exchange, as defined in the mobility policy, serve the purpose of supporting the implementation of key business objectives, effectively utilising employees' competences and potential, and enabling rapid response to changes within the organisation. Mobility scenarios include the possibility of loaning an employee, reducing the employee's full-time position at the parent company and employing them at the secondment company for the remainder of their full-time position and permanently changing their employer.

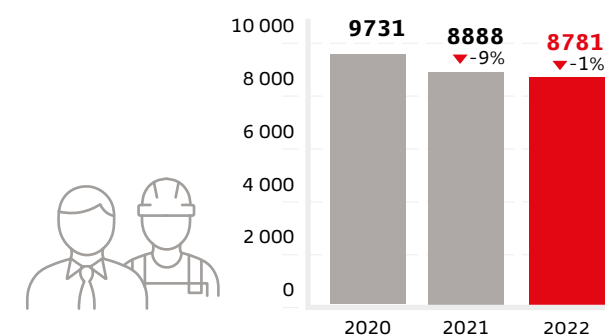
Due to the profile of its activities and the specific nature of its industry, the Energa Group has a characteristic structure in which as many as **74%** of all employees are men. In the Energa Group, **52%** of employees are university graduates, with the second largest group being specialised employees with secondary education.

The Energa Group employs as many as **93%** of people on an employment contract for an indefinite period of time, and almost **100%** of people are employed full-time, thus guaranteeing a stable place of work and development.

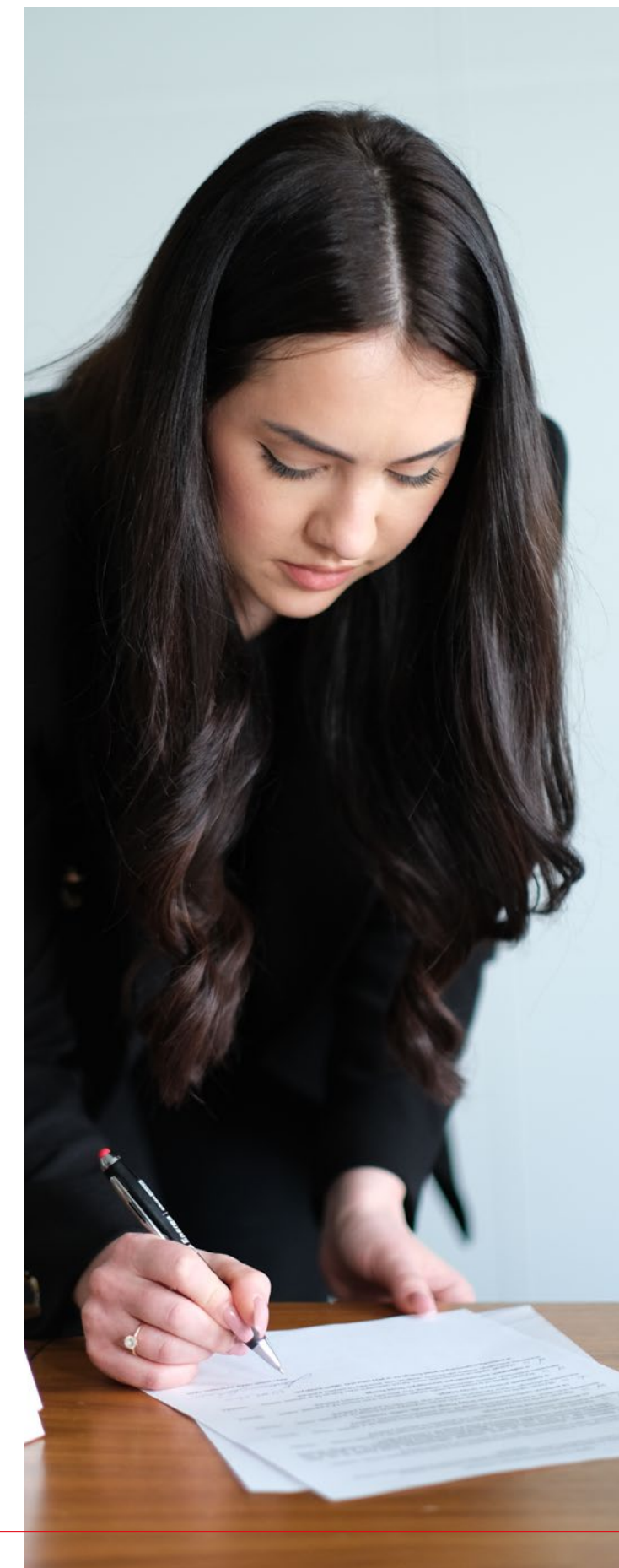
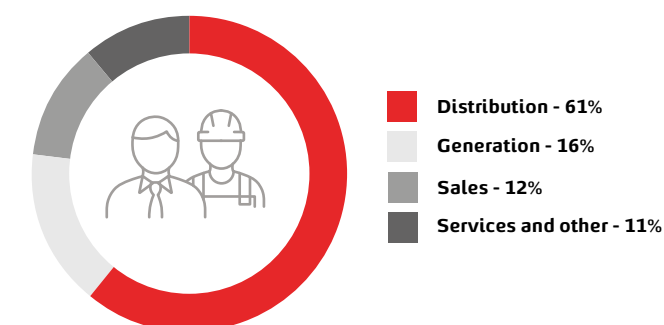
Against the backdrop of the changing energy industry, the Energa Group offers the opportunity to develop and adapt the place of work. Due to the broad territorial scope of operations, employees have the opportunity for professional development, vertical and horizontal promotions. Using the synergy effect, they can adapt their place of work to their personal situation both in life and at work, as well as their own ambitions.

All data on the employment structure in the Energa Group present the status as at 31 December 2022.

Employment in the Energa Group as at 31 December in 2020-2022



Employment in the Energa Group by business line



GRI 405-1 Energa Group employees by gender, age, employment type, region

The specifics of employment in the Energa Group in 2022 are presented in the tables below. Analysing the data year-on-year, the employment structure has not changed dynamically.

Number of employees by gender

| Business line | 2021 | | 2022 | |
|----------------------------|--------------|--------------|--------------|--------------|
| | Women | Men | Women | Men |
| Services and other | 360 | 597 | 360 | 585 |
| Distribution business line | 1 084 | 4 371 | 1 092 | 4 350 |
| Sales business line | 617 | 456 | 592 | 461 |
| Generation business line | 215 | 1 188 | 215 | 1 126 |
| Energa Group | 2 276 | 6 612 | 2 259 | 6 522 |
| Percentage share | 26% | 74% | 26% | 74% |



Number of employees by gender and age groups

| Business line | 2021 | | | | | | 2022 | | | | | |
|----------------------------|---------------------|-----------------|--------------------|---------------------|-----------------|--------------------|---------------------|-----------------|--------------------|---------------------|-----------------|--------------------|
| | Women | | | Men | | | Women | | | Men | | |
| | Under the age of 30 | Age 30–50 years | Over the age of 50 | Under the age of 30 | Age 30–50 years | Over the age of 50 | Under the age of 30 | Age 30–50 years | Over the age of 50 | Under the age of 30 | Age 30–50 years | Over the age of 50 |
| Services and other | 45 | 263 | 52 | 54 | 402 | 141 | 36 | 264 | 60 | 58 | 379 | 148 |
| Distribution business line | 70 | 669 | 345 | 335 | 2 153 | 1 883 | 66 | 688 | 338 | 390 | 2 127 | 1 833 |
| Sales business line | 45 | 482 | 90 | 38 | 330 | 88 | 33 | 466 | 93 | 44 | 316 | 101 |
| Generation business line | 17 | 133 | 65 | 66 | 481 | 641 | 16 | 132 | 67 | 52 | 456 | 618 |
| Energa Group | 177 | 1 547 | 552 | 493 | 3 366 | 2 753 | 151 | 1 550 | 558 | 544 | 3 278 | 2 700 |
| Percentage share | 2% | 17% | 6% | 6% | 38% | 31% | 2% | 18% | 6% | 6% | 37% | 31% |

Number of employees by gender and age groups

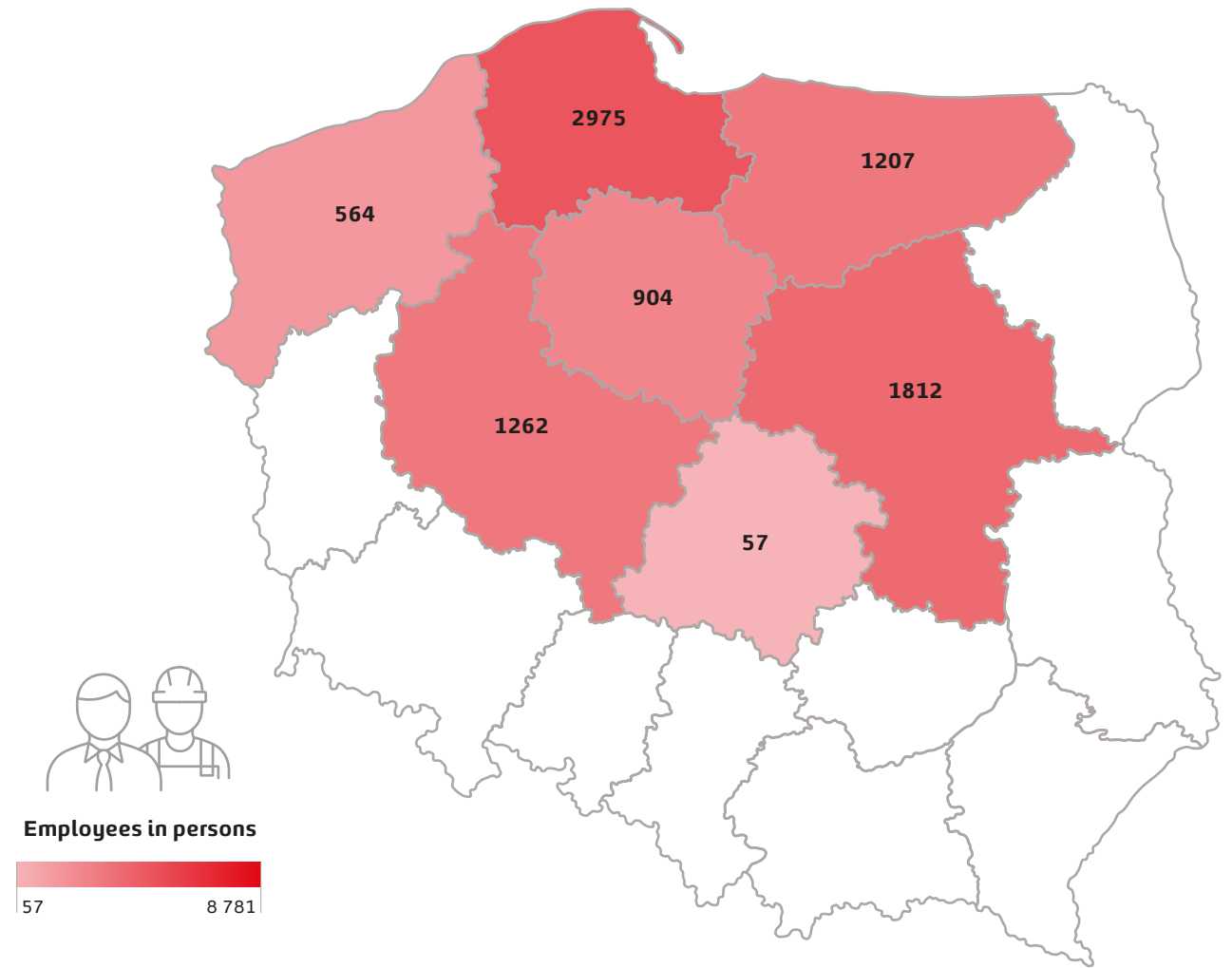
| Business line | 2021 | | | | 2022 | | | |
|----------------------------|--------------|--------------|-----------|-----------|--------------|--------------|-----------|-----------|
| | Full-time | | Part-time | | Full-time | | Part-time | |
| | Women | Men | Women | Men | Women | Men | Women | Men |
| Services and other | 350 | 585 | 10 | 12 | 349 | 572 | 11 | 13 |
| Distribution business line | 1 077 | 4 370 | 7 | 1 | 1 086 | 4 349 | 6 | 1 |
| Sales business line | 613 | 454 | 4 | 2 | 588 | 459 | 4 | 2 |
| Generation business line | 215 | 1 184 | 0 | 4 | 213 | 1 124 | 2 | 2 |
| Energa Group | 2 255 | 6 593 | 21 | 19 | 2 236 | 6 504 | 23 | 18 |
| Percentage share | 25,4% | 74,2% | 0,2% | 0,2% | 25,5% | 74,1% | 0,3% | 0,2% |

Number of employees by Agreement type and region in 2022

| Province | Services and other | | | | Distribution business line | | | | Sales business line | | | | Generation business line | | | | Energa Group | | | |
|-------------------|--------------------|-----|----|---|----------------------------|------|----|---|---------------------|-----|----|---|--------------------------|-----|---|---|--------------|------|----|----|
| | A | B | C | D | A | B | C | D | A | B | C | D | A | B | C | D | A | B | C | D |
| Kuyavia-Pomerania | 5 | 59 | 2 | 0 | 30 | 704 | 10 | 1 | 3 | 56 | 1 | 1 | 0 | 32 | 0 | 0 | 38 | 851 | 13 | 2 |
| Łódź | 0 | 4 | 0 | 0 | 3 | 24 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 25 | 0 | 0 | 4 | 53 | 0 | 0 |
| Mazovia | 29 | 193 | 1 | 2 | 38 | 702 | 10 | 3 | 2 | 104 | 2 | 1 | 9 | 716 | 0 | 0 | 78 | 1715 | 13 | 6 |
| Pomerania | 55 | 416 | 13 | 7 | 85 | 1551 | 17 | 7 | 60 | 562 | 13 | 6 | 15 | 164 | 4 | 0 | 215 | 2693 | 47 | 20 |
| Warmia-Masuria | 7 | 54 | 0 | 0 | 57 | 772 | 11 | 0 | 1 | 109 | 0 | 0 | 3 | 189 | 4 | 0 | 68 | 1124 | 15 | 0 |
| Greater Poland | 0 | 62 | 0 | 0 | 36 | 875 | 10 | 7 | 4 | 110 | 0 | 1 | 1 | 155 | 1 | 0 | 41 | 1202 | 11 | 8 |
| West Pomeranian | 3 | 32 | 0 | 1 | 23 | 457 | 8 | 1 | 0 | 17 | 0 | 0 | 1 | 21 | 0 | 0 | 27 | 527 | 8 | 2 |

KEY: **A** – for a fixed-term, **B** – for an indefinite time, **C** – probationary period, **D** – replacement agreement

Number of employees in 2022 by voivodeship



Number of employees by employment category, gender and age group

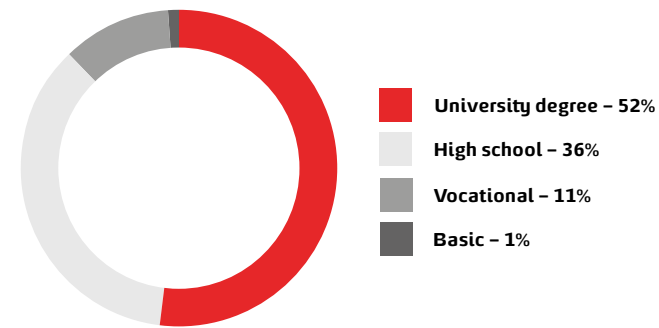
| Business line | 2021 | | | | | | | | | | | | 2022 | | | | | | | | | | | |
|----------------------------|--|-----------------|--------------------|---------------------|-----------------|--------------------|---------------------------------------|-----------------|--------------------|---------------------|-----------------|--------------------|--|-----------------|--------------------|---------------------|-----------------|--------------------|---------------------------------------|-----------------|--------------------|---------------------|-----------------|--------------------|
| | Employees in managerial and senior positions | | | | | | Employees in non-managerial positions | | | | | | Employees in managerial and senior positions | | | | | | Employees in non-managerial positions | | | | | |
| | Women | | | Men | | | Women | | | Men | | | Women | | | Men | | | Women | | | Men | | |
| | Under the age of 30 | Age 30–50 years | Over the age of 50 | Under the age of 30 | Age 30–50 years | Over the age of 50 | Under the age of 30 | Age 30–50 years | Over the age of 50 | Under the age of 30 | Age 30–50 years | Over the age of 50 | Under the age of 30 | Age 30–50 years | Over the age of 50 | Under the age of 30 | Age 30–50 years | Over the age of 50 | Under the age of 30 | Age 30–50 years | Over the age of 50 | Under the age of 30 | Age 30–50 years | Over the age of 50 |
| Services and other | 0 | 23 | 7 | 0 | 60 | 10 | 45 | 240 | 45 | 54 | 342 | 131 | 0 | 21 | 9 | 0 | 49 | 14 | 36 | 243 | 51 | 58 | 330 | 134 |
| Distribution business line | 1 | 32 | 12 | 2 | 243 | 202 | 69 | 637 | 333 | 333 | 1910 | 1681 | 2 | 35 | 12 | 2 | 240 | 204 | 64 | 653 | 326 | 388 | 1887 | 1629 |
| Sales business line | 1 | 30 | 8 | 0 | 51 | 10 | 44 | 452 | 82 | 38 | 279 | 78 | 0 | 27 | 8 | 1 | 52 | 13 | 33 | 439 | 85 | 43 | 264 | 88 |
| Generation business line | 0 | 14 | 10 | 0 | 37 | 55 | 17 | 119 | 55 | 66 | 444 | 586 | 0 | 14 | 11 | 0 | 35 | 54 | 16 | 118 | 56 | 52 | 421 | 564 |
| Energa Group | 2 | 99 | 37 | 2 | 391 | 277 | 175 | 1 448 | 515 | 491 | 2 975 | 2 476 | 2 | 97 | 40 | 3 | 376 | 285 | 149 | 1 453 | 518 | 541 | 2 902 | 2 415 |
| Percentage share | 0,0% | 1,1% | 0,4% | 0,0% | 4,4% | 3,1% | 2,0% | 16,3% | 5,8% | 5,5% | 33,5% | 27,9% | 0,0% | 1,1% | 0,5% | 0,0% | 4,3% | 3,2% | 1,7% | 16,5% | 5,9% | 6,2% | 33,0% | 27,5% |

Number of employees by gender and agreement type

| | 2021 | | | | | | | | 2022 | | | | | | | |
|----------------------------|------------------|------------|------------------------|--------------|---------------------|-----------|-----------------------|-----------|------------------|------------|------------------------|--------------|---------------------|-----------|-----------------------|-----------|
| | for a fixed-term | | for an indefinite time | | probationary period | | replacement agreement | | for a fixed-term | | for an indefinite time | | probationary period | | replacement agreement | |
| | Women | Men | Women | Men | Women | Men | Women | Men | Women | Men | Women | Men | Women | Men | Women | Men |
| Services and other | 43 | 65 | 311 | 525 | 4 | 4 | 2 | 3 | 40 | 59 | 309 | 511 | 7 | 9 | 4 | 6 |
| Distribution business line | 66 | 296 | 1 000 | 4 031 | 6 | 36 | 12 | 8 | 51 | 221 | 1 019 | 4 066 | 11 | 55 | 11 | 8 |
| Sales business line | 30 | 26 | 575 | 422 | 1 | 6 | 11 | 2 | 29 | 41 | 550 | 408 | 6 | 10 | 7 | 2 |
| Generation business line | 10 | 40 | 201 | 1 145 | 3 | 3 | 1 | 0 | 11 | 19 | 203 | 1 099 | 1 | 8 | 0 | 0 |
| Energa Group | 149 | 427 | 2 087 | 6 123 | 14 | 49 | 26 | 13 | 131 | 340 | 2 081 | 6 084 | 25 | 82 | 22 | 16 |

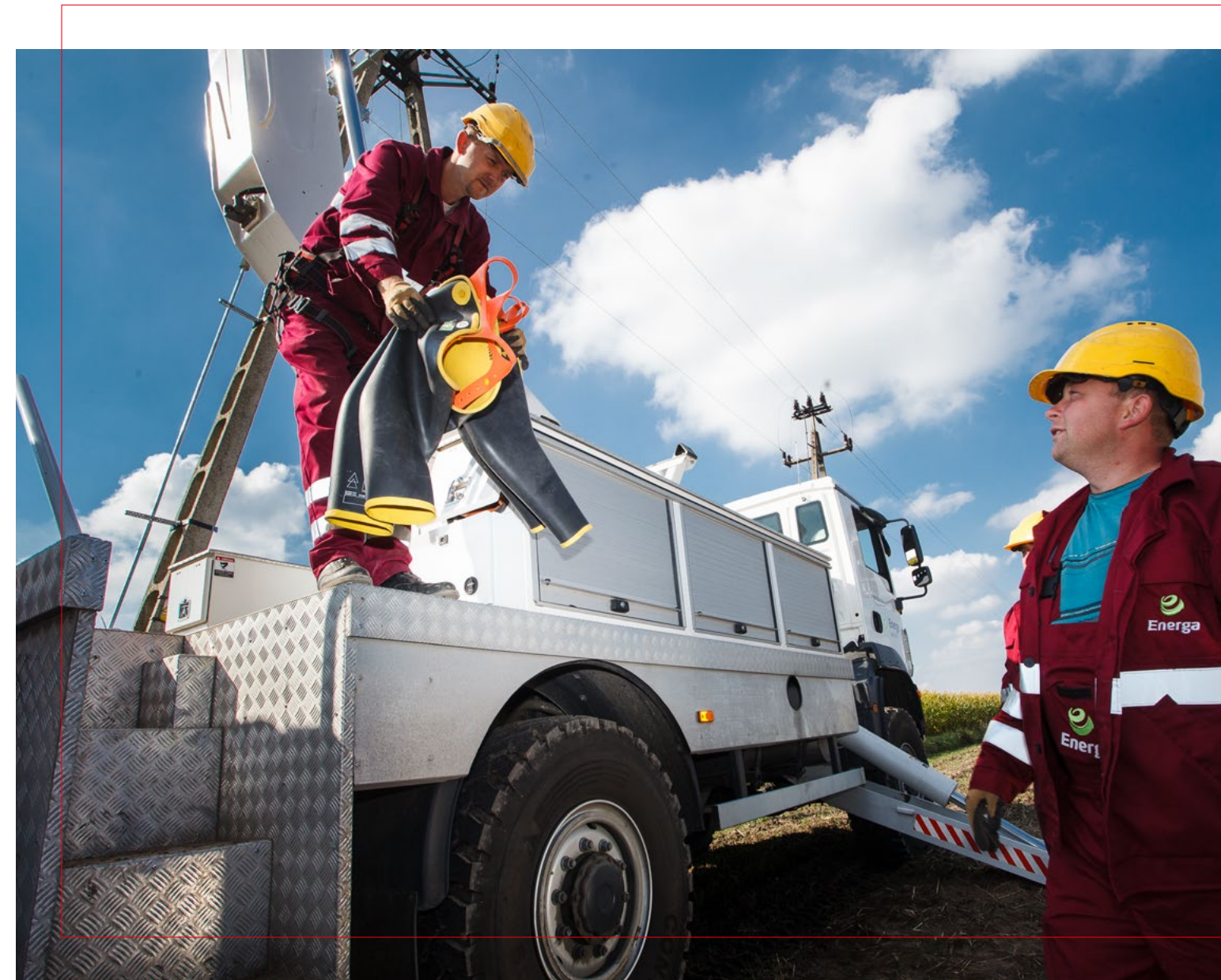
As part of GRI indices 2-7, Energa Group has not provided data in the ESG Report on non-guaranteed hours employees by gender and region, as well as the number of full-time and part-time employees by region. These data will be published after the process of adapting the HR systems to collect the above information in the next reporting period.

Energa Group employees by level of education



Own index

| Business line | 2021 | | | | 2022 | | | |
|---------------------------------|-----------|--------------|--------------|-------------------|-----------|------------|--------------|-------------------|
| | Basic | Vocational | High school | University degree | Basic | Vocational | High school | University degree |
| Services and other | 2 | 41 | 165 | 749 | 2 | 36 | 170 | 737 |
| Distribution business line | 42 | 662 | 2 213 | 2 538 | 43 | 638 | 2 193 | 2 568 |
| Business line | 2 | 40 | 244 | 787 | 3 | 42 | 242 | 766 |
| Sales | 44 | 278 | 551 | 530 | 37 | 250 | 530 | 524 |
| Generation business line | 90 | 1 021 | 3 173 | 4 604 | 85 | 966 | 3 135 | 4 595 |
| Energa Group | | | | | | | | |



Own index

EMPLOYEE TURNOVER IN ENERGA GROUP

Employee turnover in 2022 remained at a similar level to the previous year. In 2022, there were natural departures of employees in the Energa Group, including retirements. It is worth noting that the Energa Group values and is keen to hire employees with professional experience over 30 years of age.

Number of newly hired employees by gender and age

| Business line | 2021 | | | | | | 2022 | | | | | |
|----------------------------|---------------------|-------------|--------------------|---------------------|-------------|--------------------|---------------------|-------------|--------------------|---------------------|-------------|--------------------|
| | Women | | | Men | | | Women | | | Men | | |
| | Under the age of 30 | 30–50 years | Over the age of 50 | Under the age of 30 | 30–50 years | Over the age of 50 | Under the age of 30 | 30–50 years | Over the age of 50 | Under the age of 30 | 30–50 years | Over the age of 50 |
| Services and other | 19 | 37 | 5 | 28 | 31 | 11 | 12 | 25 | 0 | 26 | 23 | 4 |
| Distribution business line | 8 | 19 | 2 | 81 | 65 | 3 | 18 | 31 | 1 | 105 | 98 | 13 |
| Sales business line | 11 | 15 | 0 | 9 | 17 | 2 | 10 | 13 | 2 | 22 | 25 | 1 |
| Generation business line | 3 | 4 | 0 | 3 | 11 | 1 | 1 | 8 | 1 | 4 | 16 | 2 |
| Energa Group | 41 | 75 | 7 | 121 | 124 | 17 | 41 | 77 | 4 | 157 | 162 | 20 |

Number of employee departures by gender and age

| Business line | 2021 | | | | | | 2022 r. | | | | | |
|----------------------------|---------------------|-------------|--------------------|---------------------|-------------|--------------------|---------------------|-------------|--------------------|---------------------|-------------|--------------------|
| | Women | | | Men | | | Women | | | Men | | |
| | Under the age of 30 | 30–50 years | Over the age of 50 | Under the age of 30 | 30–50 years | Over the age of 50 | Under the age of 30 | 30–50 years | Over the age of 50 | Under the age of 30 | 30–50 years | Over the age of 50 |
| Services and other | 8 | 39 | 23 | 23 | 53 | 22 | 5 | 26 | 4 | 10 | 38 | 11 |
| Distribution business line | 2 | 18 | 46 | 42 | 60 | 167 | 9 | 16 | 24 | 31 | 64 | 148 |
| Sales business line | 8 | 28 | 5 | 6 | 22 | 12 | 5 | 36 | 7 | 6 | 30 | 5 |
| Generation business line | 1 | 4 | 9 | 4 | 15 | 41 | 0 | 7 | 4 | 4 | 18 | 62 |
| Energa Group | 19 | 89 | 83 | 75 | 150 | 242 | 19 | 85 | 39 | 51 | 150 | 226 |

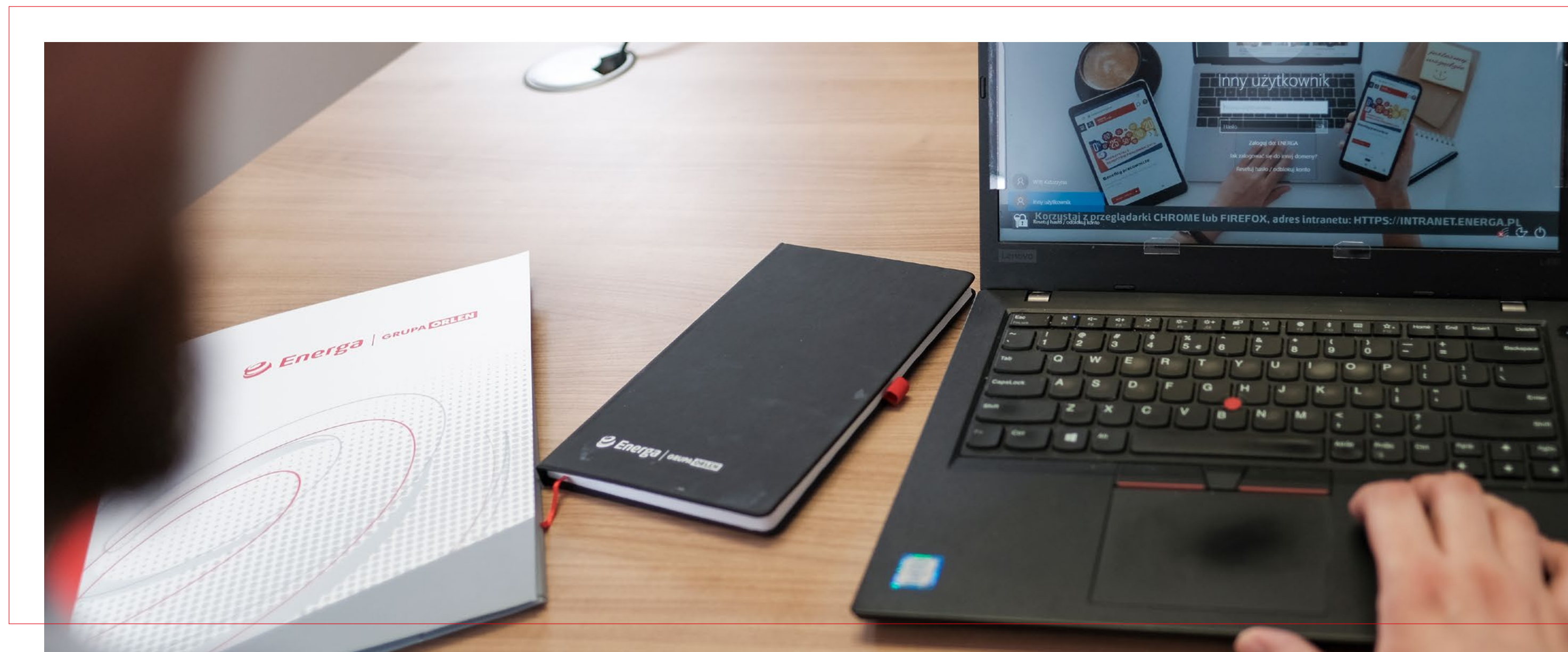
Percentage of new employees hired by gender and age*

| Business line | 2021 | | | | | | 2022 | | | | | |
|----------------------------|---------------------|-------------|--------------------|---------------------|-------------|--------------------|---------------------|-------------|--------------------|---------------------|-------------|--------------------|
| | Women | | | Men | | | Women | | | Men | | |
| | Under the age of 30 | 30–50 years | Over the age of 50 | Under the age of 30 | 30–50 years | Over the age of 50 | Under the age of 30 | 30–50 years | Over the age of 50 | Under the age of 30 | 30–50 years | Over the age of 50 |
| Services and other | 1,2% | 2,4% | 0,3% | 1,8% | 2,0% | 0,7% | 1,3% | 2,6% | 0,0% | 2,8% | 2,4% | 0,4% |
| Distribution business line | 0,1% | 0,3% | 0,0% | 1,5% | 1,2% | 0,1% | 0,3% | 0,6% | 0,0% | 1,9% | 1,8% | 0,2% |
| Sales business line | 1,0% | 1,4% | 0,0% | 0,8% | 1,6% | 0,2% | 0,9% | 1,2% | 0,2% | 2,1% | 2,4% | 0,1% |
| Generation business line | 0,2% | 0,3% | 0,0% | 0,2% | 0,8% | 0,1% | 0,1% | 0,6% | 0,1% | 0,3% | 1,2% | 0,1% |
| Energa Group | 0,4% | 0,8% | 0,1% | 1,3% | 1,3% | 0,2% | 0,5% | 0,9% | 0,0% | 1,8% | 1,8% | 0,2% |

* Indices in the Business Lines are calculated in relation to the total number of employees in the Line.

Percentage of employee departures by gender and age in 2022*

| Business line | 2021 | | | | | | 2022 | | | | | |
|----------------------------|---------------------|-------------|--------------------|---------------------|-------------|--------------------|---------------------|-------------|--------------------|---------------------|-------------|--------------------|
| | Women | | | Men | | | Women | | | Men | | |
| | Under the age of 30 | 30–50 years | Over the age of 50 | Under the age of 30 | 30–50 years | Over the age of 50 | Under the age of 30 | 30–50 years | Over the age of 50 | Under the age of 30 | 30–50 years | Over the age of 50 |
| Services and other | 0,5% | 2,6% | 1,5% | 1,5% | 3,5% | 1,4% | 0,5% | 2,8% | 0,4% | 1,1% | 4,0% | 1,2% |
| Distribution business line | 0,0% | 0,3% | 0,8% | 0,8% | 1,1% | 3,1% | 0,2% | 0,3% | 0,4% | 0,6% | 1,2% | 2,7% |
| Sales business line | 0,7% | 2,6% | 0,5% | 0,6% | 2,1% | 1,1% | 0,5% | 3,4% | 0,7% | 0,6% | 2,8% | 0,5% |
| Generation business line | 0,1% | 0,3% | 0,6% | 0,3% | 1,1% | 2,9% | 0,0% | 0,5% | 0,3% | 0,3% | 1,3% | 4,6% |
| Energa Group | 0,2% | 0,9% | 0,9% | 0,8% | 1,6% | 2,6% | 0,2% | 1,0% | 0,4% | 0,6% | 1,7% | 2,6% |



* Indices in the Business Lines are calculated in relation to the total number of employees in the Line.



DEVELOPMENT OFFER IN THE ENERGA GROUP

RELEVANT TOPIC:

EMPLOYEE DEVELOPMENT

GRI 3-3 Trainings

Energa Group companies are keen to undertake initiatives to develop employees, improve their qualifications and level the playing field. Employees have the opportunity to participate in:

- training courses conducted in both open and closed formats – on a variety of topics,
- language courses,
- Postgraduate and MBA programmes,
- seminars and conferences.

An important element of employee development is the application of acquired skills in the position, as well as the sharing of knowledge within the team.

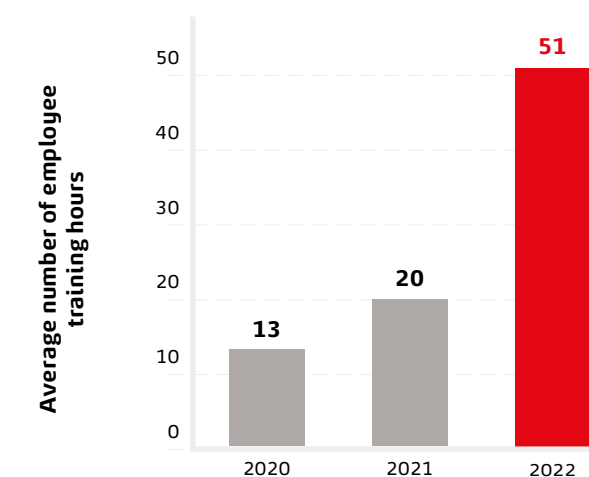
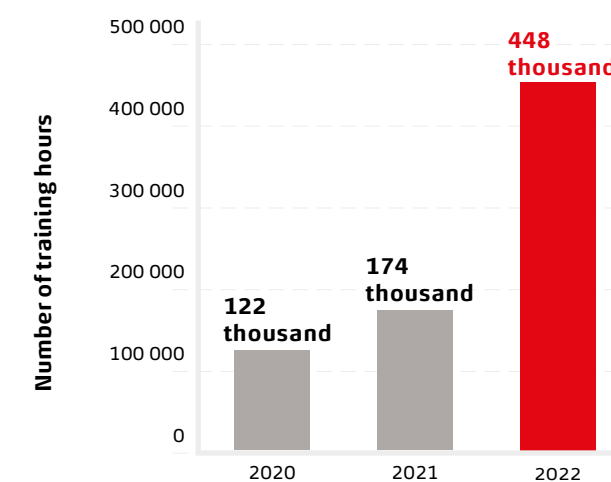
In 2022, there was a significant increase in employee participation in training due to the reduction of restrictions related to the COVID-19 outbreak and due to the uniform training planning and monitoring policy implemented in 2021.

The rules for planning training, the manner of application and the levels of funding are set out in the *Training Implementation Rules for Energa Group* companies adopted by the companies. The rules for the implementation of training in the Energa Group companies and the central management of training made it possible to use the group's capabilities and prepare thematic training for professional groups.

The manager development programme under the banner of *Engaging Leadership* continued in 2022, with the purpose of building a consistent standard for the development of managerial competencies, focusing on the key aspects of an engaging place of work (appreciation and non-financial motivation, providing feedback and developing subordinates).

In addition, a training course for managers entitled Managerial Mentoring was conducted in the first half of 2022. Its purpose was to explain the concept of mentoring, its process and its role in improving competence and development in the organisation.

Training in the Energa Group in 2020–2022



GRI 404-1 **Average annual number of training hours per employee by employment category and gender**

| Business line | Employees in managerial and senior positions | | | | | | Pracownicy na stanowiskach niższych niż kierownicze | | | | | |
|----------------------------|--|-----------|-----------|-----------|-----------|-----------|---|-----------|-----------|-----------|-----------|-----------|
| | 2020 | | 2021 | | 2022 | | 2020 | | 2021 | | 2022 | |
| | Women | Men | Women | Men | Women | Men | Women | Men | Women | Men | Women | Men |
| Services and other | 28 | 39 | 50 | 40 | 34 | 50 | 19 | 11 | 19 | 12 | 18 | 14 |
| Distribution business line | 20 | 11 | 78 | 10 | 50 | 31 | 7 | 13 | 20 | 22 | 54 | 83 |
| Sales business line | 49 | 52 | 46 | 109 | 48 | 45 | 17 | 15 | 14 | 13 | 11 | 12 |
| Generation business line | 27 | 11 | 30 | 46 | 42 | 28 | 10 | 11 | 10 | 8 | 12 | 10 |
| Energa Group | 29 | 17 | 54 | 27 | 45 | 34 | 13 | 12 | 18 | 18 | 34 | 60 |

Internship programmes

In 2022, Energa participated in the *Kierunek ORLEN* internship programme, which was created for the professional development of university students and graduates. The purpose of the programme is for interns to gain practical work experience and unique knowledge through partnerships with experts while implementing projects at a company of strategic importance to the Polish economy.

During their work placement, students and graduates have the opportunity to:

- get acquainted with the functioning of an energy company,
- get to know energy facilities and devices,
- learn about the rules of safe work in the power industry,
- test their suitability for work in a specific area.

The Energ(y)a to Learn! is a partnership programme with secondary schools and universities that has been ongoing since 2012, with the purpose of promoting education in energy-related areas among young people who are potential future engineering and technical staff at Energa-Operator, who are increasingly difficult to attract on the external labour market. At the end of 2022, a new programme concept was enacted in order to better respond to the needs of the business and build a better image for the company.

Currently, the programme consists of the following forms:

- grants for university students,
- funding of electricity laboratories,
- funding of electricity projects for secondary school students,
- organisation of paid placements and an internship programme,
- co-financing of SEP (Association of Polish Electricians) licence examinations for students,
- expert lectures, field workshops,
- event entitled Leaders with Energ(y)a for scholarship recipients.

New partnership agreements were signed with colleges and secondary schools in 2022. The company currently cooperates with five universities: Gdańsk University of Technology, Bydgoszcz University of Technology, Kaliska Academy, Koszalin University of Technology, University of Warmia and Mazury in Olsztyn and 21 secondary schools.

In addition, in 2022, 19 university students received a research grant for the period October 2021 – December 2022. Due to a change in the concept of the scholarship programme, since August 2022, grants have been awarded to a maximum of 10 top students from all universities cooperating with the company. The EOP Scholarship Committee has awarded nine grants for the period October 2022 – December 2023.

INTERNAL COMMUNICATION, EMPLOYEE SATISFACTION AND WELL-BEING

RELEVANT TOPIC:

INTERNAL COMMUNICATION,
EMPLOYEE SATISFACTION AND WELL-BEING

Well-being is defined as broadly understood satisfaction, a state or situation in which one feels comfortable. In the Energa Group companies, great emphasis is placed on implementing solutions that support the employee in many spheres of their life. It is not only the financial aspect that is important, which is undoubtedly a key element of well-being for most employees, but also other aspects of their lives. We are aware that the strength of success depends on many factors, but above all on the commitment, loyalty and sense of satisfaction of the people working there.

Energa Group companies offer a number of programmes with the purpose of caring for the well-being of employees and their loved ones. The current *Well-Being Policy* in the Energa Group describes the most important solutions for the purpose of improving the

quality of life and broadly defined employee well-being, broken down into individual categories: wellness, work comfort, job satisfaction, work-life balance, external environment.

The purposes of the *Energa Group's well-being* policy include:

- applying a holistic approach to employees and actions aimed at improving their quality of life in many areas,
- promoting a work-life balance,
- creating a friendly environment in which each person is an essential part of the Energa Group,
- nurturing the well-being awareness competencies of leaders and the Management Board, including building trust and a sense of security,
- promoting a healthy lifestyle,
- supporting the passions and talents of employees.

An important aspect in creating employee well-being is building the right organisational culture, i.e. a place of work with respectful relationships. In addition, the supportive working environment in the Energa Group provides opportunities for development through enhancing competence, gaining experience and personal growth.

Additional benefits for employees

As a conscious employer, the Energa Group knows that any success of the company is only possible thanks to the commitment, development and passion of its employees. With their satisfaction and sense of well-being in mind, Energa Group offers a number of benefits conducive to effective partnerships available to employees and their families, such as:

- an additional medical care programme with employer co-financing,
- life insurance on preferential terms with employer co-funding,
- benefits under the Company Social Benefit Fund,

- reduced payment for electric energy,
- Employee Pension Scheme,
- Employee Capital Plans,
- additional cash benefits due to holidays,
- ORLEN Purchasing Card,
- Extra day off to celebrate Energy Worker's Day,
- co-financing of corrective glasses.

Within the framework of the **Company Social Benefit Fund**, employees employed on the basis of an employment contract, irrespective of their full-time employment, may benefit, for example, from:

- co-financing of Multisport cards,
- co-financing of holidays,
- housing loan,
- financial assistance in cases of hardship,
- holiday gift cards for children,
- co-financing of cinema tickets.

In addition, former employees of the Energa Group who retire can benefit from the support of the Company Social Benefit Fund. They also receive gift cards to mark the holidays and can participate in meetings organised for senior citizens.

From 1 July 2022, a new PZU group insurance programme was implemented in the Energa Group. The solution introduced a new benefit for employees who join the group insurance – a subsidy to the insurance premium.

Family-friendly employer programme

In addition to entitlements under the Labour Code, employees and their families receive additional benefits related to parenthood as part of the *Family Friendly Employer* programme:

- an additional two days of childcare for a child up to the age of three,
- an extra two days of childcare for a child with a disability from the age of four to twenty-four,
- extra hour for feeding,
- participation in the nationwide *Two Hours for the Family* campaign,
- an additional two days of care for parents or in-laws.

The above solutions support employees in reconciling their working life with their private life, especially with parental responsibilities.

Additional day off for those who carry out a project as part of employee volunteering in the ORLEN Group

An employee participating in volunteering organised by the ORLEN Foundation is entitled to one additional day off each calendar year.

Discount benefits

Thanks to the signed *Partnership Agreement between PKN ORLEN and Energa SA and Energa Group companies*, employees of Energa Group were granted discount benefits resulting from the timetable of the ORLEN Group's joint HR strategy, such as:

- discounts on eyeglasses and eye care services,
- discounts on hire purchase of new and used cars,
- discounts on telephones and computers,
- discounts and special offers for participants in Employee Capital Plans,
- discounts and special offers for those covered by group life insurance,
- special offer for telephone subscriptions.

Dialogue with employees

GRI 2-29

Commitments and declarations regarding the Group's operations, policy updates and other regulations are communicated to employees via the Energa Group Intranet and in the corporate magazine, ORLEN Group Magazine. Current information is also communicated via e-mail, through the Thursday Energa Group News sent to all employees.

As an employer, Energa is open to dialogue with its employees, and wants to listen to their needs and implement solutions with the purpose of creating an even better place to work. It is mainly these assumptions that led to the first **employee engagement and satisfaction research** in 2022.

The purpose of the research was to look at the Group from the perspective of all employees and to identify both the areas that make the Energa Group an exceptional place to work and those that need improvement. The results of the research are intended to provide a better understanding of employees' needs and expectations, which in turn will allow changes and improvements to be made to increase engagement within the organisation.

It is extremely important to find out employees' expectations of the work environment by gathering their opinions on important aspects of the work environment, including working conditions, management style, partnerships and development opportunities.

The engagement index shows the extent to which a company creates an engaging working environment. This is particularly relevant in the context of the ambitious goals that the company has. The information and opinions obtained through the research provide inspiration for implementing improvements in the organisation to build an engaging place to work. The research was conducted in selected Group companies: Energa, Energa Informatyka i Technologie, Energa-Obrót and Energa-Operator.

Health promotion programmes for employees

GRI 403-6

For the purpose of ensuring comprehensive health care and developing habits of regular research, dedicated preventive actions are organised at Energa companies, consisting of tests in various fields.

In 2022, the *B(r)e(a)st win!* campaign was organised again, with the main purpose of removing the mystery surrounding cancer, thereby inducing a sense of empowerment in employees and encouraging regular preventive care. The project included a Pink

Ribbon Run and a meeting with oncology experts. For those who were unable to attend the meeting in person, an online webcast and a recording of the event on Facebook were made available.

In addition, everyone was able to sign up for preventive examinations in the mammobus and the outpatient clinic of the Gdańsk University Clinical Centre. Employees were able to take time off work, with their remuneration retained, to take part in events related to the *B(r)e(a)st win!* There was also a prostate cancer campaign encouraging men to undergo preventive examinations.

Employees are kept informed about various health campaigns organised by the National Health Fund or dedicated health centres. The Energa Group intranet also publishes psychoeducation articles addressing the topic of healthy lifestyles, a healthy balanced diet, physical activity and general care for mental and physical well-being.

The Psychoeducation section includes interesting articles such as Anti-Burnout Day, How to rest on holiday, Hop-A-Park Day, International Day of Happiness, World Brain Day, Positive Thinking Day, World Mental Health Day, Lazy Walks Day, Good Deeds for Health, and International Day of Happiness.

What is more, as part of the additional medical care, the medical operator enables preventive health-promoting programmes, first aid training, access to occupational rehabilitation, as well as the organisation of educational and preventive actions, with a particular focus on cancer prevention, together with the proposal of appropriate diagnostic and treatment measures, to be carried out once a year. In addition, as part of their package, employees have the opportunity to be vaccinated against influenza and tetanus.

Extra day off for COVID-19 vaccination

For the purpose of the programme to support the National Immunisation Programme and to encourage employees to participate in the COVID-19 vaccination, employees of the Energa Group vaccinated with the 3rd dose of the COVID-19 vaccine were granted an additional 4 hours off with remuneration.

The Energa(y)a for Health Programme – in 2022, a health-promoting programme was continued in all Energa-Operator organisational units with the main purpose of taking care of the mental and physical health of the company's employees.

The Energa(y)a for Health programme was adopted in 2017 as a concept aimed at the employees of Energa-Operator. The programme fits perfectly into the policy of improving the quality of life and health and increasing consumer awareness. Within the framework of the concept, numerous activities are implemented to draw employees' attention to the important aspects of taking care of proper nutrition, preventive health care and physical activity. This translates directly into lower sickness absence, better comfort in the working environment and an increased sense of identification with the company, which fits perfectly with the concept of employer-branding. Training courses related to pre-medical first aid are very popular and appreciated by employees, giving them a greater sense of self-confidence if they have to help an injured person in the place of work. A number of environmental campaigns are creating consumer awareness and building a society that respects sustainable development policies.

The programme has successfully organised:

- fruit Thursdays – deliveries of healthy food,
- training sessions with a physiotherapist,
- workshops on the practice of mindful relaxation.

The campaign **National Health Fund (NFZ)** closer to the patient – representatives of the Gdańsk National Health Fund (NFZ) carried out an information campaign for employees of the Energa-Operator's head office in terms of support in setting up a trust profile, breast examination on phantoms, BMI calculation and glucose level examination. The district sanitary and epidemiological station carried out an information campaign on smoking prevention and the prevention of Lyme disease.

DIALOGUE ACTIVITIES WITH EMPLOYEES OF THE ENERGA GROUP AND ORGANISATIONS REPRESENTING EMPLOYEES

RELEVANT TOPIC:

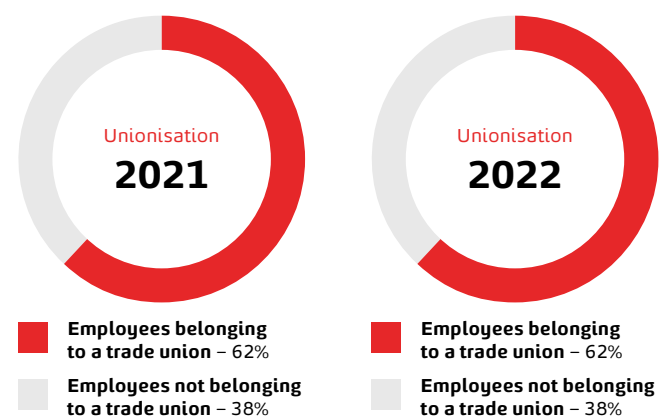
FREEDOM OF ASSOCIATION

GRI 2-30 In the Energa Group, not only do we respect and observe all trade union and employee freedoms, including the freedom to form and associate in trade unions, but we also maintain an active social dialogue through, for example:

- Periodic consultation and exchange of views on the situation of employers in the Energa Group (at least quarterly).
- Ongoing communication by employers to trade union organisations of the content of adopted organisational regulations affecting the work order.
- Negotiating wage agreements on an annual basis regarding employee remuneration increases (determining the amount of the pay rise pool, the manner of distribution of funds between individual employers).
- Conclusion of agreements with the social side on labour issues (e.g. transfer, on safeguarding labour and social issues, co-operation with the social side).
- Actively supporting trade union organisations in the conduct of their activities in the Energa Group, e.g. by implementing in the companies a training plan for key leaders of trade union organisations, taking into account the thematic scope, schedule and formula (e.g. on financial data analysis).

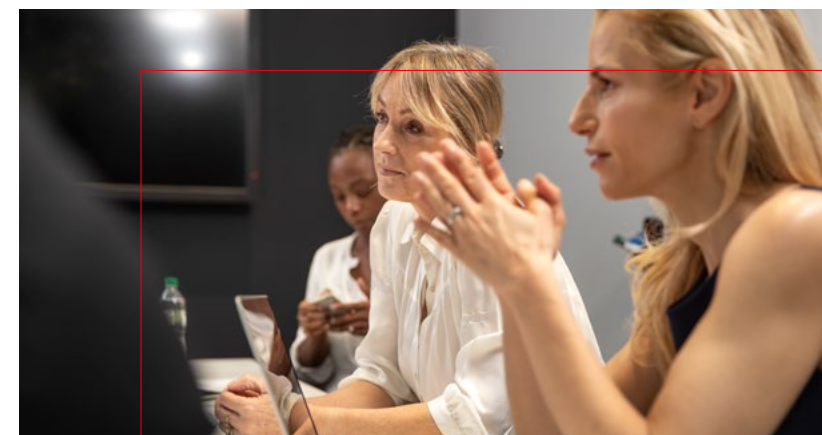
There are 34 trade union organisations in the Energa Group. Trade unionisation as at 31 December 2022 is 62% of the total number of employees, i.e. approximately 5,400 people. The number of trade union posts in the Energa Group is 19 persons. Trade unions are present at 26 out of 31 employers.

Level of unionisation in the Energa Group between 2021 and 2022:



Social dialogue in the Energa Group is conducted in accordance with the applicable legislation, in particular in accordance with the post-legislation of the *Labour Code*, the *Trade Union Act of 23 May 1991*, the *Act on the Resolution of Collective Disputes of 23 May 1991*, and in accordance with the *Agreement on Safeguarding Employee, Social and Trade Union Rights for Energa Group Employees of 18 September 2017*.

The objects of the dialogue in 2022 included issues concerning the further progress of the integration of Energa Group and ORLEN Group, remuneration and the harmonisation in Energa Group of employee benefits such as extra charges for glasses and regenerative meal rates, social assets, organisational changes and the harmonisation of intra-company sources of labour law.







HUMAN RIGHTS

GRI 2-23 The Energa Group accepts the obligations contained in the *UN Guiding Principles on Business and Human Rights*, the *OECD Guidelines for Multinational Enterprises*, the *International Charter on Human Rights* and the eight fundamental conventions indicated in the *Declaration of the International Labour Organization*. The Group's commitments include due diligence, but do not include the application of the precautionary rule. The Energa Group has basic policies on the protection of human rights, including the Group incorporating basic human rights in its *Code of Ethics*.

The Energa Group has an *Anti-Harassment and Discrimination Policy for the Energa Group* and an *Occupational Health and Safety Policy for the Energa Group*.

The Energa Group's human rights obligations include freedom of thought, conscience and religion, the right to freedom of opinion and expression, the prohibition of harassment, discrimination and sexual harassment, the right to equal treatment irrespective of gender, marital or parental status, ethnic or national origin, social background, sexual orientation, religious beliefs, political affiliation, age, disability or union membership, the right to fair remuneration for work, the right to form and join trade unions and to bargain collectively without fear of reprisals, the prohibition of child labour (persons under the age of fifteen) and the safeguarding of social security for young employees (persons under the age of eighteen and above the legal minimum working age), the right to equal pay for equal work, the right to leave and rest, and the prohibition of slavery, servitude, forced or compulsory labour.

Links to the adopted declarations and commitments can be found on the pages:

-  [Code of Ethics](#)
-  [Code of conduct for suppliers](#)
-  [Strategy](#)
-  [Sustainability and ESG strategy](#)

The sustainability commitments were approved by the Management Board of Energa SA as part of the procedure for adopting internal regulations. The policy commitments only cover direct domestic suppliers. At this point in time, the Group does not comprehensively analyse its entire value chain. The Group, in partnership with an external company, has plans to take steps to develop its counterparty verification and value chain due diligence processes.

Commitments and declarations on responsible business conduct are communicated to employees via the Energa Group Intranet and in the corporate magazine (ORLEN Group Magazine). Business partners become familiar with them through the *Code of Conduct for suppliers*. In addition, counterparty verification is carried out. Provisions on the issue of counterparty verification are included in the *Policy on Anti-Fraud and Conflict of Interest* in the Energa Group. The provisions of this *Policy* cover abuse in a broad sense (including breach of internal regulations or rules applicable in the Group, e.g. the *Code of Ethics*). The *Policy* contains provisions for basic verification of suppliers (described above) and additional verification of selected suppliers for the purpose of reducing abuse and conflicts (without specifying in detail the situations in which additional verification may take place and specifying the scope of this verification). Verification is carried out with the commencement of the partnership or in the event of prolongation of the partnership or changes to its terms and conditions (conclusion of annexes to the Agreement). There is also ongoing and continuous monitoring of open sources in the Group and additional analyses are undertaken in the event of any negative external signs regarding the counterparty, including those related to human rights violations.

The analysis of foreign entities is not enshrined in procedures, but in practical terms both Polish and foreign counterparties are screened at Energa and at key purchasing companies. A code of conduct for suppliers is also sent to foreign entities.

Allegations of human rights violations against counterparties disqualify partnership with any Energa Group company. Companies also take appropriate action when a sign of human rights irregularities relates to a counterparty with which partnership has already been established.

The Group does not conduct a strictly human rights verification. An analysis is performed when a company receives a sign of irregularities or there are reports of such human rights irregularities in broad sources.



DIVERSITY AND EQUAL OPPORTUNITIES

RELEVANT TOPICS:

EQUAL OPPORTUNITIES

DIVERSITY AND INCLUSION

GRI 3-3 In 2022, the *Diversity Policy* was implemented as a separate document in all Energa Group companies. In accordance with the provisions of the *ORLEN Group Code of Ethics and the ORLEN Group Employee Potential Management Policy*, we respect human dignity and guarantee equal treatment to all employees irrespective of gender, age, education, professional position, disability, race, religion, nationality, political opinion, union membership, ethnic origin, religion, sexual orientation, employment for a definite or indefinite period, full-time or part-time employment.

We take comprehensive measures for the purpose of ensuring that all employees have equal and fair access to the following resources and activities:

- non-wage benefits and perks,
- development and enhancement of professional skills,
- free communication and knowledge sharing,
- leisure and work-life balance,
- freedom of association,
- social activities.

We support initiatives that enable a balance between professional activity and family life.

In order to reconcile professional and parental duties, individual work schedules, flexible working hours and remote work are possible. Employees make use of rights related to parenthood,

i.e. maternity, parental and paternity leaves and days off to care for a child, on the rules set out in generally applicable laws. Employers of the Group's companies also subsidise private medical care for the whole family, holidays, refund the purchase of school books, and offer prepaid cards for the purchase of items for children. The Energa Group also celebrates International Family Day, which falls on 15 May. On this day, employers reduce working hours by two hours as part of the Two Hours for the Family campaign, encouraging employees to spend time with their loved ones.

Age management

The Energa Group has an *Age Management Policy* in place for the purpose of building awareness among managers responsible for the human resources of the area they manage, shaping intergenerational diversity and communication, and ensuring knowledge and skills transfer. Managers supervise and monitor the human resources in their units, reporting on hiring, training and promotion needs. They take into account business directions and process efficiency and aim to avoid the so-called generation gap. In 2022, there is a strong focus on analysing the Group's HR situation for the period 2023-2027.

GRI 405-1 **Composition of supervisory bodies by gender and age**

Percentage of women and men in the composition of Supervisory Boards in the Energa Group in 2021 and 2022



| Business line | 2021 | | | | | | 2022 | | | | | |
|----------------------------|---------------------|-------------|--------------------|---------------------|-------------|--------------------|---------------------|-------------|--------------------|---------------------|-------------|--------------------|
| | Women | | | Men | | | Women | | | Men | | |
| | Under the age of 30 | 30-50 years | Over the age of 50 | Under the age of 30 | 30-50 years | Over the age of 50 | Under the age of 30 | 30-50 years | Over the age of 50 | Under the age of 30 | 30-50 years | Over the age of 50 |
| Services and other | 0 | 3 | 2 | 0 | 2 | 0 | 0 | 4 | 2 | 0 | 6 | 2 |
| Distribution business line | 0 | 3 | 0 | 0 | 4 | 2 | 0 | 3 | 1 | 0 | 2 | 2 |
| Sales business line | 0 | 2 | 1 | 0 | 4 | 2 | 0 | 1 | 1 | 0 | 3 | 2 |
| Generation business line | 0 | 4 | 2 | 1 | 5 | 10 | 0 | 7 | 3 | 1 | 7 | 10 |
| Energa Group | 0 | 12 | 5 | 1 | 15 | 14 | 0 | 15 | 7 | 1 | 18 | 16 |
| of which foreigners | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Percentage share | 0% | 26% | 11% | 2% | 32% | 30% | 0% | 26% | 12% | 2% | 32% | 28% |

Composition of the Management Board by gender and age

Percentage of women and men on Management Boards in the Energa Group in 2021 and 2022



Number of Management Board members by gender and Business Line in 2021 and 2022

| Business line | 2021* | | | | | | 2022 | | | | | |
|----------------------------|---------------------|-------------|--------------------|---------------------|-------------|--------------------|---------------------|-------------|--------------------|---------------------|-------------|--------------------|
| | Women | | | Men | | | Women | | | Men | | |
| | Under the age of 30 | 30-50 years | Over the age of 50 | Under the age of 30 | 30-50 years | Over the age of 50 | Under the age of 30 | 30-50 years | Over the age of 50 | Under the age of 30 | 30-50 years | Over the age of 50 |
| Services and other | 0 | 4 | 0 | 0 | 16 | 2 | 0 | 3 | 1 | 0 | 13 | 4 |
| Distribution business line | 0 | 0 | 1 | 0 | 2 | 3 | 0 | 0 | 1 | 0 | 2 | 3 |
| Sales business line | 0 | 2 | 0 | 0 | 6 | 2 | 0 | 3 | 0 | 0 | 2 | 6 |
| Generation business line | 0 | 1 | 1 | 0 | 12 | 6 | 0 | 1 | 1 | 0 | 12 | 11 |
| Energa Group | 0 | 7 | 2 | 0 | 36 | 13 | 0 | 7 | 3 | 0 | 29 | 24 |
| of which foreigners | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Percentage share | 0% | 12% | 3% | 0% | 62% | 22% | 0% | 11% | 5% | 0% | 46% | 38% |

The increase in the number of members of supervisory bodies in the Energa Group occurred mainly in entities implementing strategically important electricity investments. The need to implement these investments stems from the construction of a multi-energy concern with an increasing share of renewable energy in the energy mix of the Group. A key role in this process is played by the companies of the CCGT area (Ostrołęka, Grudziądz, Gdańsk), which in 2022 have passed or started the transition from the investment planning phase to the phase of its operational implementation.

* Data for 2021 has been updated with Energa Finance AB.



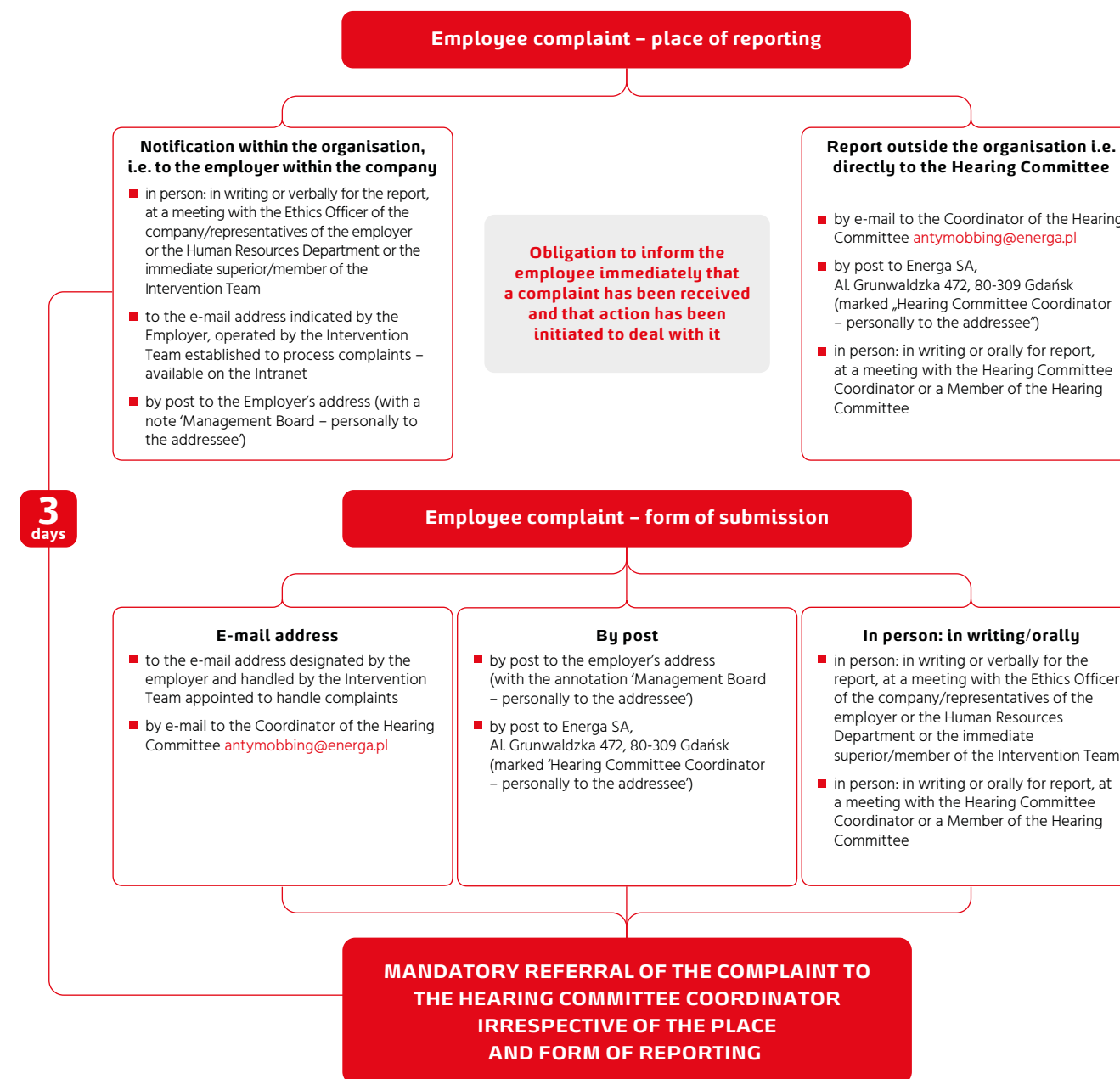
COUNTERING ANTI-HARASSMENT AND DISCRIMINATION

The programme of anti-harassment activities implemented in the Energa Group consists of the following elements affecting its effectiveness:

- an internal regulation applicable to all Group companies – the *Policy for Counteracting Anti-Harassment and Discrimination in the Energa Group*, constituting an appendix to the *Agreement on Partnership in the Energa Group* – which sets out uniform and detailed rules of conduct for individual roles in the process of counteracting harassment and discrimination in the Energa Group, including the procedure for Energa Group employees to report actions bearing the hallmarks of harassment and discrimination, as well as undesirable actions;
- an organisational structure to ensure proper coordination and supervision of the activities carried out, taking into account the diversity of the Energa Group companies, with an Anti-Harassment and Discrimination Council, a Hearing Committee Coordinator from Energa, Members of the Hearing Committee and Intervention Teams in the Group companies;
- channels for reporting signs of inappropriate behaviour, assuming that employees can communicate directly with their employers (Energa Group companies) or the Hearing Committee at Energa, as well as anonymously – by email, post, telephone and in person;
- training activities to raise employees' awareness of proper employee relations and the tasks performed by members of the Hearing Committee and members of the Intervention Teams.

In the programme for counteracting harassment and discrimination implemented in the Energa Group, we are guided by the rules of immediate action, confidentiality, impartiality and independence.

GRI 2-26 Channels for reporting signs of harassment or discrimination



The monitored determinant of the effectiveness of the activities carried out is the number of reports of signs of inappropriate behaviour, the timeliness and quality of investigations carried out by the Hearing Committee at Energa and the Intervention Teams at Group companies.

| Number of complaints in 2022 | |
|---|---|
| Number of complaints reported | 9 |
| Number of complaints resolved | 9 |
| Number of complaints under investigation | 0 |
| Number of complaints found to be justified (total): | 5 |
| – with regard to harassment | 0 |
| – with regard to discrimination | 1 |
| – with regard to undesirable behaviour | 4 |

If incidents are identified that are considered to be legitimate, the organisation takes additional actions within the framework of the control mechanism introduced (ensuring compliance of the actions performed by the individual roles in the process of counteracting harassment and discrimination in the Energa Group in accordance with the adopted policy):

- implemented on an ongoing basis – performed as part of the conduct of a given investigation or intervention proceedings,
- carried out periodically (at least twice a calendar year) – related to the verification of the status of implementation of guidelines and recommendations indicated in reports (documents being the results of the work of the Intervention Teams or the Hearing Committee) concerning the actions to be taken by the employer in connection with complaints submitted – in a given year and in the preceding year – by employees.

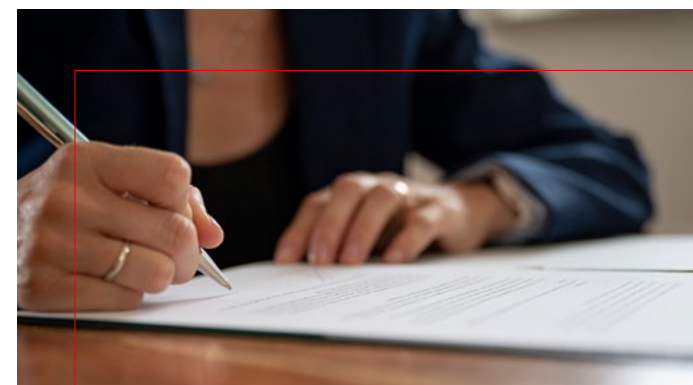
Control mechanisms in the process of counteracting harassment and discrimination in the Energa Group



On 18 June 2022, the Management Board of Energa approved and implemented the seventh edition of the *Anti-Harassment and Discrimination Policy in the Energa Group*, adapted to the standard in force at PKN ORLEN.

Complaints concerning suspected use of so-called undesirable behaviour (defined as any behaviour, conscious or unconscious, negatively affecting individual employees, teams or the organisation, contrary to the rules of social co-existence or to the values and organisational culture of the Energa Group) have been excluded from the material scope of the Policy previously in force in the Energa Group, and the competence to explain them has been transferred respectively (in accordance with the *Rules for the selection and functioning of Ethics Officers in the Energa Group*, 1st edition) to:

- Ethics Officer of the respective company – in entities of the Energa Group with more than 100 employees,
- employer – in Energa Group entities employing fewer than 100 employees.



REMUNERATION POLICY

RELEVANT TOPIC:

EQUAL REMUNERATION BETWEEN WOMEN AND MEN

REMUNERATION POLICY

Management Board

In accordance with the rules adopted by the General Meeting, the remuneration of a member of the Management Board of the company consists of a fixed part and a variable part, representing the supplementary remuneration for the company's financial year. The amount of the monthly fixed remuneration of the members of the Management Board of the company, specified as an amount, may not exceed 15 times the average remuneration in the enterprise sector without payments of rewards from profit, as defined in the *Act of 9 June 2016 on the rules of shaping the remuneration of persons managing certain companies*. The determination of the amount of fixed remuneration for individual members of the Management Board of the company is made by resolution of the Supervisory Board.

The variable remuneration depends on the Management Board member's level of achievement of the Management Board's purposes as set by the Management Board and may not exceed 100% of the fixed remuneration.

Based on the adopted remuneration rules, management service contracts are concluded with Management Board members, which provide, for example:

1. subject to exceptions, in the event of termination or cancellation of the Agreement by the company, a Management Board member will be entitled to a severance payment of no more than 3 times his/her fixed remuneration, provided that he/she has held office for at least 12 months prior to termination of the Agreement;
2. a non-competition agreement may be concluded with a Management Board member effective after the termination of his or her function, with such agreement entering into force after at least 3 months of the Management Board member's function, and the amount of non-competition compensation may not exceed 100% of the fixed monthly



In the Energa Group, we attach great importance to equality in all areas of employment, including remuneration equality between men and women. Any differences in remuneration are based on objective factors such as competence, degree of responsibility and type of work performed. Due to the specific nature of employment in the energy industry, where men predominate, especially in technical positions, it is difficult to compare men's and women's remuneration. The Energa Group has an *Anti-Harassment and Discrimination Policy* as an internal rule which provides for remedies in case of a feeling of unfair treatment, including in terms of remuneration. By discrimination, we understand and define unequal treatment of employees with regard to the establishment and termination of the employment relationship, terms and conditions of employment, promotion and access to training for the purpose of improving professional qualifications, in particular on the basis of gender, age, disability, race, religion, nationality, political beliefs, union membership, or ethnic origin. There was no report of remuneration inequality discrimination between men and women in 2022.

In the *2022 ESG Report*, Energa Group did not provide data on the gender pay gap. We are preparing to publish this data in future reporting periods once the definitions have been made common across the Group and HR systems have been prepared to collect and compare this data.

remuneration received by the Management Board member prior to the termination of his or her function, for the period corresponding to the duration of the non-competition. The period of non-competition may not exceed 6 months after the Management Board member ceases to hold office.

Rules for setting and monitoring the goals of Management Board members and managers

The remuneration system in place for the members of the Management Board of Energa is based on a system of goal management. Goals are set based on the current *Energa Group Strategy, the Long-Term Strategic Investment Plan* and the challenges, both internal and external, facing Energa Group. The payment of variable remuneration to members of the Management Board of Energa SA is linked to the degree and level of goal achievement. In addition, the goals of the Boards of Directors of the companies that are the leading entities of the Business Line and the executives in the company are linked to the goals of the Management Board of Energa SA and cascaded according to the 'top-down' method. The adopted model provides a motivating function and integrates management and executives around the goals and causes them to take joint responsibility for their achievement.

A system structured in this way enables both concentration on activities that are important from the perspective of the Energa Group and effective implementation of its objectives. It is also important for the company's shareholders – it provides for the long-term growth of Energa's value and ensures the stability of the company's operations.

Supervisory Board

Pursuant to the Articles of Association, members of the Supervisory Board are entitled to a monthly remuneration in the amount determined by the General Meeting.

Pursuant to the rules adopted by the General Meeting, members of the Supervisory Board are entitled to a monthly remuneration calculated as the product of the average monthly remuneration in the enterprise sector without profit-based payments in the fourth quarter of the previous year, as announced by the President of Statistics Poland, and a multiplier of 1.5. The remuneration is not due for the month in which a member of the company's Supervisory Board was not present at any of the company's duly convened Supervisory Board meetings and their absence was not excused in accordance with the procedure set out in the *Regulations of the Supervisory Board*.

REMUNERATION PROCESS FOR EMPLOYEES OF THE ENERGA GROUP

GRI 2-20

In the Energa Group, the remuneration system is decentralised and differentiated. It is regulated by Company Collective Agreements, Remuneration Regulations, the Labour Code and collective agreements concluded with trade unions. The key document in force until the end of 2023 is the *Agreement on safeguarding employee, social and trade union rights for Energa Group employees* concluded on 18 September 2017. It obliges the parties to the agreement, for example, to negotiate a remuneration agreement for employees on an annual basis. The amounts earmarked for employee remuneration increases are distributed according to the principles set out in the company wage agreements concluded individually by employers with active trade union organisations.

Benchmark

At the current stage of Energa Group's integration with PKN ORLEN, a review of the functioning of the human resources area is being conducted, especially in view of the key issue of shaping remuneration in accordance with the specifics of the work performed, qualifications and professional experience. In an analytical study, positions were mapped and then every year a valuation of positions in Energa Group companies is carried out and the results are set against market data as well as remuneration and benefit levels in PKN ORLEN.

TOTAL ANNUAL REMUNERATION INDEX

GRI 2-21

In the *2022 ESG Report*, Energa Group did not present data on the total annual remuneration index. As a Group, we are preparing to present the above data in the next reporting year, once the definitions are unified across the Group and HR systems are prepared to collect this data.



DESCRIPTION OF THE APPLICABLE DUE DILIGENCE POLICIES AND PROCEDURES

THE ORLEN GROUP CODE OF ETHICS

This document describes the behaviours to be observed within the multi-energy group in relations with stakeholders and the environment, as well as in internal relations between Group companies and between employees of each company. The *Code* describes the Group's core values of responsibility, development, people, energy and reliability. These are also accompanied by rules of conduct that constitute the preferred behaviour within the organisation. The *Code* applies to all signatories of the *Agreement on partnership in the Energa Group* and is Appendix 2 to the agreement. The exception is Energa-Operator, which, being a DSO, has prepared its code based on the values of the *ORLEN Group Code of Ethics*. Ethics Officers have been elected in 2022 to uphold the Code in Energa Group entities with more than 100 employees.

THE POLICY FOR COUNTERACTING HARASSMENT AND DISCRIMINATION IN THE ENERGA GROUP

The *Policy* creates tools to support the employer in carrying out activities for the purpose of conflict resolution, countering harassment and discrimination and other undesirable behaviour, including harassment and sexual harassment. It includes rules for countering and responding to conflict, harassment or discrimination and other undesirable behaviour – occurring both in the place of work and on business travel and any other work-related location.

The rules of conduct set out in the *Policy* do not restrict employees from defending their rights through any other avenue provided by generally applicable law. An employee's use of these legal remedies need not be preceded by use of the rules of conduct set out in the *Policy*.

For the purpose of professional support for employers in resolving conflicts and counteracting undesirable behaviour, including

harassment and discrimination, the following have been established in the Energa Group:

- An Anti-Harassment and Discrimination Council in the Energa Group,
- A Hearing Committee.

THE POLICY AGAINST FRAUD AND CONFLICT OF INTEREST IN THE ENERGA GROUP

Energa Group is committed to conducting its business with integrity and in compliance with the law and the *ORLEN Group Code of Ethics*. Employees of the Energa Group are obliged to perform their duties based on the rules of integrity, impartiality, objectivity and transparency, with concern for the interest of the Energa Group, in compliance with the law, internal regulations and ethical standards. No indications of fraud and conflicts of interest are tolerated. The procedures provided for in this Policy are both for the purpose of preventing fraud and conflicts of interest and for exercising due diligence in clarifying any doubts and suspicions about the correctness of the actions of Energa Group employees. If fraud and conflicts of interest are confirmed, the perpetrators will be subject to consequences depending on the nature and scale of the irregularity. Persons making a report have the right to maintain the confidentiality of their data, and to be protected from retaliation resulting from the report.

All employees of the Energa Group are obliged to apply this *Policy* and to respond to any manifestations of violations of applicable laws, internal regulations and other rules and standards, in particular those that may be classified as corruption, embezzlement, other forms of fraud or conflicts of interest.

THE ORLEN GROUP EMPLOYEE POTENTIAL MANAGEMENT POLICY

ORLEN Group's HR strategy is focused on supporting the implementation of the Group's strategy and the achievement of business objectives in the area of people management based on four basic pillars:

- partnership between HR and business in the implementation of the Group's strategy,
- engaging leadership,
- attitudes and competences of employees: commitment, seeking inspiration, learning organisation,
- modern HR solutions and effective processes adapted to business needs.

The purpose of implementing the HR strategy is to support the implementation of the Group's strategy by strengthening segment management, partnership and flexibility in cooperation with the business in implementing the strategy and creating changes in the organisation in line with the needs of individual segments and business areas. The HR area builds competitive advantage by managing the potential of the Group's employees, appropriate management of internal resources (including unique knowledge), attention to competence advantages and leadership development.

It supports the implementation of the sub-strategies of individual business areas through the efficiency and effectiveness of its operations and the flexibility of implemented solutions, adaptation to business needs, partnership in cooperation and HR consulting.

THE AGE MANAGEMENT POLICY IN THE ENERGA GROUP

The Energa Group is aware of the impact of current and future demographic changes on its effective business model in the market. Factors such as an ageing population, a decreasing number of people of working age, increasing competition for qualified employees and a projected shortage of specific competencies and specialisations are predictors of defining competitiveness as dependent on the effectiveness of implemented strategies for managing employee potential and relations with the labour market. With the above in mind, Energa Group companies, as responsible employers, taking care of their development strategy and market competitiveness, consciously implement age management solutions and programmes as a way of counteracting the negative effects of an imbalance in the age structure of the company's personnel.

The *age management policy* covers all Energa Group companies. Its purpose is to maintain the continuity and effectiveness of business processes by preventing competence gaps and safeguarding the transfer of knowledge and skills.

The *age management policy* is complex in terms of areas and covers activities in the area of human resources management and related activities such as the organisation of the production flow, work cycles, shifts and working time.

RULES FOR THE IMPLEMENTATION OF TRAINING IN THE COMPANIES OF THE ENERGA GROUP

The *Rules for the implementation of training for Energa Group companies* is a general document that obliges Energa Group companies to implement a formal internal act that should, in particular:

- define the responsibilities of all participants in the training management process;
- define the training planning process and the development of an annual training plan and budget;
- regulate the rules for employee participation in training, the rights to which employees are entitled and their responsibilities;
- define the rules for company funding of training;
- regulate the evaluation of the quality and effects of training;
- define the rules for the company's training agreements with its employees, regulating the mutual obligations of the parties in the event of an employee's participation in training.

The implemented *Rules* set out recommended solutions (e.g. for financing, billing, planning and evaluation) in companies. Moreover, the Rules regulate the division of responsibilities in the training management process. The regulation made it possible to implement consistent training rules across all entities of the Energa Group.

GOOD PRACTICE IN THE AREA OF EMPLOYEE MOBILITY IN THE ENERGA GROUP

One of the ways of supplementing human resources within the Group is the mobility process, which is regulated in the document *Good practice in the area of employee mobility in the Energa Group*. Mobility in the Energa Group serves the purpose of supporting the realisation of key business objectives, shaping an organisational culture integrated with the rules of ethics in force in GK ORLEN and the effective use of employees' competence and potential.

Partnerships between GK ORLEN companies in the application of best practices, as well as the exchange of competences and experiences, enable a quick response to changes in the organisation, a better understanding of cultural differences and an increase in employee involvement and better identification with the company. Good practices in the area of mobility are also part of GK ORLEN's strategic plans for long-term building of human capital with extensive professional experience.

RULES FOR AWARDING THE TITLE OF 'DISTINGUISHED EMPLOYEE' IN THE ENERGA GROUP

The *rules* allow employers to honour and recognise above-average employees in three categories:

- for a body of exemplary professional work,
- for special professional achievements,
- for a pro-social attitude.

Awarded employees will receive a certificate of honour and a financial reward amounting to one average gross remuneration at the employer in the year preceding their selection. The number of persons awarded with the title 'Distinguished employee' depends on the size of the company.

RECRUITMENT RULES IN THE COMPANIES OF THE ENERGA GROUP

The purpose of introducing the *Rules for Recruitment in the Companies of the Energa Group* was to define the assumptions and the course of the uniform recruitment process in all the companies of the Energa Group. The purpose of recruitment activities is to fill individual job positions in a manner that allows for effective implementation of the tasks in these positions, and thus for effective implementation of the business strategy of the ORLEN Capital Group, including the Energa Group. The recruitment process ensures equal opportunities for participants and objectivity in the assessment of candidates through the use of appropriate tools adapted to the specifics of the position for which the recruitment process is conducted.

RULES FOR ADAPTATION OF EMPLOYEES IN THE COMPANIES OF THE ENERGA GROUP

The purpose of introducing the *Adaptation Rules* was to define uniform assumptions and rules of conduct in the adaptation process for all Energa Group companies in order to effectively introduce newcomers to the new conditions, activities, duties and work environment and familiarise them with the company's procedures and rules, including the *ORLEN Capital Group Code of Ethics*. This process also includes assimilation of the rules of corporate culture and integration with the team of colleagues.

The unification of rules from this area is also intended to support the effective implementation of the ORLEN Capital Group's business strategy, including the Energa Group.

POLICY – RULES AND WORKING CONDITIONS FOR PERSONS WITH DISABILITIES IN THE ENERGA GROUP

In the companies of the Energa Group, employers ensure equal employment opportunities for both non-disabled and disabled persons by, for example:

- ensuring equal opportunities in the place of work, taking into account the type and degree of disability,
- enabling a person with a disability to obtain and maintain suitable employment, return to work, and advance in their career,
- removing social barriers in the place of work,
- contributing to independent living for persons with disabilities and enhancing integration with other employees,
- spreading a respectful attitude towards the rights of people with disabilities among all employees,
- promoting a safe, friendly and hygienic place of work.

DIVERSITY POLICY IN THE ENERGA GROUP

This policy outlines the assumptions and rules with the main purpose of increasing awareness and understanding of the importance of diversity and creating the conditions for an open and tolerant place of work.

Diversity is more than just anti-discrimination. It is a deliberate action by the Energa Group to make use of different points of view, experiences and ideas.

Diversity management is a sustainable process that consists of actively and consciously developing an organisation based on certain values, based on not only accepting existing differences, but treating them as development potential. It serves to effectively and efficiently exploit the potential that organisations can gain by drawing on the diversity of their employees (e.g. knowledge, experience, expectations, attitudes).

The purpose of diversity management is to create a working environment in which every employee feels respected and valued and in which they can realise their full potential, which in turn contributes to the success of the employer.

RULES OF PARTICIPATION OF THE ENERGA GROUP COMPANIES IN THE NEW JOB PROGRAMME

For us, the *New Job* Programme is an additional tool that provides an opportunity for employees whose skills and competences can be used at another employer in the Group, in the face of, for example, the liquidation of the parent company or a part of it, to remain in the integrated ORLEN Group.

Health and safety at work

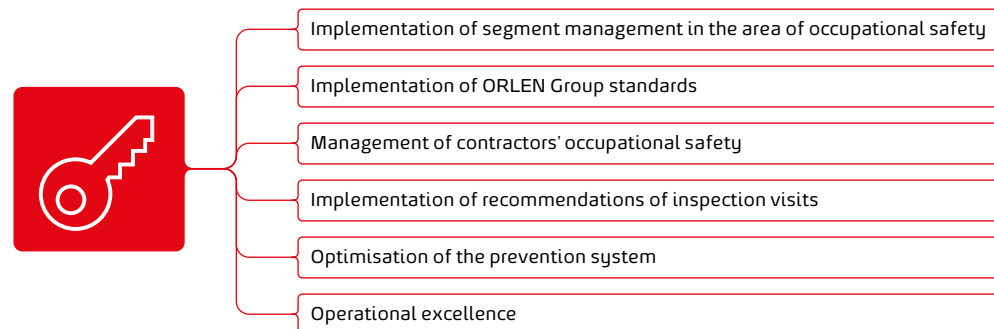
RELEVANT TOPIC:

EMPLOYEE SAFETY – HEALTH, SAFETY AND HYGIENE AT WORK

GRI 3-3 The area of occupational health and safety is one of the key areas of responsibility of the Energa Group and is closely linked to the Group's business activities. Occupational health and safety aspects are regulated by national legislation – the *Labour Code* and other laws, specific regulations and standards. The most important internal regulation applicable to all companies is the *Energa Group Occupational Health and Safety Policy* (OHS Policy), which is one of the appendixes to the *Energa Group Agreement on partnership*. The Occupational Health and Safety Policy describes the most important guidelines for the Group's companies regarding the measures taken to ensure a high level of safety for both employees and external contractors. The implementation of the OHS Policy involves all employees of the Group as well as contractors acting on behalf of the Group companies.

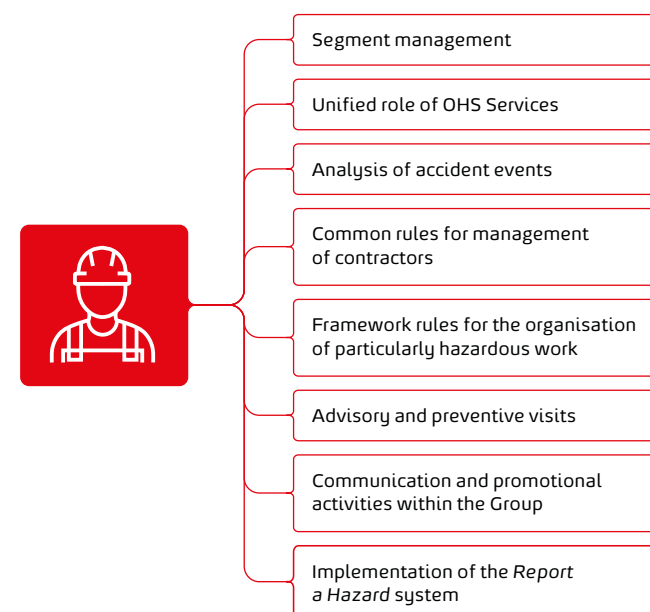
In 2022, Energa Group continued to implement the directional actions set out in the *Energa Group Occupational Health and Safety Strategy 2021–2023* (OHS Strategy). As part of the activities, more than a dozen actions were completed and implemented in six key substantive areas.

KEY AREAS IN THE ENERGA GROUP OCCUPATIONAL HEALTH AND SAFETY STRATEGY 2021–2023



MAIN ELEMENTS OF OHS AREA FUNCTIONING IN THE ENERGA GROUP

To ensure proper supervision of the OHS area management process, the Energa Group undertakes comprehensive measures resulting from the implementation of the provisions of the *Energa Group OHS Policy*.

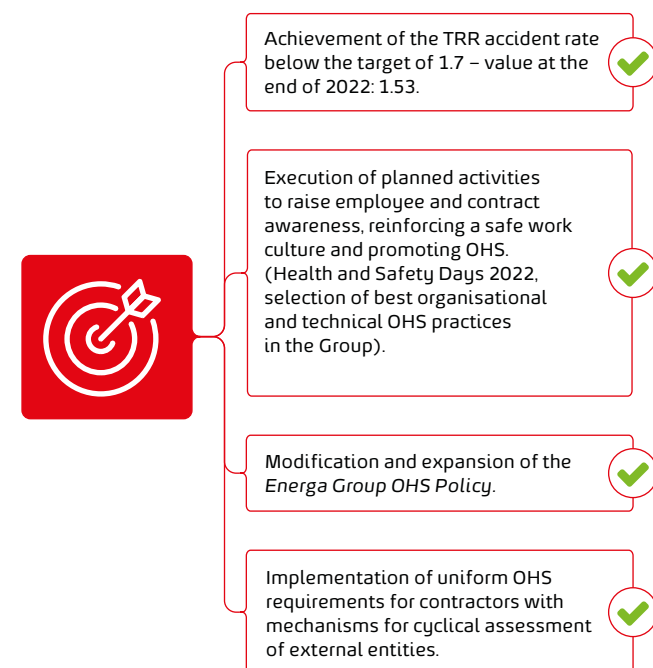


Energa Group undertook a number of initiatives in order to achieve a TRR accident rate of no more than 1.7 (adopted as a reference value for all ORLEN CG companies). Awareness-raising activities were also carried out among employees at all levels of the organisational structures of Group companies with the goal of strengthening the safety culture.



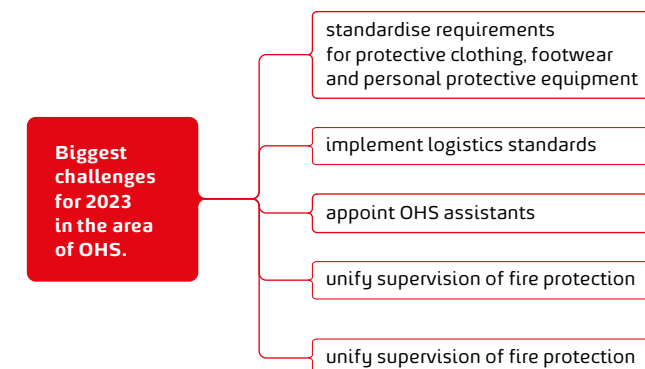
TRR (total) = number of accidents at work of company employees and contractors performing work for the company resulting in sick leave x 1,000,000 / number of man-hours of company employees and contractors performing work for the company.

The implementation of the OHS objectives at Group level is one of the main objectives of the Management Board of Energa. The Management Boards of all companies also have the achievement of the TRR index and the directional actions set out in the OHS Strategy embedded in their objectives. In the key operating companies, the OHS objectives are cascaded to management and executives. All the objectives set for 2022 have been met:



KEY CHALLENGES IN THE AREA OF OHS

In 2023, Energa Group intends to continue implementing the initiatives set out in the Health and Safety Strategy and to carry out additional activities with the goal of maintaining a low TRR.

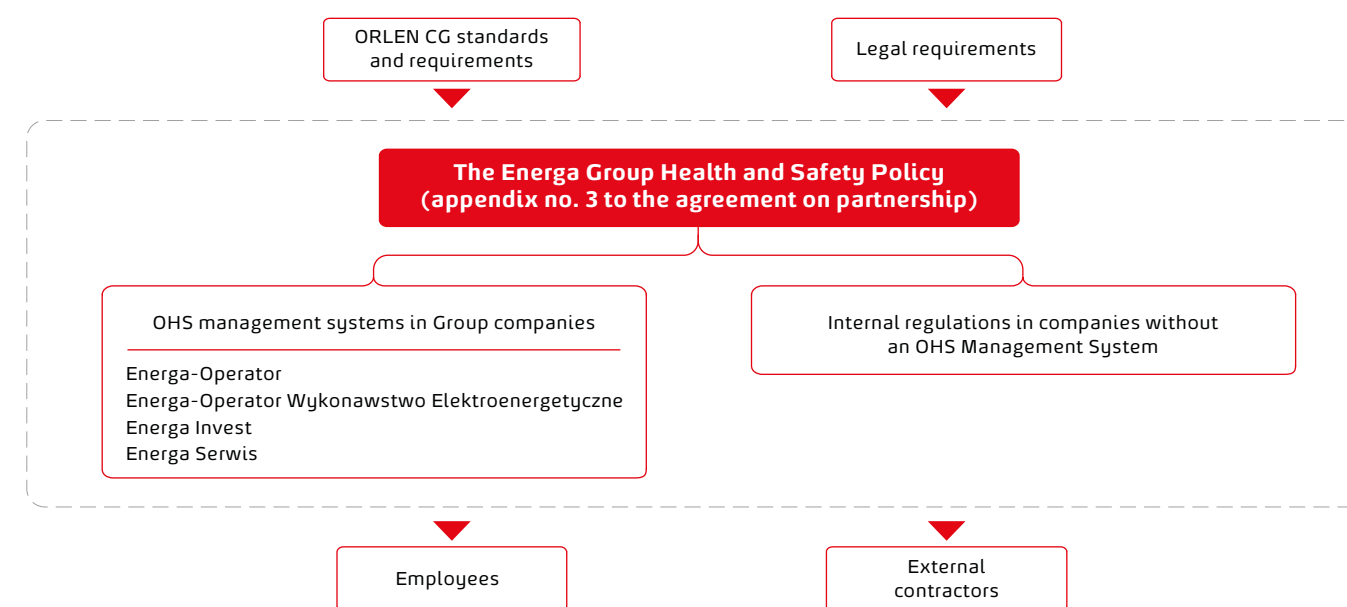


HEALTH AND SAFETY MANAGEMENT SYSTEM IN THE ENERGA GROUP

GRI 403-1 All employees of Energa Group companies and contractors performing work for the companies are covered by the requirements contained in the OHS Policy:

- At the Energa Serwis and Energa Invest companies, an OHS Management System has been implemented and certified based on the requirements of ISO 45001:2018.
- An uncertified OHS Management System implemented based on the requirements of OHSAS 18001:2007 is in place at Energa-Operator and Energa-Operator Wykonawstwo Elektroenergetyczne.

The OHS management systems cover all employees of Energa Serwis, Energa Invest, Energa-Operator and Energa-Operator Wykonawstwo Elektroenergetyczne and all activities of these entities. The remaining companies do not have OHS management systems in place, functioning based on other internal regulations (instructions, procedures, ordinances and orders).



The implemented systems are compatible with the *Energa Group OHS Policy* and go beyond national legal requirements with their solutions. From the beginning of 2024, it is planned to start activities with the goal of developing and implementing a unified OHS Management System for all Energa Group companies (this period is related to the completion of activities resulting from the *Energa Group OHS Strategy for 2021–2023*).

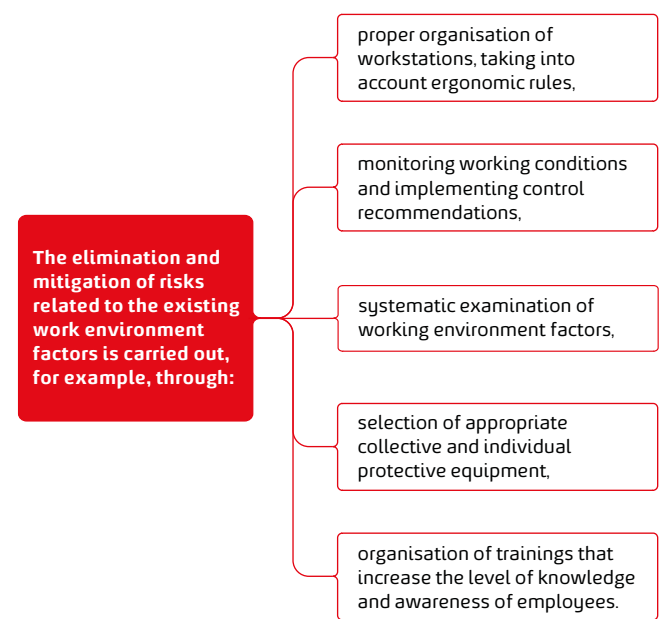
HAZARD IDENTIFICATION, RISK ASSESSMENT, ANALYSIS OF ACCIDENT EVENTS

GRI 403-2 For the purpose of ensuring safe and hygienic working conditions, hazard identification and occupational risk assessment at workstations are carried out in accordance with the regulations and procedures in force at Energa Group companies.

Updating of the occupational risk assessment takes place, for example, in the event of:

- an accident that has occurred,
- changes made to the position at the workstation,
- changes in legislation,
- scheduled reviews.

The risk identification process primarily involves managers with the support of the OHS Service employees of the companies. Risks are also identified in connection with the monitoring of working conditions, as a result of periodic measurements of the working environment and the issuing of written orders and permits for particularly hazardous work.



In accordance with the law and internal regulations in place at the companies, every employee has the right to refrain from work if working conditions pose a direct threat to health or life and do not comply with the applicable occupational health and safety requirements. In 2022, work was completed on preparing and making available to all employees of the Energa Group companies the *Report a Hazard* system, allowing them to report any observed non-compliance that negatively affects the level of occupational health and safety.

All occupational accidents and fires that occur are recorded, reported in the form of safety alerts and analysed in accordance with the *Rules for Notification and Analysis of OHS Events*, constituting appendix 2 to the *OHS Policy of the Energa Group*. The Distribution business line companies also conduct in-depth analyses of reported near misses. In the process of in-depth analysis of accidents, fires and incidents, task forces appointed by the employers identify the direct cause and indirect causes in the three groups of technical, organisational and human causes and propose the implementation of corrective actions. Each in-depth analysis of an incident is approved by the employer and conclusions are communicated to employees. Safety alerts and conclusions from in-depth analyses are made available to all Energa Group companies for the purpose of enabling their implementation in a wider part of the organisation (not only in the company where the incident occurred).



EMPLOYEE PARTICIPATION, CONSULTATION AND COMMUNICATION IN THE AREA OF OHS

GRI 403-4 Employers in Group companies, in accordance with the requirements of the OHS Policy, consult with employees or their representatives on all relevant activities related to occupational health and safety. In companies where this is required by law, an OHS Committee is established as an advisory and opinion-giving body for the employer. In accordance with the applicable provisions of the *Labour Code* and the uniform standard of functioning of the OHS Committee in the Energa Group adopted in 2021, this body, consisting in equal numbers of representatives of the employer and employees, supports the employer in activities aimed at improving the level of health and safety in the workplace.

In addition to their participation in OHS committees, employee representatives are, among others, members of teams on standards for the allocation of protective clothing, footwear and personal protective equipment, give opinions on OHS development projects, participate in consultations on preventive meals and in the process of hazard identification and occupational risk assessment.

OHS information is made available to employees via the Intranet, information boards, emails, posters, leaflets and direct meetings with executives and management. In addition, the mechanisms for sharing information on accidents have been strengthened in the Group in 2022 (companies periodically receive safety alerts from the entire ORLEN Group and have access to conclusions from in-depth analyses of accident incidents). In addition, information on conclusions and recommendations contained in reports on advisory and preventive visits is provided to the companies.

OHS TRAINING

GRI 403-5 With the safety of Energa Group employees and external contractors in mind, each employee is required to undergo mandatory OHS training. Training courses, which are cyclical in nature, are conducted for employees free of charge, during working hours.

During the training, employees are made aware of the hazards present in work processes and how to protect themselves against them, the rules for dealing with accidents and emergencies, the location of first-aid kits and medical rescue points, pre-medical first aid rules, the rules for dealing with fire, and external and internal OHS regulations. Training is also intended to raise awareness of the potential risks and consequences of the hazards involved. In addition, in 2022, as part of the OHS Policy update, the Energa Group developed and implemented the *OHS training organisation system requirements*. The document regulates the framework rules for the organisation and conduct of OHS training in Energa Group companies, including the system of organisation of initial and periodic OHS training, acceptable forms of OHS training delivery, determination of the frequency of periodic OHS training, determination of the scope of OHS training programmes, requirements for external training providers and guidelines for training quality assessment.

In addition, in the Distribution business line companies, the initiative of quarterly Safety Hour meetings was continued in 2022, where the flow of OHS information between managers and employees is strengthened. Employees at the meetings were given the opportunity to voice their concerns and share their experiences in organising safe work. The initiative is also addressed to the engineering and technical staff of all organisational units responsible for planning and coordinating work on the electricity network.

Number of OHS trainings and number of Energa Group employees trained by professional group

| | 2021 | 2022 |
|--|--------------|--------------|
| Number of OHS training courses | 817 | 1 661 |
| Total number of trained employees | 6 791 | 9 327 |
| – including administrative and office employees | 887 | 974 |
| – of which senior and middle technical staff | 1 389 | 1 924 |
| – of which employees operating systems and devices | 3 741 | 5 674 |
| – of which maintenance and repair workers | 539 | 397 |
| – of which transport and storage employees | 235 | 358 |

PREVENTING AND MITIGATING HEALTH AND SAFETY IMPACTS DIRECTLY RELATED TO BUSINESS RELATIONSHIPS

In 2022, as part of the update of the Energa Group OHS Policy, a new appendix *General occupational health and safety requirements for external contractors performing work on the premises or infrastructure of Energa Group companies* was developed and implemented. The document sets out the basic requirements for contractors in terms of planning, organisation and execution of works, technical and fire safety, as well as cooperation in situations of hazardous events. The requirements also set out framework criteria for the classification of external contractors, rules for supervision and control, and a catalogue of possible sanctions in the event of non-compliance with the requirements. Group companies have their own detailed OHS guidelines for contractors, tailored to their specific operations, which are based on the framework requirements set out in the OHS Policy. In 2022, the *Purchasing Instruction in force in the Energa Group* was introduced, which refers to the provisions of the OHS Policy and introduces mechanisms for the cyclical evaluation of contractors (including in the OHS area).

EMPLOYEES COVERED BY THE OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM

All employees of Energa Group companies and contractors performing work for the companies are covered by the requirements contained in the OHS Policy.

Certified and externally audited OHS management systems based on the requirements of ISO 45001:2018 are in place at two companies (Energa Serwis and Energa Invest) and a total of 307 employees have been covered.

In addition, a non-certified, internally audited OHS management system implemented in accordance with the requirements of the OHSAS 18001:2007 standard is in place in the Distribution business line (Energa-Operator and Energa-Operator Wykonawstwo Elektroenergetyczne companies) (5,433 employees were covered by this system).

OCCUPATIONAL ACCIDENTS

In 2022, 29 occupational accidents resulting in employee absence due to sickness were recorded in the Energa Group (in 2021, 46 employee accidents with sickness absence were recorded).

27 incidents were classified as light accidents, 1 accident was classified as severe and 1 accident proved to be fatal. Most of the accidents were related to movement (walking, entering, exiting means of transport), while the others were incidents occurring during maintenance activities, servicing, repair work, as well as day-to-day operation of systems and devices.

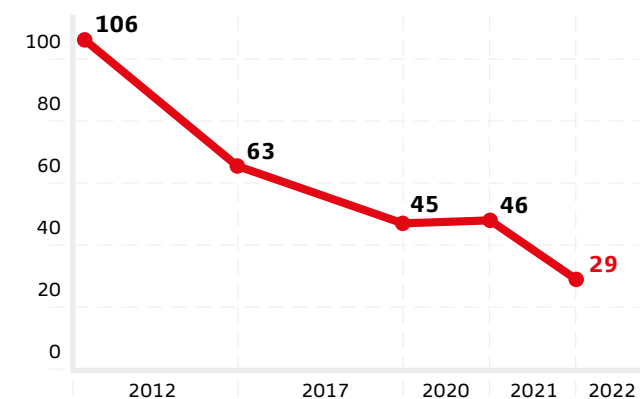
In 2022, no occupational accidents with sickness absence were recorded for employee contractors (two contractors had accidents in 2021).

All occupational accidents that occur are recorded and their circumstances and causes are analysed. Additional in-depth analyses are carried out for all incidences of accidents with sickness absence affecting the value of the Energa Group's total TRR, with the purpose of developing adequate conclusions and corrective actions.

The Energa Group's total TRR (including occupational accidents and working hours of employees of companies and contractors) reached 1.53 at the end of 2022*.

The Group has made progress in this respect with a year-on-year decrease in the TRR of 0.76 (at the end of 2021, the TRR was 2.29). Achieving an appropriate level of the TRR is one of the goals of the Management Boards of Energa Group companies and key management.

Occupational accidents in the Energa Group in selected years 2012–2022



* The presented TRR indicator of the Energa Group takes into account accidents at work and man-hours of employees of companies and contractors. GRI-compliant indicators shall be prepared in the next reporting period, due to the need to adapt the data collection system used for contractors.

Key statistical information on accidents of Energa Group companies' employees and contractors in 2022 is presented in the tables below:

Number of recorded accidents at work of employees of Group companies by gender:

| | 2021 | 2022 |
|--------------|-----------|-----------|
| Women | 3 | 4 |
| Men | 43 | 25 |
| Total | 46 | 29 |

Number of recorded accidents at work of contractors of Group companies by gender:

| | 2021 | 2022 |
|--------------|----------|----------|
| Women | 0 | 0 |
| Men | 2 | 0 |
| Total | 2 | 0 |

Number of recorded accidents at work of employees of the Group's companies, broken down into light and heavy accidents (by gender):

| | Light accidents | | | | Heavy accidents | | | |
|--------------|-----------------|-------------|-----------|-------------|-----------------|-------------|-----------|-------------|
| | 2021 | | 2022 | | 2021 | | 2022 | |
| | Employees | Contractors | Employees | Contractors | Employees | Contractors | Employees | Contractors |
| Women | 3 | 0 | 4 | 0 | 0 | 0 | 0 | 0 |
| Men | 40 | 0 | 23 | 0 | 3 | 0 | 1 | 0 |
| Total | 43 | 0 | 27 | 0 | 3 | 0 | 1 | 0 |

Number of recorded accidents at work of contractors of the Group's companies, broken down into light and heavy accidents (by gender):

| | Light accidents | | | | Heavy accidents | | | |
|--------------|-----------------|-------------|-----------|-------------|-----------------|-------------|-----------|-------------|
| | 2021 | | 2022 | | 2021 | | 2022 | |
| | Employees | Contractors | Employees | Contractors | Employees | Contractors | Employees | Contractors |
| Women | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Men | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

Number of recorded accidents at work of employees of the Group's companies, broken down into collective and fatal accidents (by gender):

| | Light accidents | | | | Heavy accidents | | | |
|--------------|-----------------|-------------|-----------|-------------|-----------------|-------------|-----------|-------------|
| | 2021 | | 2022 | | 2021 | | 2022 | |
| | Employees | Contractors | Employees | Contractors | Employees | Contractors | Employees | Contractors |
| Women | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Men | 0 | 0 | 4 | 0 | 0 | 0 | 1 | 0 |
| Total | 0 | 0 | 4 | 0 | 0 | 0 | 1 | 0 |

Number of recorded accidents at work of contractors of the Group's companies, broken down into collective and fatal accidents (by gender):

| | Light accidents | | | | Heavy accidents | | | |
|--------------|-----------------|-------------|-----------|-------------|-----------------|-------------|-----------|-------------|
| | 2021 | | 2022 | | 2021 | | 2022 | |
| | Employees | Contractors | Employees | Contractors | Employees | Contractors | Employees | Contractors |
| Women | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Men | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 |
| Total | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 |

Types of injuries sustained during accidents at work by employees of Group companies:

| | 2021 | 2022 |
|-----------------------|-----------|-----------|
| Cuts | 9 | 4 |
| Contusions | 11 | 5 |
| Burns | 5 | 5 |
| Sprains and fractures | 9 | 6 |
| Sprains and twists | 10 | 9 |
| Other injuries | 2 | 0 |
| Total | 46 | 29 |

Activities performed, during which accidents at work of employees of Group companies were recorded:

| | 2021 | 2022 |
|--|-----------|-----------|
| Ongoing maintenance of systems and devices | 7 | 3 |
| Moving | 20 | 15 |
| Maintenance, servicing and repair work | 9 | 2 |
| Road traffic collisions | 0 | 2 |
| Other activities | 10 | 7 |
| Total | 46 | 29 |

Types of injuries sustained during accidents at work by contractors of Group companies:

| | 2021 | 2022 |
|-----------------------|----------|----------|
| Cuts | 1 | 0 |
| Contusions | 0 | 0 |
| Burns | 0 | 0 |
| Sprains and fractures | 0 | 0 |
| Sprains and twists | 0 | 0 |
| Other injuries | 1 | 0 |
| Total | 2 | 0 |

Activities performed, during which accidents at work of contractors of Group companies were recorded:

| | 2021 | 2022 |
|--|----------|----------|
| Ongoing maintenance of systems and devices | 0 | 0 |
| Moving | 0 | 0 |
| Maintenance, servicing and repair work | 1 | 0 |
| Road traffic collisions | 0 | 0 |
| Other activities | 1 | 0 |
| Total | 2 | 0 |

Number of man-hours worked by employees and contractors of Group companies:

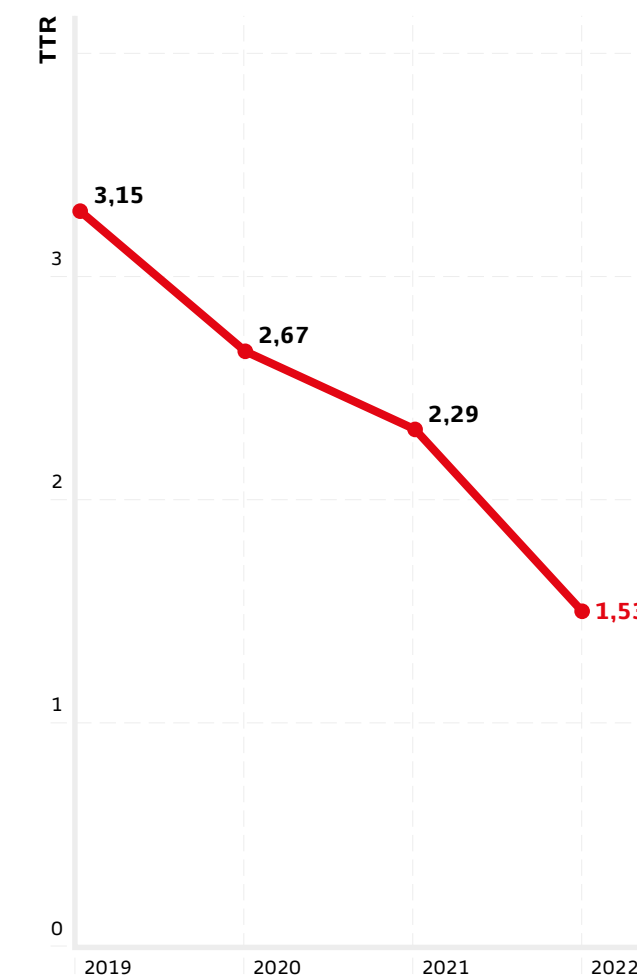
| | 2021 | 2022 |
|----------------------------|------------|------------|
| Employees of the companies | 16 229 960 | 14 693 112 |
| Contractors | 4 709 367 | 4 322 956 |



FULFILMENT OF THE TRR BY THE ENERGA GROUP IN 2019–2022

The work related to the greatest risks for the Group’s employees and contractors, as well as the manner of planning, preparation and execution, and supervision of this work, is set out in the *Framework for the organisation of particularly hazardous work*, constituting appendix 5 to the *OHS Policy of the Energa Group*.

In 2022, the two most serious incidents of employees of Energa Group companies were related to the activation of the key risks of electrocution and arc burns, which are derived from performing work at active electric energy equipment. Methods of minimising the above risks are set out in detailed instructions for the organisation of safe work at power devices, operating instructions, work and position instructions and written instructions for carrying out work. An in-depth analysis of the incident is carried out after each accident event (particularly after events resulting in serious injuries to employees and contractors), resulting in the identification of direct and indirect causes of the accident in the technical, organisational and human areas. For each of the identified causes, detailed corrective actions are formulated, the implementation and effectiveness of which are monitored at the company and Energa Group level. The results of the in-depth analyses are communicated to all Energa Group companies.



GRI 403-3 ANALYSIS OF ACCIDENT EVENTS IN THE ENERGA GROUP

In Energa Group companies, after each accident at work, in addition to the post-accident investigation conducted in accordance with legal requirements, an additional task team is appointed by the employer to conduct an in-depth analysis of the event.

In the process of in-depth analysis of accidents, fires and incidents, the task teams identify the causes on the event tree model in three categories: technical, organisational and human.

Each in-depth analysis includes conclusions and recommendations to implement corrective actions. Once the analysis is approved by the employer, the conclusions are discussed at weekly cyclical meetings of representatives of the OHS Services of Energa Group and PKN ORLEN. The analyses and the conclusions contained therein as part of knowledge sharing are made available to all Energa Group companies.

GRI 403-10 OCCUPATIONAL DISEASES

In 2022, there was no identified case of occupational disease at any Energa Group company.

The main occupational exposures posing a risk of occupational diseases identified in the Energa Group include:

- dust (silica-based dust, wood dust) – from technological processes of milling, crushing, grinding, cutting and processing of materials;
- general vibration (operators of heavy equipment) and local vibration (work with hand-held tools e.g. saws, grinders, pneumatic hammers, drills, screwdrivers);
- electromagnetic fields (working in the immediate vicinity of active electrical devices);
- noise (work in the vicinity of active mechanical devices, heavy equipment and work with power tools).

All factors have been identified at the level of the individual companies where the exposures occur. The companies carry out cyclical monitoring of the level of risk (examination of harmful factors) and, depending on the results, implement preventive programmes with the priority of implementing appropriate technical and organisational measures to eliminate the risk or reduce the risk present to an acceptable level. The monitoring of harmful factors is linked to mechanisms for assessing occupational risks, providing preventive medical care for employees and informing employees of the risks.

ENSURING COMPLIANCE WITH LEGAL REQUIREMENTS

In the Energa Group, all key legal requirements in the OHS area have been identified, taking into account the specifics of the operation of the individual companies. The companies provide resources and means for the implementation of the identified requirements and carry out ongoing supervision of legislative changes in the OHS area (part of the employee area in the Energa Group's Compliance System). Proper identification of changes in legislation relating to OHS also allows for improvement and development of the OHS Policy of the Energa Group through implementation of current legal requirements in this document.

SYSTEM OF ADVISORY AND PREVENTIVE VISITS

In 2022, seven preventive visits and two advisory visits were carried out at selected Energa Group companies, in accordance with the schedule agreed at the beginning of the year. The goal of the visits was to comprehensively review and assess the company's implementation of its obligations under external legal requirements and internal regulations applicable to the Energa Group (in particular, with regard to the effectiveness of the implementation of the directional measures set out in the OHS Strategy). Each visit was documented in the form of a report describing good practices, observations and non-conformities found, together with recommended corrective actions. Information on all good practices observed and recommended corrective actions in case of non-compliance is made available to all Group companies.

REPORT A HAZARD SYSTEM IN THE ENERGA GROUP

The Energa Group implemented the *Report a Hazard* system in 2022 – a simple application that supports the process of an employee reporting observed non-compliances that affect safety. The aim of implementing the system was primarily to increase the level of response by employees and their superiors to any observed hazardous situations. The system, which was created based on the resources of the ODYS IT platform, is designed to support the efficient administration of all notifications and ensure supervision of the implementation of corrective actions, eliminating risks or reducing their level of impact to an acceptable minimum, with the consequent aim of strengthening accident prevention. According to the adopted work schedule, the Report a Hazard system was made available on 1 January 2023 to all employees of the Energa Group who have a domain and a company computer with access to the company network. In the next phase of development of the *Report a Hazard* system (scheduled for the first half of 2023), work will be carried out to develop a dedicated application for company mobile devices (which is crucial for employees doing field work who do not have access to a company computer). In parallel to the work related to the implementation of the IT tool, an incentive scheme has been developed for employees to report hazards. The main idea is to promote the most effective notifications and proposals for corrective action. Therefore, after each completed quarter within the Group, the five best prepared risk reports will be selected from all the reports received from the companies, and their authors will be rewarded. Information on the best notifications, their authors and the effects of the corrective actions proposed and implemented will be published periodically through the available internal communication channels.

SAFETY AND HEALTH DAYS

GRI 403-6

In May 2022, all Group companies took part in the implementation of a Group-wide action – Health and Safety Days 2022. As part of this project, the companies implemented a number of original internal initiatives aimed at employees and contractors, including:

- practical training in pre-medical first aid,
- healthcare workshops and webinars,
- trial evacuations of facilities combined with exercises in the use of firefighting equipment,
- OHS reviews carried out by managers, OHS Service and social labour inspectors,
- OHS visits by senior management,
- inspections of private vehicle fire extinguishers and employee home fire extinguishers,
- practical training in safe working at height,
- training and demonstrations in the use of specialised equipment,
- art contests for employees' children,
- contests for the best OHS poster for employees.

GOOD PRACTICES

In 2022, an internal OHS Good Practice Contest was organised in the Energa Group in the categories: best technical practice and best organisational practice. Group companies submitted more than a dozen solutions, of which 4 practices in the technical category and 6 in the organisational category were qualified for the final assessment.

As a result of the vote, two best practices were selected:

- in the organisational practice category – the use of an RFID system to record equipment and PPE,
- in the technical practice category – fitting anti-fatigue mats with warning edges to the premises of the main supply point.

The above practices were submitted to the 2022 Good Practices in Personal and Process Safety contest organised by PKN ORLEN at the Group-wide level.

At the beginning of 2022, Energa Group won the 1st place and received the award for the most interesting technical good practice in the ORLEN Group Good Practices in Personal and Process Safety 2021 contest (practice submitted by Energa-Operator – application of portable earthing sets for power lines mounted from level 0).



Advisory visit of OHS Services of ORLEN Capital Group companies during works in live technology on a 15 kV line carried out by Energa-Operator Branch in Toruń.



Commitment to supporting local communities

RELEVANT TOPICS:

COMMUNITY SUPPORT AND INVOLVEMENT

ECONOMIC AND SOCIAL COSTS OF THE ENERGY
TRANSITION/ENERGY POVERTY

GRI 3-3 The Energa Group covers approximately 24% of Poland's area with its distribution network. The Group's companies are based in six voivodeships in northern and central Poland. We are aware of the strategic role that the Energa Group plays not only in ensuring national energy security, but also in alleviating energy poverty and supporting local communities in their development. Our activities also have an impact on many dimensions of social life, including businesses in our supply chain, as well as providing and creating places of employment in regions with higher unemployment rates. We strive to implement measures that significantly improve social and environmental conditions. Investment in modern environmental infrastructure, social programmes that significantly improve community life and conscious sponsorship – these activities also serve to achieve a greater social mandate for the company's operations. Both well-considered and conscious allocation of financial resources for social activities and market expectations lead to continuous improvement of investment efficiency. Actions taken in this direction are reflected in the **Sustainable Development Strategy for 2021–2023 of the ORLEN Group** and the *Sustainable Development Strategy for 2021–2023 in the Energa Group* developed by PKN ORLEN, in partnership with its subsidiaries, including the Energa Group. The Strategy contains three main pillars of activity: *Environment, Society, and Corporate Governance*. One of the main objectives in the *Society* pillar is to conduct business activities ensuring that business objectives are consistent with social objectives, taking into account the long-term needs of stakeholders. Social responsibility is one of Energa Group's six main sustainability objectives..

Key activities targeting local communities focus on three areas:

- capacity building and social activism,
- levelling educational opportunities,
- promoting access to sport and culture.

The implementation of social goals is achieved through an appropriately designed architecture of areas within the organisation. The ESG Department at Energa is the unit that develops standards and guidelines for this activity and supervises the implementation of tasks in:

- Energa Marketing Department (in the CSR and sponsorship sub-areas),
- Energa Foundation,
- other Energa Group companies.

Since February 2022, CSR activities have been separated from the ESG Department and are implemented by the Energa Marketing Department. The CSR initiatives undertaken are non-commercial in nature, are not directly related to obtaining a specific economic effect and take the form of CSR agreements.

In addition to the Sustainable Development Strategy, a very important signpost guiding social action is the implementation of *Agenda 2030* and the **Sustainable Development Goals (SDGs)**, which describe actions to achieve sustainable development in three dimensions: economic, social and environmental. Energa implements the SDGs, the Sustainable Development Strategy and specially created social programmes. At the same time, Energa is an active member of organisations that are important for the development of corporate social responsibility and the implementation of *Agenda 2030*, namely the UN Global Compact and the Responsible Business Forum, in which it is a strategic partner.



In 2022, special attention is given to initiatives for the implementation of the three SDGs: **4** – Quality education, **7** – Affordable and clean energy and **13** – Climate action.



Special attention was given to initiatives aimed at achieving goal 7 – Affordable and clean energy. For this purpose, the second edition of the *Good Energy Homes* project was launched, involving the installation of photovoltaic panels on the roofs of children's homes. In 2022, 10 institutions across the country were included in the project. A new challenge was to include a school in the town of Yirol in Lakes State, South Sudan, in the project. The decision to help Sudan was based on data from the SDG 7 Tracking Report. The report was prepared by the International Energy Agency (IEA) and the International Renewable Energy Agency (IRENA). According to the above reports, Sudan has the lowest electrification rate in the world.

There has also been increased action towards the goal 13 – Climate Action. Projects such as *Taking Care of the Earth*, *Cleaning up the Radunia River*, *bociany.pl*, *Energy Planet*, and *Flower Meadows in Ostrołęka* have been implemented. These projects contribute to the efforts for biodiversity and ecosystem protection.

GRI 413-1

In December 2022, we reported our activities on the implementation of *Agenda 2030* to the Ministry of Development and Technology and the National SDG Reporting Platform supervised by Statistics Poland. The report *Responsible Business in Poland. Good practices* included nine good practices implemented by the company. It is the most important cyclical publication of the Responsible Business Forum, presenting good practices of organisations in the context of the 2015 *UN Sustainable Development Goals*, i.e. in line with *Agenda 2030* and in accordance with the areas of the international standard ISO 26000. Good practices – *Good Energy Homes and Energy Planet* – were also recognised in the 2022 ESG Innovator contest with a distinction in category S – innovation in the social area. In addition, we were once again awarded the CSR Silver Leaf in 2022.



GRI 2-29

Energa's dialogue with stakeholders and local communities allows us to identify and understand social needs and expectations. To comply with international standards in this area, work related to the review of the application and implementation of the guidelines of the International Standard for Corporate Social Responsibility ISO 26000 was completed in 2022. As a result of this work, the Management Board of Energa SA signed the *Declaration on Social Responsibility of Energa from the ORLEN Group*, and consequently all key solutions of the ISO 26000 standard were incorporated into Energa's daily operations. This was confirmed by receiving the Silver CSR Leaf award. The award is given by 'Polityka' weekly, Deloitte and the Responsible Business Forum to companies that apply all the key solutions of the ISO 26000 standard in an outstanding manner.

Management decisions on the achievement of corporate social responsibility goals are made on the basis of their significant impact on the prospects and development of the local community and the environment. The allocation of financial resources in this area is thoughtfully considered during the planning stage of business activities and the development of financial plans. Funds allocated to CSR, charitable or sponsorship activities support programmes related to healthcare, education, professional and amateur sport, the promotion of culture and the arts, and the development of urban infrastructure.

In 2022, **51 projects fulfilling social needs** were implemented in the CSR area, the Sponsorship Department executed **52 sponsorship agreements** and the Energa Foundation executed **697 donation agreements**.

| In 2022 | | |
|--|---|-------------------------------------|
| in the area of CSR | The Sponsoring Department has completed | The Energa Foundation has completed |
| 51 | 52 | 697 |
| projects were implemented to meet social needs | sponsorship agreements | donation agreements |

MULTI-ANNUAL SOCIAL INVOLVEMENT PROGRAMMES

In the Energa Group, we implement programmes and projects resulting from the current needs of local communities. In particular, our multi-annual projects, through which we support local communities in our areas of greatest impact and competence in a dedicated and thoughtful manner, are a particular reason for us to be proud. Year after year, selected groups of stakeholders, such as school children, senior citizens and support centres, for example, can participate in our programmes designed to deliver tangible benefits to them. Many years of experience allow us to improve our operations and increasingly tailor programmes to the needs of our stakeholders.

Flagship programmes in the Energa Group include: *Illuminate with Energy*, *Team Energy*, *Energy Planet*, *Active and Charitable*, *Energy Droplet*, *Good Energy Homes* and *Good Energy Parcels*.



MORE THAN
70 000
students



MORE THAN
700
educational institutions

TEAM ENERGY

The project has been running **since 2018**. Its goal is to encourage young people to be physically active by having fun and competing together with their peers from schools across Poland. The project is aimed at pupils in grades from 5 to 8 of primary schools.

In an age of emerging technological innovations that young people love, we should not forget the important role that movement plays in their development. That is why at Team Energy, we use social media and the Internet to show students that sport can also be a good way to spend time together.

In each successive edition of the programme, well-known and popular sportsmen and women, national team members, who are excellent role models and motivation for children to exercise every day, train with the Team Energy. The theme of the fifth edition of the project in 2022 was basketball, and the originator of the sporting tasks was Piotr Renkiel – coach of Poland’s Olympic 3x3 team.

Team Energy guarantees great fun, healthy competition with peers from all over the country and unforgettable experiences. Dozens of new schools join the project every year, attracted by the presence of sports ambassadors and the opportunity to win attractive prizes – red and white sports outfits and sports equipment for schools. So far, more than **70,000 students** from over **700 educational institutions** from all over Poland have been involved in joint exercises with the Team.

<https://druzynaenergii.pl/>



Team Energy



APPROX.
7000
children



331
educational institutions

ENERGY PLANET

An original educational programme that has been running **since 2010**. It was created with the youngest children in mind. Its main goal is to promote knowledge of electric energy, responsible and rational use of electricity, as well as topics related to environmental protection and sustainable development among children.

The programme focuses primarily on learning through play and interactive experiences. Its formula ensures that even abstract and difficult topics stimulate the curiosity to discover the world and the desire to actively participate in classes.

Thanks to the *Energy Planet* programme, teachers can use multimedia materials and exercises to help them conduct unconventional classes.

The programme is accompanied by a contest for teachers and children of primary school classes from 1 to 3.



The 2022 programme’s theme was **biodiversity**, and the goal of the campaign was to encourage attitudes among teachers, children and their parents that will contribute to preserving the biodiversity that occurs naturally in our immediate environment. Thanks to *Energy Planet*, children learn about what biodiversity is, the main factors that threaten nature and how it can be protected.

In 2022, **331 institutions** participated in the programme. The first 100 schools that showed the most commitment received biopackages containing, for example, nature books, seeds, insect houses and bird nesting boxes and feeders. In addition, the top three were awarded vouchers worth PLN 30,000 to furnish the school’s biodiversity zone.

<https://planetaenergii.pl/aktualnosci>



Energy Planet





48 grants worth 200 000 PLN



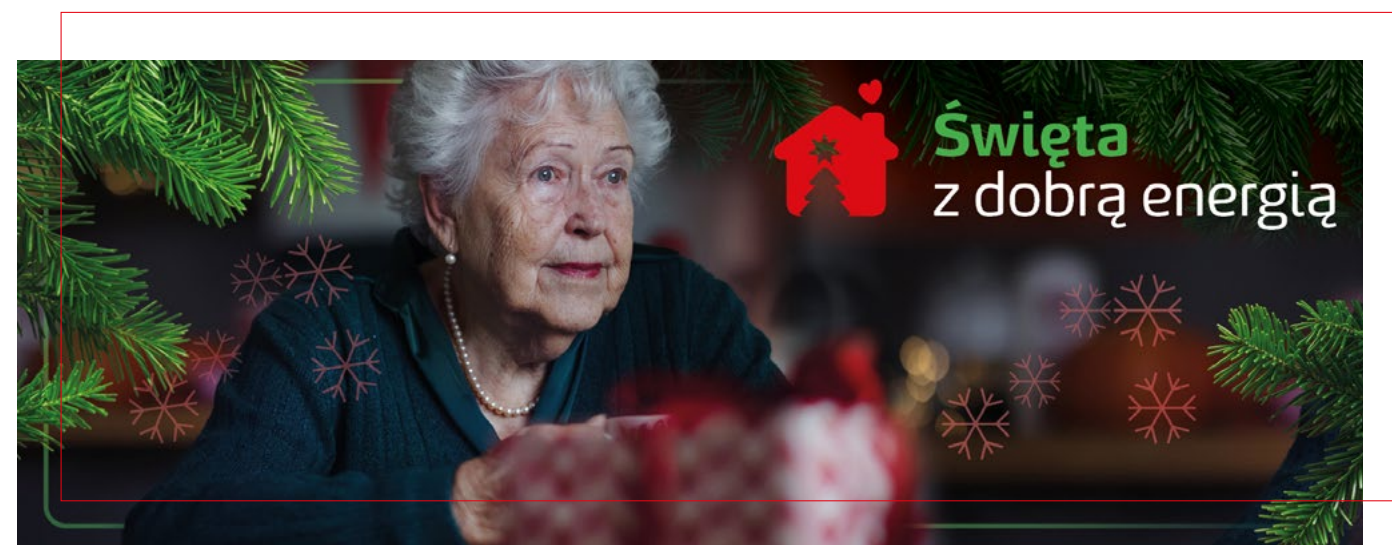
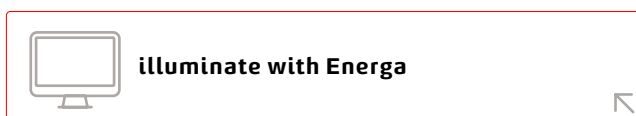
ILLUMINATE WITH ENERGA/CHRISTMAS WITH GOOD ENERGY

A nationwide image and charity campaign that has been running since 2008. In 2022, due to Russia's aggression against Ukraine and the widespread need to save energy utilities, the *Illuminate with Energy* project was modified to the action entitled: *Christmas with good energy*.

Christmas with good energy is a nationwide information campaign and grant project to fund the implementation of ideas to support older people in, for example, replacing lighting and household appliances with more energy-efficient ones in late 2022 and early 2023. This group is particularly in need of attention and assistance with the rising cost of living due to the war and the price of energy raw materials. In a series of publications, we highlighted the need to save electricity, heat and other utilities and to support senior citizens. **Forty-eight grants worth a total of PLN 200,000** were distributed among the

institutions that submitted their projects in February 2023. Good practices of sixteen local authorities implementing energy efficiency programmes in their areas were also honoured. The most interesting energy-saving solutions were described in regional newspapers. The Rypin local authority, which stands out in this field, will also undergo an energy audit as part of its partnership with Energa Oświecenie.

<http://oakcji.swiecsie.pl/>



10 institutions 110 beneficiaries

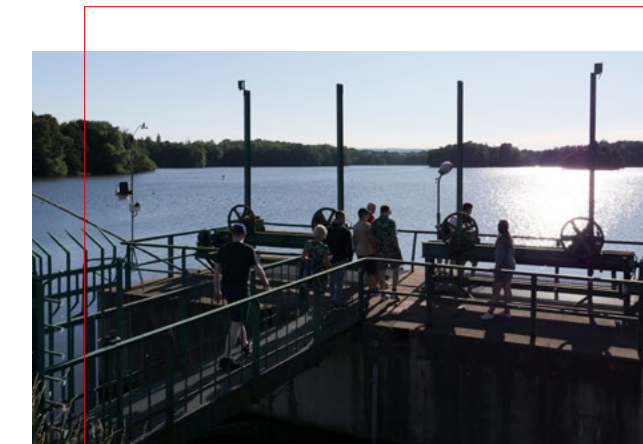
GOOD ENERGY HOMES

Our own programme, implemented since 2021, consisting of the installation of photovoltaic panels on institutions particularly vulnerable to energy poverty.

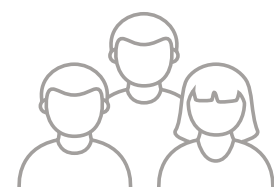
Since 2021, **10 institutions have been covered by the programme, including eight orphanages**, the Home for the Homeless and Needy of the St. Brother Albert's Aid Society in Gdańsk and a school in South Sudan in the town of Yirol in the Lakes State.

The project is implemented with Energa-Obrót and is also supported by the Energa Foundation. Clean and accessible electric energy sources create more sustainable and inclusive communities, while reducing the effects of climate change. The cost of using buildings has decreased and the money saved can be used for the needs of the wards. Energa's initiative does not end with financial support. The wards learn about innovative environmentally friendly technologies and how to use electric energy sensibly during specially prepared classes, workshops and other charitable activities involving volunteers from the Energa Group.

In 2022, the Energa Foundation signed an agreement with the Missionary Religious Congregation to finance and install photovoltaic panels on one of the schools in South Sudan in the town of Yirol in Lakes State, in central South Sudan. The missionaries there run three primary schools with more than 3,000 children and a kindergarten with more than 370 children.



PARCELS FULL OF GOOD ENERGY



We fulfilled
140
children's dreams

This is the second edition of the project, which in 2022 aimed to donate Christmas presents to 11 social equalisation institutions (orphanages, home for the homeless, hospital wards), while making purchases in NGO entities. Thanks to Energa's participation in the ORLEN Foundation's campaign *Become Santa's helper – make dreams come true!* a complementary employee volunteer service was organised under the name *Good Energy Parcels*, which integrated communication activities of two projects submitted by Energa, achieving a synergy effect. A number of communication and organisational activities were organised to arrange the collection of gifts among employees, fulfilling a total of 140 children's dreams; art workshops and animations for children and young people were organised in two facilities – in Czarnowiec near Ostrołęka and in Elbląg. Advent calendars and Christmas photo-portraits were prepared together, and additional children's activity animations were organised. Sweets were donated for the advent calendar, as well as art materials left over from the workshops. The meetings were rounded off with a shared meal. As part of the *Good Energy Parcels* on behalf of Energa, the common dreams of the institutions' wards received (PLN 1,000 per institution): new duvets and pillows, household appliances, a wet and dry vacuum cleaner, a gas barbecue and a microwave, CSR advertising materials and sweet gift baskets purchased from the NGO Active Senior Citizen Association.



ACTIVE AND CHARITABLE



370 people
travelled
319 253 km



10 organisations
received a total of
200 000 PLN

The campaign has been running **since 2014**. It unites Energa Group employees and their relatives around an active lifestyle and helping others. As part of the initiative, employees ride bicycles, run, walk, climb and swim by measuring the kilometres covered, which are then converted into PLN. The funds collected in this way are donated to those in need.

The goal of the campaign was to cover as many kilometres as possible, and in return, the Energa Foundation will donate **PLN 20,000 per organisation to 10 NGOs** that support people in need, including refugees from Ukraine, for a total of **PLN 200,000**. The funds will be donated to, for example, the District Youth Centre in Garczyn, which took in children from orphanages from Ukraine, the Prof. Tadeusz Bilikiewicz Provincial Psychiatric Hospital in Gdańsk, the Polish Association for Persons with Intellectual Disability Branch in Skarszewy, the Caritas Single Mother's Home in Gdańsk, Care and Education Centre No. 1 in Gdynia, and the Association of the Centre for Volunteers in Suffering of the Elbląg Diocese at the Roman Catholic Parish of Blessed Dorothy of Mątwy.

Kilometres were also counted during a family cycling and walking tour of the Tricity Landscape Park, during a cycling mini-tournament organised on the occasion of the Tour de Pologne. The tournament was organised in Gdańsk at the Olivia Business Center office complex, as well as during a symbolic pink ribbon run during the *B(r)e(a)st win!* campaign.





To date,
2373
litres of blood have
been collected

The Energy Droplet is an initiative established in **2012** by two employees of Energa. Initially it operated as an Informal Club of Honorary Blood Donors, and since 2017 it has been transformed into a foundation.

Its main goal is to promote the idea of voluntary blood donation as an irreplaceable method of saving human life. In **ten years** of activity, volunteers have donated **2,373 litres of blood during 5,273 donations**. In total, it has carried out **75 blood donations, including 52 involving ambulances**. The **Energy Droplet** currently has more than 2,500 members from various cities. Most of them are energy professionals, but there is no shortage of other people during collections involving ambulances – employees of the Olivia Business Centre complex in Gdańsk, Alchemia and local residents.

In November 2018, to commemorate the 100th anniversary of Poland's independence, the Energa initiated the National Energy Workers' Blood Collection Campaign under the slogan the *Energy Droplet for the Independent Poland*, which managed to collect more than 520 litres of blood.

Since its inception, the *Energy Droplet* has cooperated with the National Blood Centre, to which the Regional Blood Donation and Haemotherapy Centres and their branches report. In 2018, the foundation collected the most litres of blood in the area of operation of the Regional Blood Donation and Haemotherapy Centre in Gdańsk and was awarded the title of **Leader of mobile blood collection campaigns**. For the past four years, it has also been organising the Gala of Distinguished Honorary Blood Donors, during which it awards prizes to the people most involved in promoting the idea of voluntary blood donation and supporting the development of the *Energy Droplet*.

The Foundation is also involved in helping local communities by supporting, for example, collections of items for the wards of the Pomerania for Children Foundation and the oncology ward of the Gdańsk Medical Academy.



OTHER ACTIVITIES

In 2022, projects were implemented to address social needs in the areas of:

- education and counteracting social exclusion,
- health protection,
- nature,
- promotion of sport among children and teenagers.



Below are examples of projects in the above areas:



Angels of Good Energy is the second edition of the charity event initiated by the Gdańsk-based Hospice Pomerania for Children. Thanks to the involvement of the employees of the Energa Group, it was possible to support the provision of specialist medical care to terminally ill children. The campaign's goal was to provide palliative care to terminally ill children in their own homes. Collected sweets and fresh Christmas wreaths handmade by employees were also donated for all the wards in 2022.



B(r)e(a)st win!

A preventive action carried out **since 2021**, which originated from a grassroots employee initiative with the substantive partnership of the Pink Butterfly Association and the Breast Disease Centre operating at the University Clinical Centre, as well as organisational and communication through the ORLEN Foundation and the Olivia Business Centre. The main goal of the B(r)e(a)st win! campaign was to collectively make cancer less scary, i.e. to make the community stop being afraid of it and start treating it like any other disease. Thanks to a grassroots employee initiative, it was possible to raise awareness of cancer and encourage regular check-ups not only by the employees of the Energa Group but also by the residents of the Pomeranian Voivodeship.

The campaign won third place in the competition for the Best Volunteer Project 2021/2022 in the ORLEN Group.





Assistance and support for children with FASD and their families – a project implemented **since 2021**, under which Energa supported activities in the field of individual and group therapies, specialised diagnosis for FASD and specialised therapy for children with FASD. Energa also provided support to the families of the patients. The project was conducted in partnership with the Foundation for Child and Family FASCYNACJE. In addition, Energa was a Partner of the scientific conference *Happy parent, teacher, pupil – or the power of relationships in education* in Gdańsk.

Supporting the communication process among children with disabilities attending the Therapeutic Pre-school Centre 'Ja Sam' in Gdynia at the Polish Association for Persons with Intellectual Disability. The goal of the project was to support children with disabilities on their difficult journey towards interpersonal communication. Specialised electronic equipment was purchased and modern solutions were implemented to improve communication with the wards. The programme resulted in the elimination of barriers and a new level of communication between the children and their environment and family.

Breath Full of Energy is a project that has been ongoing **since 2020**, providing 30 to 70 children suffering from cystic fibrosis with preventive physiotherapy, dietary and psychological care, as well as physical activity. As part of the project and the CSR partnership, the children benefit from consultations and learn how to take daily measures to avoid exacerbations of the disease, and how to improve their daily functioning.

Energy of Integration is a project that has been running **since 2021**. It is based on developing a model of integration – understood as getting to know each other and creating relationships – of two age groups in an independent, separate space, i.e. Toruń's senior citizens (people over 60) and children staying away from their family homes – in care and educational institutions, including the provision of psychological support.



Energa supported the youngest hockey players of the Gdańsk Olivia Sports Academy Foundation

The project took place on the ice rink of Hala Olivia in Gdańsk and aimed to promote ice hockey in the Pomeranian Voivodeship among school children. More than 100 children, boys and girls, participated in the project.

Elbląg Sports Club Mlexer – we supported an initiative to promote table tennis among children and teenagers in the Elbląg area. With the aim of restoring the potential of table tennis in Elbląg, Elbląg Sports Club Mlexer began intensive work in training children and young people.

Youth Sailing Academy – the main goal of the project is to provide maritime education and improve sailing skills. Participants in the Academy learnt the ins and outs of sailing electronics, yacht building and sailing.

The participants of the programme were members of Pomeranian sailing clubs aged 15–20, who had attended the Sailing Academy 77 Racing classes during the past sailing season. As part of the Youth 77 Racing Sailing Academy, sailing classes were also held for kindergarten children and for wards from Gdańsk Children's Homes. The workshops were held at the Energa 77 Racing base at the Wisłoujście Fortress in Gdańsk. The Academy also organised two camps for socially excluded children from Gdańsk, wards of other Energa programmes. The project received honorary patronage from the Mayor of Gdańsk, the Ministry of Culture, National Heritage and Sport, the patronage of the Independent Poland Programme Office and the patronage of the Polish Sailing Association.



BTT Boxing Team

#SocialImpact with passion for sport. With energy for action

The goal of the project was to promote sustainable community unifying-values and build community awareness in the areas of health, safety and education, with a focus on amateur sport and considering competition as an educational tool for children and young people. The project included physical education lessons in the form of boxing in the specially equipped hall of the BTT Club at the Gdańsk Shipyard. The project involved **220 children from 3 primary schools**, including **20 children** on the autism spectrum or with disabilities.



3x3 basketball school

A project with the goal of activating children and young people and further training physical education teachers in the rules of 3x3 basketball. In 2022, the project creators visited 29 schools in the Pomeranian Voivodeship. They conducted 28 demonstration lessons and trained more than 110 coaches and PE teachers in the rules of 3x3 basketball. More than 100 free trainings were conducted in Gdańsk and two training camps gathered more than 200 participants. The 3x3 basketball school has covered more than 2400 participants.





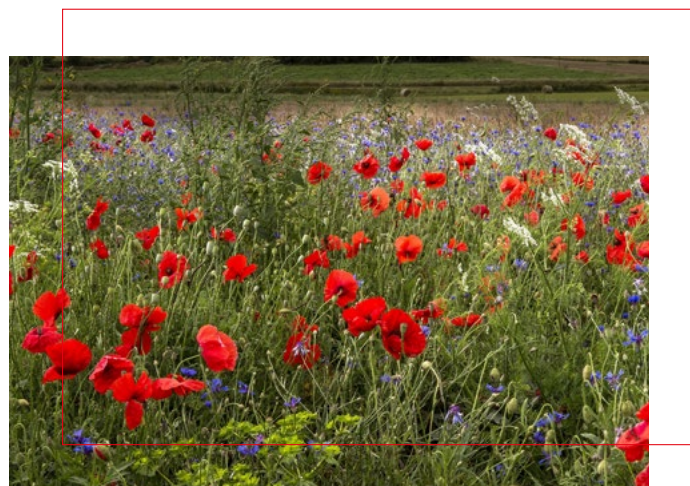
Amputee football – is football for amputees or those with congenital limb defects. The commitment and determination of the players on the Polish Amputee football team show that dreams have no barriers. The determination and commitment of the players is an inspiration to many. With their attitude, they prove that it is still possible to train and be victorious despite many physical limitations. Energa has been supporting the team since 2018 and, since 2019, the nationwide Junior Amputee football programme is also under its wing, with 40 children currently training. The project has made it possible for children and young people to pursue their passion for football by participating in free, regular and professional football camps and training sessions, as well as international matches. These children are the ones who often convince their non-disabled siblings or classmates to take to the pitch and are role models, great examples and brilliant motivators for many social groups.



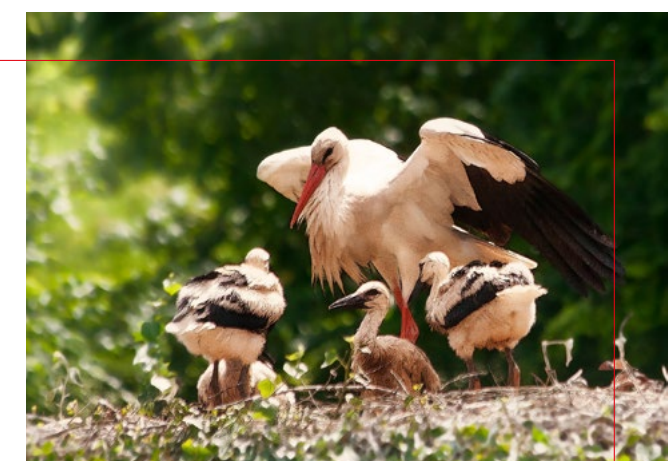
Energa helps restock the Narew – Energa Elektrownie Ostrołęka helped with the autumn restocking of the Narew. Around 1000 pike and 400 catfish fry were delivered to the river. Everything took place under the watchful eye of the social and state fishery guards and representatives of the Polish Waters. The action is the beginning of a multi-annual stocking plan for the Narew River by the Ostrołęka power plant, according to which up to several thousand fry may be added to the river over the next few years. The stocking is intended to preserve certain fish species, such as pike. The Energa Group ensures that every project in its operations is undertaken with care and concern for the environment. This also applies to the electric energy production process at the Ostrołęka B Power Plant, which makes use of the natural potential of the Narew River and constantly ensures that its impact on the environment is as small as possible. To protect the river's ichthyofauna, the power station is equipped with a three-stage safeguard system to prevent living organisms from entering the cooling systems.

The damming structure of the weir has been equipped with a system that – irrespective of the damming – allows water to pass through and aquatic organisms to migrate. Thanks to this solution, it was not necessary to build a fish ladder for migrating fish.

Flower meadows for the development of biodiversity – a pro-environmental and educational project involving the establishment of flower meadows on an area of the furnace waste landfill belonging to Energa Elektrownie Ostrołęka S.A. and thus restoring meadow ecosystems in order to increase biodiversity. The floral meadows make it possible to save forgotten plant and animal species and provide food for wild bees, giving them space to live and shelter.



Energa for storks – Energa has for years been communicating the Group's commitment to the protection of storks in Poland (especially the white stork species), highlighting the contribution of Energa-Operator, which has been establishing platforms for stork nests for 25 years. Since the beginning of the partnership, the power engineers and naturalists have already installed more than 12,000 of them. In 2022, Energa has also extended its efforts to protect the white stork and its habitat to other bird species. In Milejewo near Elbląg, a prototype platform was mounted on a power pole operated by the Olsztyn branch of Energa-Operator, with special drawers in which various birds can make their nests. The innovative construction was invented by ornithologist Krzysztof Konieczny, who has been cooperating with Energa for many years now, jointly promoting knowledge of nature and taking care of the white stork population in Poland. It is also planned to achieve synergies with other projects such as *Energy Planet*.



We care for the earth – w ramach projektu zostało zasadzonych kilkadziesiąt drzew i krzewów przy domach dziecka w Elblągu i Grudziądzu. To inicjatywa mająca na celu przeciwdziałanie degradacji środowiska związanej ze zmianami klimatycznymi i wysychaniem gleby. W akcji wzięli udział wychowawcy i podopieczni obu placówek, przedstawiciele [Dotlenieni.org](https://www.dotlenieni.org) and employees of the Energa Group as part of the employee volunteer programme entitled 'Going green', which involved conducting ecological workshops to create a kokedama – flower compositions in balls made of earth and moss. **The organisation [Dotlenieni.org](https://www.dotlenieni.org) awarded Energa SA with the Creator of Green Award – Global Green Business for 2022 for planting 1000 trees.**



Cleaning up the Radunia River – making the Radunia River clean. While kayaking, volunteers cleaned the riverbanks of litter along a length of about 9 km between the Straszyn hydroelectric power plant and the Pruszcz Gdański hydroelectric power plant.





We save the Green Lungs of Poznań – two editions of a project involving volunteers cleaning Poznań’s forests of rubbish as well as providing support and education on biodiversity and ecosystems.

With Energy for an Eco-Lego Rally – children from Bierkowo Primary School designed, constructed, programmed and used models of vehicles built from Lego bricks for scientific purposes. Cameras were placed on the individual models, which enabled the children to examine the meadow. The pupils prepared an insect lexicon with descriptions in Polish and English, an exhibition of insect models and a macro-photography contest entitled *The World of Insects of a Flowery Meadow*.

Other sponsorship activities

Energa Group’s sponsorship activities, besides their commercial goal, are related to creating and strengthening a positive brand image through public activities in local communities. Sponsorship of the Polish first division football team Lechia Gdańsk, the Tour de Pologne race, the first division volleyball and handball teams of Energa MKS Kalisz, the Energa Toruń Hockey Club and the Energa 77 Racing sailing team – these are initiatives in the area of professional sport that are important for local communities, but have a nationwide scope. The Energa Camerimage Festival is an example of a cultural undertaking of national and international significance. Within the areas related to sport and culture in the broadest sense, a number of social projects important for local communities are also implemented. Sports projects include senior teams and youth academies, such as the Polish Amp Football Team, Beniaminek Krosno, Giżycka Grupa Regatowa, Energa Toruń, Gryf Słupsk, Bałtyk Gdynia, STK Czarni Słupsk, Hutnik Warszawa, Jedynka Pelplin, SKB Czarni, Energa MKS Truso Elbląg, Pogoń Siedlce, Zawisza Bydgoszcz and Olimpia Elbląg. There are also one-off events such as the Polish Balloon Cup in Rypin, the St Dominic’s Run and the Postman’s Run. The area of culture includes partnerships with the Polish Baltic Philharmonic, St Brigid’s Parish and Sobótki Skarszewskie, a provincial-metropolitan Bible contest in cooperation with the Diocesan Institute of Catholic Action of the Archdiocese of Gdańsk. Sponsorship activities are complemented by own projects with elements of social responsibility, such as Team Energy and Energy Planet. Energa has for years been implementing initiatives aimed at increasing brand recognition and awareness by encouraging participation and active involvement of the largest possible social group.



EMPLOYEE VOLUNTEERING

In 2022, as in the previous year, volunteering activities were formally systematised and employees of the Energa Group could submit their projects to the ORLEN Foundation. Each employee can obtain a grant of PLN 3,000 for the action they have planned. The condition for submitting a project is to form at least a two-person team. Family members of employees and their friends can also join the campaign. Employee volunteering is coordinated by the ORLEN Foundation, which **signed 28 agreements for employee volunteering last year. Employees devoted as many as 1789 hours to volunteering and reached 8057 beneficiaries.**

Among the implemented voluntary activities:

- 13 were projects aimed at helping refugees from Ukraine under the ORLEN Foundation’s project entitled *Solidarity with Ukraine* – organisation of free time, collection and transport of clothes, food, medicines, hygiene products, school supplies, organisation of living space, take&Go.
- 8 Christmas activities as part of the ORLEN Foundation project *Become Santa’s helper – make dreams come true!* – Christmas workshops, Christmas parcels, organisation of free time for children and young people, including going to the theatre and a Christmas dinner for families under the care of the West Pomeranian Hospice for Children and Adults in Koszalin.
- 5 miscellaneous – such as Motoparcels – purchase of clothing and other necessary articles for senior citizens, renovation of the kitchen annex at the Przyszań day-care centre, Motoheart – blood donations and a raffle, with proceeds going to charity, Angels of Good Energy – activities for the benefit of Hospice charges, Shake hands – assistance in the ongoing maintenance and support of the activities of the Animals Foundation Helpful – Pomorskie,
- 2 with the environment in mind: *Taking Care of the Earth and Cleaning up the Radunia River.*



SUPPORT FOR UKRAINE

Energa, as a socially responsible company, could not remain indifferent to the needs of people in such a difficult situation as the war in Ukraine. Support is provided at many levels, involving the Energa Foundation, individual companies, as well as the employees and their families.

In response to the war in Ukraine, the *Olivia Centre's Take & Go* shop was created to help Ukrainian refugees who were forced to live in Poland. It was launched in partnership between Olivia Business Centre and 'the UP Foundation' as part of the Gdańsk-Helps initiative. The shop dispensed household and personal care chemicals, beauty products and school supplies free of charge. Energa joined this project through employee volunteering carried out in partnership with the *ORLEN Take & Go OBC Foundation with Energa*.

The volunteering effort included the purchase of school supplies and materials, donations collected from employees and company items suitable for use as school supplies. A volunteer from the Energa Group was present in the shop each day. Volunteers were involved in running the shop throughout April. Every day, around 150 people in need who had a Gdańsk-Helps card, showing their passport with a proof of crossing the border, benefited from the support. During the month the shop was in operation, **around 3,000 refugees received help**.

As part of the volunteer work carried out under the name *Solidarity with Ukraine*, employees of Energa Group companies purchased and transported food, hygiene items, medical supplies, as well as books and toys necessary for the daily lives of a group of refugees during their stay at the Kraków and Siedlce Retreat Houses, at the Sławoszyno Plantation in Sławoszynek and in the Opatówek municipality. Volunteers supported the budget of a family who took in refugees under their roof (paying bills, shopping, logistics) and organised a trip to an amusement park. Volunteers supported an association to help animals brought from war-stricken Ukraine. They provided houses and took refugees under their roof.

Energa-Operator collected men's shoes and other essentials for those heading to the frontline. Three Ukrainian families were also provided with the most necessary products as part of their assistance. One of the initiatives taken by employees of Energa-Operator was the sewing of balaclavas for Ukrainian soldiers. The company also found shelter for more than a dozen families of power engineers from Ukraine.



In order to **strengthen the electric energy facilities**, for several months, together with other distribution companies, Energa-Operator has been supporting the Ukrainian energy sector with materials and equipment that will enable the restoration of electric energy supplies in the most strategic areas.

Energa-Operator's assistance is based on the transfer of necessary materials for the repair and reconstruction of the damaged electricity grid infrastructure. Transports are being prepared at the company's branches for the Ukrainian power industry. At the beginning of December, a transport of the most necessary materials was prepared at the Toruń branch, which included HV circuit breakers, HV disconnectors, HV current and voltage transformers and HV support insulators. The scale of the undertaking (four lorries eventually left the branch) required a great deal of effort in terms of preparing the devices, properly safeguarding them for transport and logistical implementation of the task. Similar transports also set off from the company's other branches. The transport of aid transferred to Ukraine is coordinated and organised by the Government Agency for Strategic Reserves.



Energa-Obrót employees, together with the Energy Droplet Foundation, prepared aid for the defenders of Kyiv. They collected, for example, funds and survival gear, military clothing, sleeping bags, medical equipment, first aid and military first aid kits, Olamp Nightour and Swivel lamps, military binoculars, night vision goggles, thermal imaging devices, a radio and, above all, power generators. The transport with the equipment reached a military courier at the border on the Ukrainian side, who handed over the items to those in need who were actively resisting the Russian aggressor.

The POLSKA (NIE) OBCA project included not only an art contest and Christmas workshops, but also a series of Polish language classes for Ukrainian refugees. The goal of the project was to support the education of people from Ukraine and integrate them into the Polish community, to promote lasting values that unite the community and to build community awareness of education.

The Energa Foundation joined in the efforts to help Ukraine by providing financial support to institutions organising places of residence for Ukrainian refugees in Poland. The Foundation launched a special account 'To help Ukraine', to which money could be deposited.

Energa purchased and donated 2000 power banks for refugees staying at the Polish-Ukrainian border.

Energa Group was also featured in the *Volunteer Intervention Report* issued by the Responsible Business Forum in January 2023. The report published the activities that Energa Group carried out for Ukrainian refugees in 2022.



CHARITABLE ACTIVITIES

RELEVANT TOPIC:

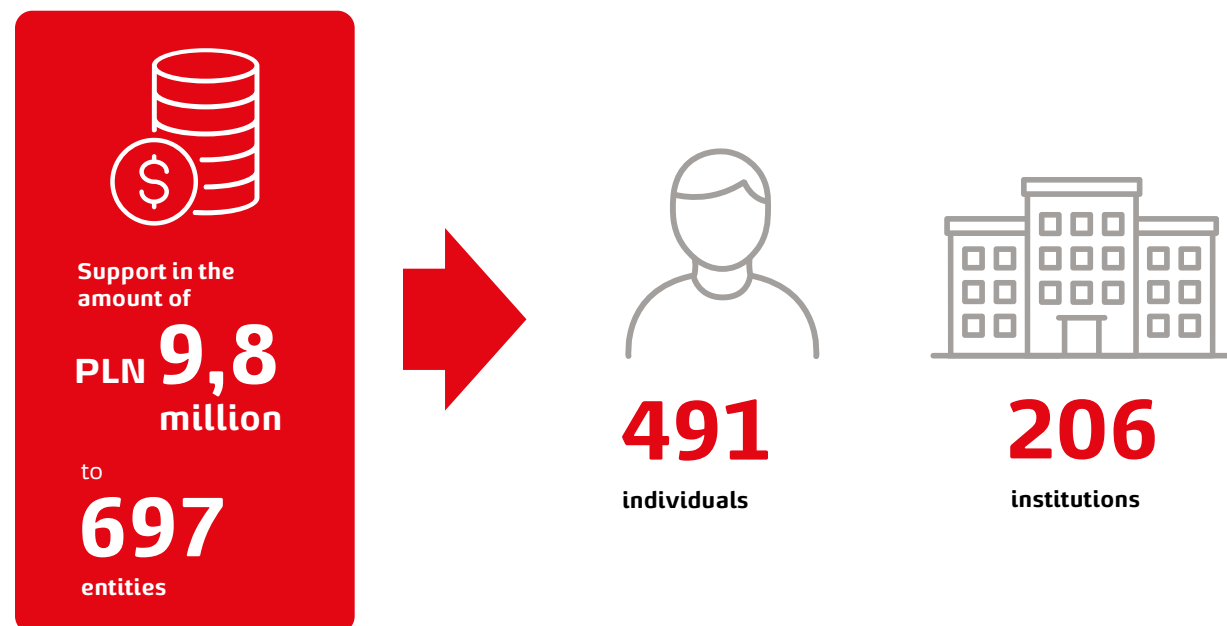
CHARITABLE ACTIVITIES

GRI 3-3 Charitable activities are carried out by a separate entity, the Energa Foundation. The Foundation was established in 2009 and in 2011 was granted the status of a public benefit organisation, which means that people can donate 1.5 per cent of their tax to it. The goal of the Foundation is to fulfil the *Statute of the Energa Foundation*, which includes primarily: supporting employees, their families and relatives, helping children who have suffered and the organisations and institutions supporting them, assisting victims of natural disasters, and co-financing the purchase of life- and health-saving equipment. The Foundation supports initiatives aimed at the development of science, culture, education and religious life in Poland. In addition, it supports the

development of public health care institutions and the activities of emergency services, and supports initiatives aimed at the treatment and care of sick children and teenagers. The ESG Department of Energa provides substantive oversight of the foundation's activities.

In 2022, the Energa Foundation helped **697** people, including **491** individuals and **206** legal entities for a total of more than **PLN 9.8 million**. A quarter of these funds (almost PLN 2 min) went towards treatment, operations and rehabilitation. Last year, **70** employees of the Energa Group received support totalling **PLN 769,300.00**.

In 2022, Energa Foundation spent PLN 9,859,670.99 on helping those most in need



Own index

Value of funds allocated by the Energa Foundation to individual programmes:

| Programme name | 2021 | 2022 |
|---|---------------|---------------|
| Energa Foundation for employees, their relatives and former employees | PLN 884,000 | PLN 738,300 |
| Energa for Children | PLN 1,466,400 | PLN 1,204,550 |
| Energa for Adults Foundation | PLN 736,940 | PLN 733,500 |
| Energa for Sport Foundation | PLN 233,000 | PLN 229,800 |
| Active and Charitable ACHA | PLN 200,000 | PLN 300,000 |
| Energa Fund for the Protection of Cultural Property and National Heritage | PLN 819,000 | PLN 1,730,000 |
| Energa Foundation for the development of education, science, culture, ecology and support of patriotic, historical and religious values | PLN 438,900 | PLN 1,717,323 |
| Energa Foundation for the benefit of public benefit organisations and organisations for the protection of health, property and rescue | PLN 1,151,000 | PLN 1,838,300 |
| Support for Ukraine | | PLN 732,850 |
| Random events fund | PLN 110,000 | PLN 133,000 |
| Scholarship programmes | PLN 200,000 | PLN 102,227 |
| Charity e-Invoice | | PLN 3,223 |
| Charity offer 'Joy of Helping R1' | | PLN 396,600 |

In 2022, in the face of the armed conflict in Ukraine, the Energa Foundation launched the **Energa Foundation for Ukraine** programme, through which it provided financial support for the implementation of activities related to the organisation of a place of residence for refugees from Ukraine in Poland, in the amount of **PLN 732,850.00**. The Energa Foundation purchased 2,000 power banks worth almost **PLN 50,000**. They were donated to individuals and legal entities to be delivered to the territory of Ukraine.

In the framework of the programme, the Energa Foundation supported public benefit organisations and entities operating in the field of health, property protection and medical rescue, providing them with assistance worth almost **PLN 2 million**.

Support was granted to, for example:

- Provincial Police Headquarters in Gdańsk – purchase of materials and prizes in the Provincial Educational Project, 'I am learning safety';
- Energy Droplet Foundation – organisation of blood donation collections,
- Volunteer Fire Brigades – purchase of firefighting equipment,
- Hospice Pomerania for Children in Gdańsk – support for medical and nursing care and the purchase of a mobile ultrasound machine for hospice patients,
- Independent Public Health Care Centre in Krotoszyn – support for the purchase of medical equipment for ambulances: mobile ventilators and disinfection devices,
- University Clinical Centre in Gdańsk – establishment of a Centre of Robot Excellence, so-called RAS,
- Congregation of the Comboni Missionaries of the Heart of Jesus in South Sudan – purchase of photo-voltaic panels in the building of the Training Centre in Yirol,
- Water Volunteer Rescue Service of the Wielkopolskie Voivodeship in Gołuchów – support for the upgrade of the water rescue service,
- The Hospice of Divine Providence Orionine Fathers with its registered office in Wołomin – support for finishing work on the building.

In addition, the Energa Foundation supported sports institutions, historical events and charity concerts.

The Bloczek Team Pelplin Sports Club, thanks to a donation from the Energa Foundation, organised the Polish Junior Championships in women's wrestling.



The Energa Foundation also supported the Wietcisa Skarszewy Sports Club, SKF LZS Pogoń Smętowo, Pomeranian People's Association, People's Sports Club Sokół Wyczechy, Association of Friends of Volleyball Lębork, Football Club Starogard, Athletic Sports Club Kociewie, Sports Club Stocznowiec Gdańsk, Basketball Sports Club Elbląg, Municipal Sports Club 'Chojniczanka 1930' SA, Sports Club Association Olimpia Osowa, and Jaguar Football Academy Gdańsk.



In the area of education and culture, the most interesting donations include financial support for the Provincial Police Headquarters in Gdańsk for the purchase of materials and prizes in the Provincial Educational Project 'I am learning safety' – we are a partner in this other edition with the University of Gdańsk, the ORLEN for Pomerania Foundation (formerly the LOTOS Foundation) and the Branch of the Office of Electronic Communications in Gdynia.

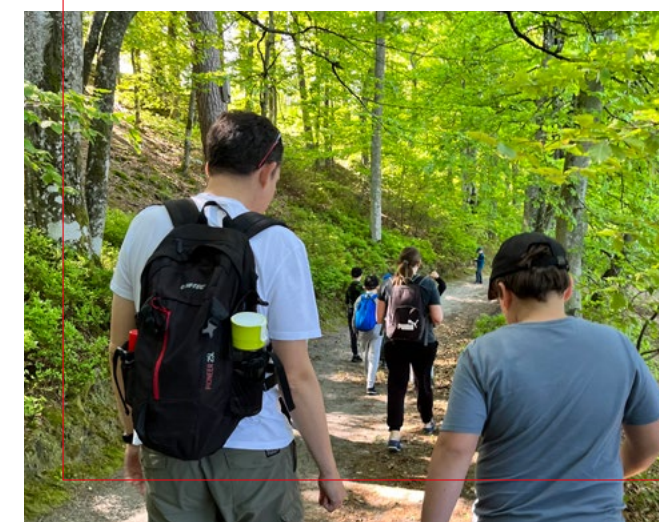


The Energa Foundation, together with the organiser, the ORLEN Foundation, participated in Operation **Movember**, intended to encourage preventive check-ups for Energa Group employees and raise public awareness of men's health problems. In February 2023, the event continued with preventive check-ups for willing employees.

In 2022, Energa Foundation donated **PLN 462,722.99** to the beneficiaries of the **Good Energy Homes** project. The orphanages that joined the project, thanks to the support of Energa-Obrót and the Energa Foundation, will produce green energy for their own needs. In this way, the costs of using the facilities will be reduced and the institutions will reduce their direct impact on the environment. The inclusion of the Energa Foundation in the **Good Energy Homes** programme is another good example of the use of synergies within the Group, this time for social purposes.

The Energa Foundation continued its partnership with Energa-Obrót. The company launched a new offer for the sale of electricity for individual customers, **Joy of Helping**. Each customer joining the offer, in addition to purchasing electricity, could provide charitable support to the Energa Foundation and help children in need. The regulations of the offer stipulated the transfer of PLN 100 from each offer concluded and active as of the date of transfer to the Energa Foundation, which would then transfer the proceeds to children in need from 9 selected children's homes. The aforementioned 9 centres – beneficiaries of the aid, come from the area of Energa-Obrót's own sales outlets, i.e. from the vicinity of Gdańsk, Gdynia, Koszalin, Słupsk, Elbląg, Olsztyn, Toruń, Płock and Kalisz. The distribution of the donations among the 9 centres helping children will be proportional depending on the number of **Joy of Helping** charity offers made from a given place of sale. The Foundation received a donation from Energa-Obrót in the amount of PLN 3,233 from the **Charity e-Invoice** campaign, which the Foundation distributed to selected beneficiaries as agreed. The amount of support depended on the customers who ordered the electric energy e-Invoice service and donated a symbolic amount of PLN 10 to the facility of their choice.

Within the framework of the 8th edition of the **Active and Charitable** in 2022, the Foundation donated a total of PLN 300,000 to 15 beneficiaries for the current needs of the institutions and holidays for the wards. This is an extremely important mission, which through physical activity brings help to children from Children's Homes and wards of Senior Citizens' Homes. Thanks to the employees and their relatives involved in the campaign, we help others. In the ninth edition of the campaign, the Foundation has planned to donate **PLN 200,000**, a sum that will be transferred, among others, to selected establishments and organisations working to help refugees from Ukraine if the planned goal is achieved, i.e. the distance of 400,000 kilometres.





FRAMEWORK FOR SOCIAL ACTIVITIES

The structure and documents governing social responsibility activities in the Energa Group and the Energa Foundation are presented below.

| | | |
|------------------------------------|-------------------|--|
| Department of Corporate Management | ESG Department | <ul style="list-style-type: none"> ■ <i>Sustainable Development Strategy for 2021–2023 in the Energa Group</i> (annex No. 39 to the Agreement on partnership in the Energa Group of 1 June 2022). ■ <i>Agenda 2030 – joining the Responsible Business Forum on 1 October 2020 and the UN Global Compact on 15 September 2014.</i> ■ ISO 26000 standard – declaration of the Management Board of Energa on 9 June 2022. ■ <i>Organisational regulations of Energa SA</i> of December 2022. ■ <i>Energa Group Charity Policy</i> (annex 36 of the Energa Group to the Agreement on partnership of 25 February 2022) ■ <i>ESG Code</i> (annex no. 43 to the Agreement on partnership in the Energa Group of 15 July 2022). ■ <i>Rules for the application of the organisational standard for the supervision of foundations in which PKN ORLEN or ORLEN Capital Group companies are founders</i> (annex no. 34 to the Agreement on partnership in the Energa Group of 27 January 2022) ■ Resolution of 9 January 2023 of the Management Board of Energa SA of 282/VII/2023 on the tasks performed as part of actions undertaken for sustainable development and corporate social responsibility ■ <i>Rules on the application of the ORLEN Group organisational standard for the membership of ORLEN CG Companies in external partnership organisations in the Energa Group</i> (annex No. 42 to the Agreement on partnership in the Energa Group of 15 July 2022) |
| Marketing Department | CSR area | <ul style="list-style-type: none"> ■ <i>Sustainable Development Strategy for 2021–2023 in the Energa Group</i> (annex No. 39 to the Agreement on partnership in the Energa Group of 1 June 2022) ■ <i>Agenda 2030 – joining the Responsible Business Forum on 1 October 2020 and the UN Global Compact on 15 September 2014</i> ■ ISO 26000 standard – declaration of the Management Board of ENSA on 9 June 2022 ■ <i>Organisational regulations of Energa SA</i> of December 2022 ■ Resolution of 9 January 2023 of the Management Board of Energa SA of 282/VII/2023 on the tasks performed as part of actions undertaken for sustainable development and corporate social responsibility ■ <i>Organisational standard for segment supervision in the area of sponsoring in ORLEN CG companies</i> |
| | Sponsoring area | <ul style="list-style-type: none"> ■ <i>Rules for the conduct of Energa Group Sponsoring activities introduced by Resolution No. 198/VI/2022 of the Energa SA Supervisory Board of 30 November 2022, introduced into the Energa Group Agreement on partnership of 6 December 2022 (Annex No. 47 to the Energa Group Agreement on partnership of 1 January 2023).</i> ■ <i>Organisational regulations of Energa SA</i> of December 2022 ■ <i>Organisational standard for segment supervision in the area of sponsorship in ORLEN CG companies effective in Energa CG from 30 September 2021.</i> |
| | Energa Foundation | <ul style="list-style-type: none"> ■ <i>Act of 6 April 1984 on foundations</i> (Journal of Laws of 1984 No. 21 item 97) ■ <i>Statutes of the Energa Foundation</i> of 16 June 2021 ■ <i>Regulations for granting aid from the budget of the Energa Foundation</i> ■ <i>Annual Action Plan of the Foundation</i> ■ <i>Rules for the application of the organisational standard for the supervision of foundations in which PKN ORLEN or ORLEN Capital Group companies are founders</i> (annex no. 34 to the Agreement on partnership in the Energa Group of 27 January 2022) |

Sustainable Development Strategy for 2021–2023 in Grupa Energa dated 1 June 2022 and Rules for conclusion and execution of the Agreement in the area of CSR in Energa SA dated 22 July 2022.

They set the directions for social responsibility activities. In the second half of 2022, the *Sustainable Development Strategy for 2021–2023 of the Energa Group* was implemented. The strategy was developed by PKN ORLEN and adopted by Energa’s Management Board. The Sustainable Development Strategy distinguishes three ESG pillars: environment, society and corporate governance.

Rules for conducting sponsorship activities of the Energa Group

The rules present the directions and assumptions for conducting sponsorship activities of Energa Group. The adopted assumptions result from the aims set for sponsorship activities, which are to support the mission, vision and strategic values and objectives. As part of the integration with PKN ORLEN in 2022, the regulation was extended to include provisions on the instructions for purchasing sponsorship services applicable in the ORLEN Group, introducing, for example, a sponsorship plan as the main tool for planning activities and setting the sponsorship budget in Energa.

Rules for the application of the organisational standard for the supervision of foundations in which PKN ORLEN or ORLEN Capital Group companies are founders

The rules were adopted in the Energa Group on 27 January 2022 with effect from 1 January 2023. The rules were introduced due to the fact that charitable activities are carried out by ORLEN Group companies not only directly, but also by foundations established by them. In the Energa Group, charitable activities are carried out by the Energa Foundation established by Energa in 2009. The rules govern the way in which corporate governance is exercised over foundations founded by Group companies. Supervision of the day-to-day operation of such foundations is exercised by a person serving as a member of the Foundation’s Council, with autonomy in the exercise of functions and limitations resulting from the Foundation’s Statutes and the law. The Principles set out the duties of the Council member and the rules of his/her partnership with the Group company that is the founder and PKN ORLEN SA. In particular, issues related to day-to-day partnership with the supervised foundation, activities under substantive supervision, issues related to reporting and assessment of the correctness of the functioning of the Foundation’s Boards were defined.

Energa Group’s charity policy

The policy was adopted on 25 February 2022 and remained in force throughout 2022. It represents a declaration of openness to the world around us, sensitivity to people’s needs and a desire to help. Energa Group companies carry out charitable activities guided by the ORLEN Capital Group values of responsibility, development, people, energy, reliability and the rules of conduct outlined in the *ORLEN Capital Group Code of Ethics*. In the *Energa Group Charity Policy*, we set out the rules for granting, using and accounting for donations. We want the whole process related to giving to be transparent and understandable to those who ask us for support. To the extent possible, Energa Group companies can carry out charitable activities as an important element of the *Sustainable Development Strategy*. Charitable activities are carried out by making monetary or in-kind donations at the initiative of an Energa Group company or on the basis of a request for a donation received by the company.



About the ESG Report

GRI 2-1 ABOUT THE ESG REPORT

This 2022 *Energa Group ESG Report* (ESG Report) is a report on non-financial information published in accordance with the requirements of the *Accounting Act of 29 September 1994*, as amended. The *ESG Report* covers non-financial information of the Energa Group, which is part of the PKN ORLEN Capital Group, and includes data and indicators concerning this Group (referred to interchangeably in the *ESG Report* as the Energa Group and Energa of the ORLEN Group), as well as the parent company of the Energa Group, Energa SA (referred to in the *ESG Report* as Energa) for the period from 1 January 2022 to 31 December 2022.

The ESG Report has been prepared in accordance with:

- Article 49b section 1 and Article 55 section 2b-e of the *Accounting Act of 29 September 1994*, as amended, which implements the guidelines of *Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU* as regards the disclosure of non-financial and diversity information by certain large entities and groups.
- GRI standards – *Consolidated version of GRI standards, 2021*.
- Selected Guidelines for Reporting Non-Financial Information: *Supplement on Reporting Climate-related Information (2019/C 209/01)*, as well as the TCFD Guidelines (*Recommendations of the TaskForce on Climate-related Financial Disclosures*) (2017).
- *Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on establishing a framework to facilitate sustainable investment (EU Taxonomy)* and delegated acts:
 - *Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing technical eligibility criteria for determining the conditions under which an economic activity qualifies as making a significant contribution to climate change mitigation or adaptation and whether that economic activity does not cause serious harm to any other environmental objective (EU Taxonomy)*.
 - *Committee Delegated Regulation (EU) 2022/1214 of 9 March 2022 amending Delegated Regulation (EU) 2021/2139 as regards economic activities in certain energy sectors and Delegated Regulation (EU) 2021/2178 as regards public disclosure of specific information in relation to those economic activities*.

ENTITIES INCLUDED IN THE ESG REPORT

Following the change regarding the form of ownership of Energa in 2020, which was acquired by PKN ORLEN, the integration process continued throughout 2022. As a result of this process, there were no significant changes in the structure of Energa Group companies. By the term Energa Group as at 31 December 2022, we mean the following Energa Group companies covered in this report:

| Company name |
|--|
| Energa SA |
| Energa-Operator SA |
| Energa-Operator Wykonawstwo Elektroenergetyczne Sp. z o.o. |
| Energa-Obrót SA |
| Energa Oświetlenie Sp. z o.o. |
| Energa Wytwarzanie SA |
| Energa Kogeneracja Sp. z o.o. |
| Energa Ciepło Ostrołęka Sp. z o.o. |
| Energa Ciepło Kaliskie Sp. z o.o. |
| Energa Elektrownie Ostrołęka SA |
| Energa Serwis Sp. z o.o. |
| Energa Logistyka Sp. z o.o. |
| Energa Informatyka i Technologie Sp. z o. o. |
| Energa Logistyka Sp. z o.o. |
| Energa Invest Sp. z o.o. |
| Energa Green Development Sp. z o.o. |
| Enspirion Sp. z o.o. |
| Centrum Badawczo-Rozwojowe im. M. Faradaya Sp. z o.o. |
| CCGT Ostrołęka Sp. z o.o. |
| CCGT Grudziądz Sp. z o.o. |
| CCGT Gdańsk Sp. z o.o. |
| Energa MFW 1 Sp. z o.o. |
| Energa MFW 2 Sp. z o.o. |
| ENERGA LBW 1 Sp. z o.o. |
| Energa Finance AB |
| Energa Slovakia s.r.o. (in liquidation) |



In the environmental and social areas, the companies deemed to have an insignificant impact were not included: CCGT Gdańsk Sp. z o.o., CCGT Grudziądz Sp. z o.o., Energa Slovakia s.r.o., CBRF Sp. z o.o., Energa Finance AB, ECARB Sp. z o.o., Energa MFW 1 Sp. z o.o., Energa MFW 2 Sp. z o.o., ENERGA LBW 1 Sp. z o.o. The exclusion does not apply to the following indicators: 2-7, 404-1, 405-1.



GRI 2-3 REPORTING PERIOD

The ESG Report covers the financial year 2022, i.e. the period from 1 January 2022 to 31 December 2022 (with the proviso, by analogy with the general rules of financial reporting, that events that took place after 31 December 2022 and before the publication of the report may be indicated therein, provided that they were material to the Energa Group from the point of view of its non-financial performance).

The reporting process in the Energa Group takes place on an annual basis. The report on Energa Group's non-financial information for 2021 was published on 31 March 2022, together with the Management Board's Report on activities of Energa Group SA for 2021.

GRI 2-4 DATA ADJUSTMENT

The ESG Report reported the following adjustments to the data presented in the Energa Group's 2021 Report on Non-Financial Information:

- Adjustments in the employee area: there has been a correction to the information in the indicator concerning the number of Management Board members, the data is presented in GRI 2-19 Remuneration policy. The data for 2021 on the number of Management Board members (Composition of the Management Board by gender and age. Number of Management Board members) has been supplemented with the Management Board of Energa Finance AB.
- Adjustments in the environmental area: for the purpose of data comparability, the data for 2021 have been adjusted by removing the values generated by Energa CUW, which has been integrated into ORLEN CUK Sp. z o.o. as of 2022 and is not included in the 2022 statements.

REPORTING STANDARD

This report has been compiled according to GRI Standards – Consolidated version of GRI standards, 2021. The GRI Content Index can be found at the end of the ESG Report.

PROCESS FOR IDENTIFYING RELEVANT TOPICS

GRI 3-1

A multi-stage process was carried out to identify relevant topics for the Energa Group. In line with GRI standards, its goal was to identify relevant topics reflecting the key impacts of the Energa Group on the environment. To ensure completeness of approach and perspective, the process was carried out using a variety of tools and stakeholder engagement.

1. Desk research

As part of the first stage, desk research was carried out. Sustainability strategies and sustainability reports of companies accepted as comparable to the Energa Group (benchmark) were analysed. The goal of this stage was to identify key areas of impact and ultimately relevant themes identified by other companies in the industry. Based on the results of this stage, a first preliminary list of relevant themes was developed and taken into account in further work.

GRI 2-29 **2. Stakeholder engagement**

The stakeholder engagement stage started with the revision of the Energa Group's stakeholder map. The revised map was prepared with the involvement of representatives from various entities in the organisation, with the goal of ensuring that the map was complete and reflected the relevance of the various stakeholder groups to the organisation, rather than just the individual entities doing the assessment. **The result was a stakeholder map.**

In the next step, representatives of the stakeholder groups identified as key, i.e. with the greatest impact on the Energa Group and those most interested in the Group's activities, were involved in the process of identifying relevant topics. Stakeholder engagement was carried out in two steps:

Step 1. A survey assessing the impact of the Energa Group on the environment was addressed to representatives of key internal and external stakeholders. The questionnaire contained a list of relevant topics taking into account the issues indicated by the GRI Standards (GRI aspects) and the goal of sustainable development. The survey was completed by 177 people. 53% of the respondents were former employees of the Energa Group, and the remaining 47% were external stakeholders. Stakeholders identified key areas of the Energa Group's impact on the environment, both positive and negative. Based on the results of the survey, a list of ten key areas of Energa Group's impact was developed and considered for further work.

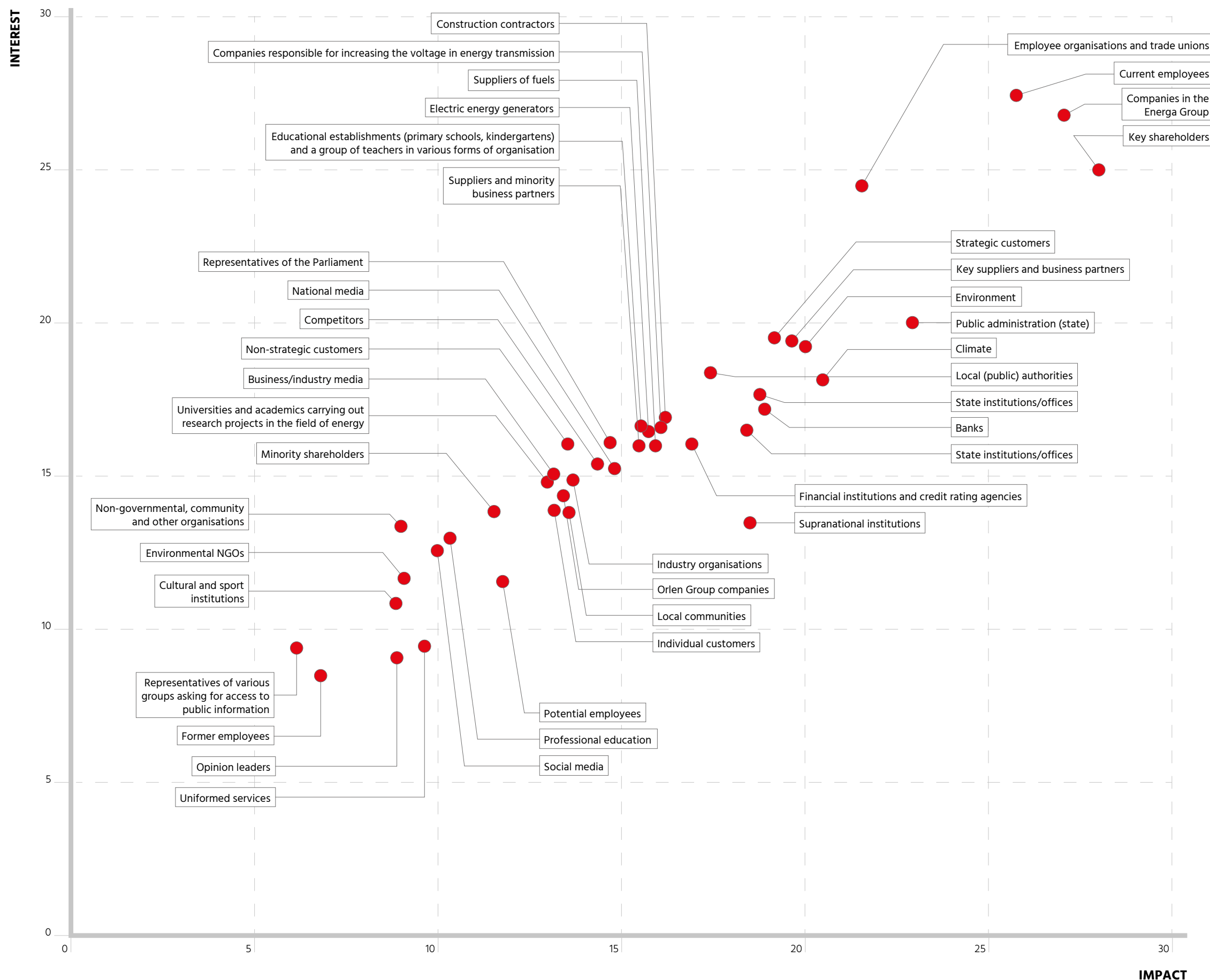
Step 2. The stakeholder survey was supplemented by stakeholder dialogue panels, which were conducted in a subsequent step. Two panels, conducted online in January 2023, were attended by a total of nineteen people representing eighteen stakeholder groups relevant to the Energa Group. During the meetings, stakeholders discussed the completeness of the initial list of relevant topics prepared based on the work carried out earlier, provided expectations of the information they would like to read about in the report and indicated the actions they expect Energa Group to take under each relevant topic.

3. Organisation

Based on the two stages of work carried out, a compilation of the relevant topics identified within the stages was produced. The themes were analysed by the project team. Based on the results of the team's analysis, a final list of relevant themes was created, indicating the key areas of the Energa Group's impact on the environment and providing the basis for building the structure and defining the scope of the content included in the report.

GRI 2-5 **External verification**

The Energa Group ESG Report 2022 has not undergone external verification by an independent auditor. Selected GRI indices marked in the GRI table were verified. A letter of assurance was appended to the ESG Report.



GRI 3-2 LIST OF RELEVANT TOPICS

Below is the list of relevant topics identified through the process conducted, with references to where it can be found in the *ESG Report*. All relevant topics are equally important to the Energa Group and have not been ranked by importance. During the process of identifying relevant topics, the type of impact (positive, negative) of the Energa Group on the issue was determined. The results of the survey conducted with key stakeholders show that the positive impact of the Group's activities was rated significantly higher than the negative impact. The list of material topics in relation to the issues presented in the Energa Group Report 2021 did not change significantly.

| Relevant topic | Specific issues | GRI aspect | Location in the report |
|--------------------------------------|--|---|---|
| Economic and social impact | <ul style="list-style-type: none"> Impact of the economic situation on energy prices and consequences for customers and businesses Economic and social costs of the energy transition and energy poverty issues | Indirect economic impact | Sustainable development strategy in the Energa Group |
| Energy transition and climate | <ul style="list-style-type: none"> Effects of climate change on the Energa Group's operations Decarbonisation and controlling emissions Adaptation to climate change Network expansion and RES connections Energy efficiency Cooperation between science and business in the field of green transition | Energy and emissions | Our quest for climate neutrality science-business partnerships for green transition |
| Circular economy | <ul style="list-style-type: none"> Use of raw materials Waste management Water | Resources, waste and water | Environmental impact |
| Biodiversity | <ul style="list-style-type: none"> Impact on biodiversity | Biodiversity | Environmental impact |
| Employee safety | <ul style="list-style-type: none"> Health, safety and security | Health and safety | Health and safety at work |
| Relations with employees | <ul style="list-style-type: none"> Internal communication, employee satisfaction and well-being Operating conditions Employee development Freedom of association | Employment Training and education | Responsible employer |
| Human rights, equality and diversity | <ul style="list-style-type: none"> Diversity and inclusion Equal opportunities Equal remuneration between women and men | Diversity and equal treatment Counteracting discrimination | Responsible employer |
| Supply chain | <ul style="list-style-type: none"> Supply chain in energy production Sourcing raw materials and human rights Employees in the value chain | Environmental assessment of suppliers Social assessment of suppliers | Our responsibility in the supply chain |
| Customer and customer relations | <ul style="list-style-type: none"> Ethics in marketing, sales and customer communication Quality of service Customer privacy and data protection | Marketing and labelling Customer privacy | The customer in the spotlight |
| Ethics and anti-corruption practices | <ul style="list-style-type: none"> Business ethics Anti-corruption practices | Anti-corruption practices | Ethics and anti-corruption practices |
| Local communities | <ul style="list-style-type: none"> Community support and involvement Charitable activities | Local communities | Commitment to supporting local communities |

GRI 2-3 CONTACT DETAILS AND PROVIDING FEEDBACK

We welcome any feedback on the ESG Report, the way the data is presented and the activities we carry out. Please send information, questions and concerns by email to:

Monika Wasilewska

Tel. 58 778 83 83

monika.wasilewska@energa.pl

or

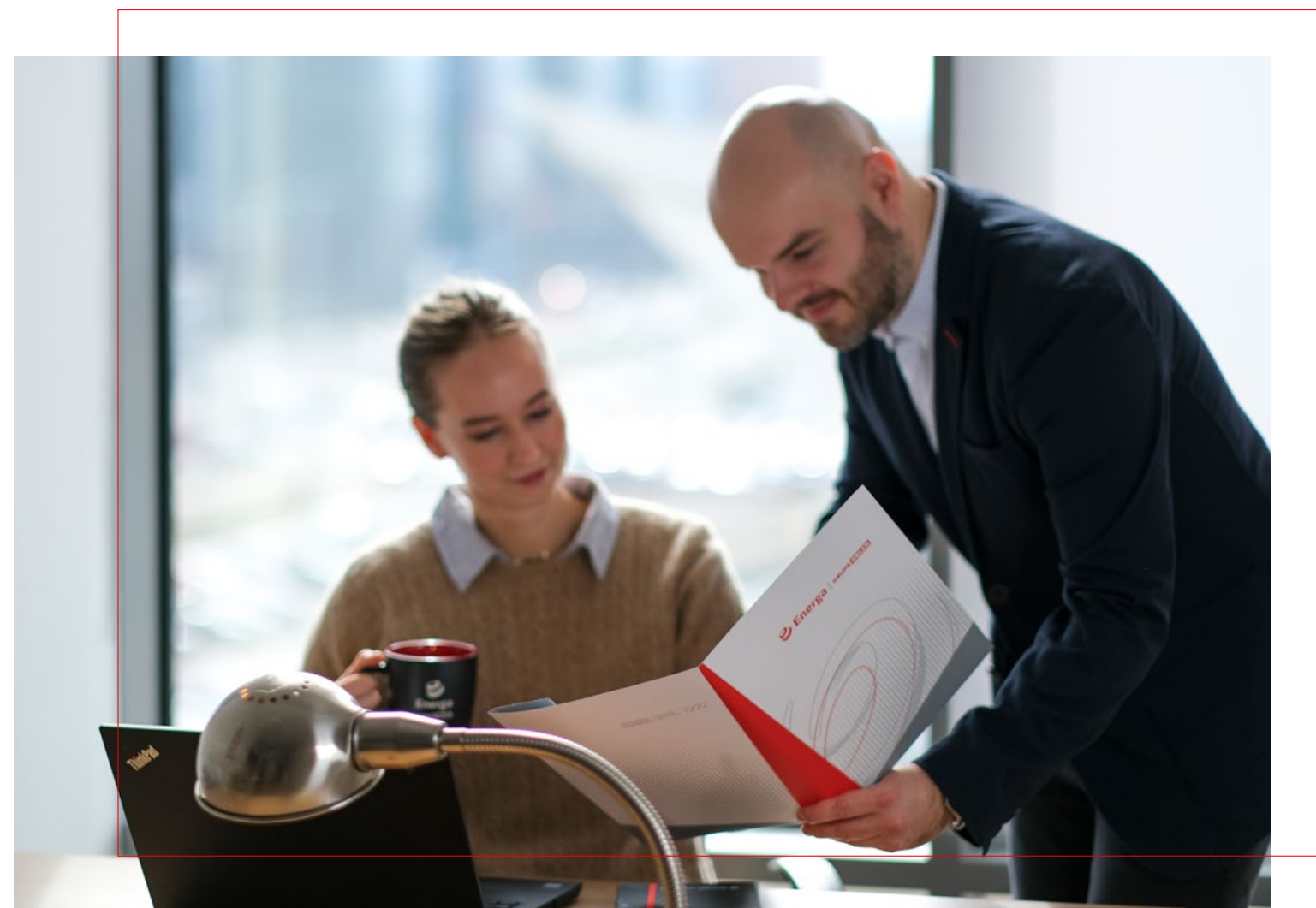
Energa SA

Corporate Management Department ESG Division

Aleja Grunwaldzka 472, 80-309 Gdańsk

esg@energa.pl

This address is appropriate, for example, as a feedback mechanism for all areas described in the ESG Report, unless otherwise indicated for any of them.



| | |
|--|--|
| Application statement | Energa SA, on behalf of the entire Energa Group, reported in accordance with the GRI 2021 Standards for the period from 1 January to 31 December 2022. |
| GRI 1 Application | GRI 1: Basics 2021 |
| Applicable GRI sector standards | Not applicable. |

| GRI STANDARD OR OTHER SOURCE | DISCLOSURE | LOCATION | EXPLANATION | External verification by an auditor | |
|--|--|--|--|--|---|
| GENERAL DISCLOSURES | | | | | |
| GRI 2: GENERAL DISCLOSURES 2021 | 2-1 | Organisational data | ENERGA GROUP BUSINESS MODEL ABOUT THE ESG REPORT | | |
| | 2-2 | Entities included in sustainability reporting | ENERGA GROUP BUSINESS MODEL ABOUT THE ESG REPORT | | |
| | 2-3 | Reporting period, frequency and contact details | ABOUT THE ESG REPORT | | |
| | 2-4 | Corrections of information | ABOUT THE ESG REPORT | | |
| | 2-5 | External verification | ABOUT THE ESG REPORT | | |
| | 2-6 | Business activities, value chain and other business relationships | ENERGA GROUP IN NUMBERS | | ✓ |
| | | | CHARACTERISTICS OF THE ENERGA GROUP'S OPERATIONS | | |
| | | | OUR RESPONSIBILITY IN THE SUPPLY CHAIN | | |
| | | | PURCHASING CENTRES IN THE ENERGA GROUP | | |
| | 2-7 | Employees | STABLE WORKING CONDITIONS | | ✓ |
| | 2-8 | Associates who are not employees | | Reason for omission: Incomplete information. Data will be presented in subsequent reporting periods, once the definitions in the ORLEN Capital Group have been made common and the personnel systems have been adjusted to collect the data. | |
| | 2-9 | Structure and composition of the Management Board | STRUCTURE OF GOVERNING BODIES | | |
| | 2-10 | Nomination and election of members of the highest governing bodies | STRUCTURE OF GOVERNING BODIES | | |
| | 2-11 | The chairperson of the highest governing body | STRUCTURE OF GOVERNING BODIES | | |
| | 2-12 | Role of the highest governing body in overseeing impact management | THE ROLE OF GOVERNING BODIES AND SUPERVISORY BODIES IN SUSTAINABILITY MANAGEMENT | | |
| | 2-13 | Delegating responsibility for impact management | THE ROLE OF GOVERNING BODIES AND SUPERVISORY BODIES IN SUSTAINABILITY MANAGEMENT | | |
| | 2-14 | The role of the highest governing body in reporting on sustainability issues | THE ROLE OF GOVERNING BODIES AND SUPERVISORY BODIES IN SUSTAINABILITY MANAGEMENT | | |
| | 2-15 | Conflict of interest | CONFLICT OF INTEREST | | |
| | 2-16 | Communicating critical problems | COMMUNICATION OF CRITICAL ISSUES | | |
| | 2-17 | Collective knowledge of the highest governing body | THE ROLE OF GOVERNING BODIES AND SUPERVISORY BODIES IN SUSTAINABILITY MANAGEMENT | | |
| 2-18 | Performance evaluation of the highest governing body | THE ROLE OF GOVERNING BODIES AND SUPERVISORY BODIES IN SUSTAINABILITY MANAGEMENT | | | |
| 2-19 | Remuneration policy | REMUNERATION POLICY | | | |
| 2-20 | Remuneration determination process | REMUNERATION PROCESS FOR EMPLOYEES OF THE ENERGA GROUP | | | |

| GRI STANDARD OR OTHER SOURCE | DISCLOSURE | LOCATION | EXPLANATION | External verification by an auditor | |
|--|------------|--|---|--|---|
| GENERAL DISCLOSURES | | | | | |
| GRI 2: GENERAL DISCLOSURES 2021 | 2-21 | Total annual remuneration index | TOTAL ANNUAL REMUNERATION INDEX | Reason for omission: Incomplete information. Data will be presented in subsequent reporting periods, once the definitions in the ORLEN Capital Group have been made common and the personnel systems have been adjusted to collect the data. | |
| | 2-22 | Statement on sustainability strategy | LIST OF THE PRESIDENT OF THE MANAGEMENT BOARD – ZOFIA PARYŁA | ↗ | ✓ |
| | | | OUR RESPONSIBILITY IN THE SUPPLY CHAIN | ↗ | |
| | | | ECONOMIC AND SOCIAL COSTS OF THE ENERGY TRANSITION AND CHANGES IN THE ENERGY MARKET | ↗ | |
| | | | STRATEGIC DEVELOPMENT PLAN FOR THE ENERGA GROUP | ↗ | |
| | | | STRATEGY FOR SUSTAINABLE DEVELOPMENT 2021-2023 IN THE ENERGA GROUP | ↗ | |
| | | | THE ROLE OF GOVERNING BODIES AND SUPERVISORY BODIES IN SUSTAINABILITY MANAGEMENT | ↗ | |
| | | | DISCLOSURE IN RELATION TO THE IMPLEMENTATION OF THE TCFD RECOMMENDATIONS | ↗ | |
| | | | CLIMATE CHANGE RESPONSE STRATEGY | ↗ | |
| | 2-23 | Commitments included in policies | SUSTAINABLE DEVELOPMENT STRATEGY FOR 2021–2023 AT ENERGA GROUP | ↗ | |
| | | | HUMAN RIGHTS | ↗ | |
| | 2-24 | Implementation of commitments included in the policies | THE ROLE OF GOVERNING BODIES AND SUPERVISORY BODIES IN SUSTAINABILITY MANAGEMENT | ↗ | |
| | | | ORGANISATIONAL VALUES AND RULES OF CONDUCT | ↗ | |
| | 2-25 | Remediation processes for negative impacts | PROCESSES FOR LIMITING NEGATIVE IMPACT | ↗ | |
| | | | INTEGRATED RISK MANAGEMENT SYSTEM | ↗ | |
| | 2-26 | Mechanisms for seeking advice and reporting concerns | ETHICS BREACH REPORTING MECHANISMS | ↗ | ✓ |
| | | | CHANNELS FOR REPORTING SIGNS OF HARASSMENT OR DISCRIMINATION | ↗ | |
| | | | COMPLAINTS PROCEDURE (ENERGA OPERATOR) | ↗ | |
| | | | COMPLAINTS PROCEDURE (Energa-Obrót) | ↗ | |
| | 2-27 | Compliance with laws and regulations | COMPLIANCE MANAGEMENT SYSTEM | ↗ | |
| | 2-28 | Membership in associations and organisations | ACTIVE MEMBERSHIP IN ORGANISATIONS | ↗ | |
| | 2-29 | Approaches to stakeholder involvement | ABOUT THE ESG REPORT | ↗ | ✓ |
| | | | COMMITMENT TO SUPPORTING LOCAL COMMUNITIES | ↗ | |
| | | | CUSTOMER DIALOGUE AND LEGALLY RESPONSIBLE COMMUNICATION | ↗ | |
| | | | DIALOGUE WITH EMPLOYEES | ↗ | |
| | | | DIALOGUE ACTIVITIES WITH EMPLOYEES OF THE ENERGA GROUP AND ORGANISATIONS REPRESENTING EMPLOYEES | ↗ | |
| | | | OF THE ENERGA GROUP AND ORGANISATIONS REPRESENTING EMPLOYEES | ↗ | |
| | 2-30 | Collective agreements | DIALOGUE ACTIVITIES WITH EMPLOYEES OF THE ENERGA GROUP AND ORGANISATIONS | ↗ | |

| GRI STANDARD OR OTHER SOURCE | DISCLOSURE | | LOCATION | External verification by the auditor |
|---|------------|--|---|--------------------------------------|
| RELEVANT TOPICS | | | | |
| THE ORGANISATION AND ITS REPORTING PRACTICES | 3-1 | Process of determining relevant topics | ESG REPORT INFORMATION | ✓ |
| | 3-2 | List of relevant topics | ESG REPORT INFORMATION | ✓ |
| IMPACT ON THE ECONOMY AND SOCIETY | 3-3 | Management of relevant topics | ECONOMIC AND SOCIAL COSTS OF THE ENERGY TRANSITION AND CHANGES IN THE ENERGY MARKET | ✓ |
| | 201-1 | Direct economic value generated and distributed | ECONOMIC RESULTS IN 2022 | |
| | 203-1 | Supported infrastructure investments and services | MULTI-ANNUAL PLAN OF STRATEGIC PROJECTS | ✓ |
| EFFECTS OF CLIMATE CHANGE ON ENERGA GROUP'S OPERATIONS | 3-3 | Management of relevant topics | OUR QUEST FOR CLIMATE NEUTRALITY | ✓ |
| | 201-2 | Financial impacts and other risks and opportunities arising from climate change | OUR QUEST FOR CLIMATE NEUTRALITY | |
| SUPPLY CHAIN | 3-3 | Management of relevant topics | OUR SUPPLY CHAIN RESPONSIBILITY | ✓ |
| | 204-1 | Percentage of spending on local suppliers | PURCHASING CENTRES IN THE ENERGA GROUP | |
| ETHICS IN BUSINESS | 3-3 | Management of relevant topics | ANTI-CORRUPTION PRACTICES | ✓ |
| | 205-3 | Confirmed cases of corruption and actions taken | ANTI-CORRUPTION PRACTICES | |
| USE OF RAW MATERIALS | 3-3 | Management of relevant topics | ENVIRONMENTAL IMPACT MANAGEMENT IN THE ENERGA GROUP | ✓ |
| | 301-1 | Raw materials by weight or volume | TRANSITION TOWARDS A CIRCULAR ECONOMY (CE) | |
| | 301-2 | Recycled input raw materials used | TRANSITION TOWARDS A CIRCULAR ECONOMY (CE) | |
| | 301-3 | Recycled products and their packaging materials | TRANSITION TOWARDS A CIRCULAR ECONOMY (CE) | |
| ENERGY EFFICIENCY | 3-3 | Management of relevant topics | ENVIRONMENTAL IMPACT MANAGEMENT IN THE ENERGA GROUP | ✓ |
| | 302-1 | Energy consumption in the organization | ENERGY EFFICIENCY AND ENERGY CONSUMPTION | ✓ |
| | 302-2 | Energy consumption outside the organization | ENERGY EFFICIENCY AND ENERGY CONSUMPTION | |
| | 302-4 | Reduction of energy consumption | ENERGY EFFICIENCY AND ENERGY CONSUMPTION | |
| | 302-5 | Reducing the energy requirements of products and services | ENERGY EFFICIENCY AND ENERGY CONSUMPTION | |
| | OWN INDEX | The maximum available generating capacity divided into the main types of raw material | ENERGY EFFICIENCY AND ENERGY CONSUMPTION | |
| | OWN INDEX | Amount of net energy produced broken down by main energy sources | ENERGY EFFICIENCY AND ENERGY CONSUMPTION | |
| WATER | 3-3 | Management of relevant topics | ENVIRONMENTAL IMPACT MANAGEMENT IN THE ENERGA GROUP | ✓ |
| | 303-1 | Interactions with water as a shared resource | WATER USE | |
| | 303-2 | Management of the consequences of water discharges | WATER USE | |
| | 303-3 | Water intake | WATER USE | |
| | 303-4 | Water discharges | WATER USE | |
| | 303-5 | Water consumption | WATER USE | |
| IMPACT ON BIODIVERSITY | 3-3 | Management of relevant topics | ENVIRONMENTAL IMPACT MANAGEMENT IN THE ENERGA GROUP | ✓ |
| | 304-1 | Operational areas owned, leased, managed or adjacent to protected areas and areas of high biodiversity outside protected areas | BIODIVERSITY EFFORTS | |
| | 304-2 | Significant impact of activities, products and services on biodiversity | BIODIVERSITY EFFORTS | |
| | 304-3 | Habitats protected or restored | BIODIVERSITY EFFORTS | |
| | 304-4 | Species on the IUCN Red List and species on the National Conservation List whose habitats are located in the areas of activity | BIODIVERSITY EFFORTS | |

| GRI STANDARD OR OTHER SOURCE | DISCLOSURE | LOCATION | External verification by the auditor |
|---|------------|--|--|
| RELEVANT TOPICS | | | |
| EMISSIONS | 3-3 | Management of relevant topics | ENVIRONMENTAL IMPACT MANAGEMENT IN THE ENERGA GROUP ↴ ✓ |
| | 305-1 | Direct greenhouse gas emissions | GREENHOUSE GAS EMISSIONS ↴ ✓ |
| | 305-2 | Indirect greenhouse gas emissions | GREENHOUSE GAS EMISSIONS ↴ ✓ |
| | 305-3 | Indirect greenhouse gas emissions | GREENHOUSE GAS EMISSIONS ↴ |
| | 305-5 | GHG reduction | GREENHOUSE GAS EMISSIONS ↴ |
| | 305-6 | Emission of ozone depleting substances | GREENHOUSE GAS EMISSIONS ↴ |
| | 305-7 | Nitrogen oxides (NO _x), sulphur oxides (SO _x) and other significant emissions to air | GREENHOUSE GAS EMISSIONS ↴ |
| | OWN INDEX | Number of allocated free CO ₂ emission allowances | GREENHOUSE GAS EMISSIONS ↴ |
| WASTE MANAGEMENT | 3-3 | Management of relevant topics | ENVIRONMENTAL IMPACT MANAGEMENT IN THE ENERGA GROUP ↴ ✓ |
| | 306-1 | Waste generation and significant impacts related to waste | RECYCLING ↴ |
| | 306-2 | Management of significant impacts related to waste | RECYCLING ↴ |
| | 306-3 | Waste generated | RECYCLING ↴ |
| | 306-4 | Waste withdrawn from disposal | RECYCLING ↴ |
| | 306-5 | Waste sent for disposal | RECYCLING ↴ |
| CUSTOMER AND CUSTOMER RELATIONSHIP | 3-3 | Management of relevant topics | WE SUPPLY ENERGY ENERGY SALES ATTENTION TO THE SECURITY OF CUSTOMER DATA ↴ ✓ |
| | 417-2 | Incidents of non-compliance regarding product and service information and marking | COMPLAINTS PROCEDURE ↴ |
| | 418-1 | Legitimate complaints about breaches of customer privacy and loss of customer data | ATTENTION TO THE SECURITY OF CUSTOMER DATA ↴ |
| | OWN INDEX | Number of Energa-Operator users | CUSTOMERS, CONSUMERS OF ELECTRICITY AND SERVICES ↴ |
| | OWN INDEX | Number of Energa-Obrót recipients and sales volume of electricity | ENERGY SALES ↴ |
| | OWN INDEX | Customer Experience dla poszczególnych kanałów komunikacji | MONITORING CUSTOMER SATISFACTION LEVELS ↴ |
| | OWN INDEX | Timeliness of responding to complaints and notifications | COMPLAINTS PROCEDURE ↴ |
| | OWN INDEX | Length of terrestrial and underground transmission and distribution lines according to the control system (km) | CUSTOMERS, CONSUMERS OF ELECTRICITY AND SERVICES ↴ |
| | OWN INDEX | Frequency of power outages | CUSTOMERS, CONSUMERS OF ELECTRICITY AND SERVICES ↴ |
| | OWN INDEX | Average duration of power outages | CUSTOMERS, CONSUMERS OF ELECTRICITY AND SERVICES ↴ |
| | WOWN INDEX | Number of connected micro-installations to the Energa-Operator network in the branches in 2019-2022 in the notification mode | DEVELOPMENT OF INDIVIDUAL PROSUMER ENERGY ↴ |

| GRI STANDARD OR OTHER SOURCE | DISCLOSURE | LOCATION | External verification by the auditor | | |
|---|------------|--|--|---|---|
| RELEVANT TOPICS | | | | | |
| EMPLOYEE RELATIONS, EQUALITY AND DIVERSITY | 3-3 | Management of relevant topics | RESPONSIBLE EMPLOYER DEVELOPMENT OFFER IN THE ENERGA GROUP DIVERSITY AND EQUAL OPPORTUNITIES | ↙ | ✓ |
| | 404-1 | Average training hours per employee per year | DEVELOPMENT OFFER IN THE ENERGA GROUP | ↙ | |
| | 405-1 | Diversity of supervisory authorities and employees | EMPLOYMENT STRUCTURE DIVERSITY AND EQUAL OPPORTUNITIES | ↙ | ✓ |
| | OWN INDEX | Employees of the ENERGA Group by level of education | EMPLOYMENT STRUCTURE | ↙ | |
| | OWN INDEX | Recruitment of new employees and employee turnover | TURNOVER OF ENERGA GROUP EMPLOYEES | ↙ | |
| HEALTH AND SAFETY ENVIRONMENT | 3-3 | Management of relevant topics | OCCUPATIONAL HEALTH AND SAFETY | ↙ | ✓ |
| | 403-1 | Occupational health and safety management system | OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM IN THE ENERGA GROUP | ↙ | ✓ |
| | 403-2 | Hazards identification, risk assessment and incident investigation | HAZARDS IDENTIFICATION, RISK ASSESSMENT, ACCIDENT ANALYSIS | ↙ | |
| | 403-3 | Occupational health services | ANALYSIS OF ACCIDENTS IN THE ENERGA GROUP | ↙ | |
| | 403-4 | Employee participation, consultation and communication in the field of occupational health and safety | EMPLOYEE PARTICIPATION, CONSULTATION AND COMMUNICATION IN THE FIELD OF OCCUPATIONAL HEALTH AND SAFETY | ↙ | |
| | 403-5 | Occupational health and safety training | OHS TRAININGS | ↙ | |
| | 403-6 | Employee health promotion | HEALTH PROMOTION PROGRAMMES FOR EMPLOYEES SAFETY AND HEALTH DAYS | ↙ | |
| | 403-7 | Preventing and mitigating occupational health and safety impact directly related to business relationships | PREVENTING AND MITIGATING OCCUPATIONAL HEALTH AND SAFETY IMPACT DIRECTLY RELATED TO BUSINESS RELATIONSHIPS | ↙ | |
| | 403-8 | Employees covered by the occupational health and safety management system | EMPLOYEES COVERED BY THE OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM | ↙ | |
| | 403-9 | Work-related injuries | ACCIDENTS AT WORK | ↙ | ✓ |
| | 403-10 | Work-related ill health | OCCUPATIONAL DISEASES | ↙ | |
| LOCAL COMMUNITIES | 3-3 | Management of relevant topics | COMMITMENT TO SUPPORTING LOCAL COMMUNITIES CHARITY | ↙ | |
| | 413-1 | Operations involving the local community, impact assessments and development programmes | COMMITMENT TO SUPPORTING LOCAL COMMUNITIES | ↙ | |
| | OWN INDEX | The value of funds allocated by the ENERGA Foundation | CHARITY | ↙ | |

**APPROVAL OF THE ENERGA GROUP'S
REPORT ON NON-FINANCIAL
INFORMATION FOR 2022**

This Report on non-financial information of Energa Group and Energa SA for 2022 has been approved by the Management Board of the parent company.

Zofia Paryła

President of the Management Board of Energa SA

Michał Perlik

Vice-President of the Management Board of Energa SA for Finance and Climate Affairs

Adrianna Sikorska

Vice-President of the Management Board of Energa SA for Communications

Janusz Szurski

Vice-President of the Management Board of Energa SA for Corporate Affairs



