# Management Board report on the activity of ENEA S.A. and the ENEA Group in 2023

**Poznań, 17 April 2024**

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## Letter from President of the Management Board and CEO

Dear Stakeholders,

I have the pleasure to present to you the ENEA Group's latest annual report revealing our financial and operating performance in 2023. The past year in the power sector clearly demonstrated that a number of growth aspects still require special endeavors to accelerate the transition. In parallel, the increase in the installed capacity of renewable energy sources in the Polish Power System and the rapid growth of energy output from renewable sources is a strong indicator of our involvement in the sector's expected shift.

ENEA is an active and conscious participant in the sector's transition process, building growth prospects for its customers and shareholders while doing its utmost to live up to top ESG standards.

### Period marked by major changes

Recent alterations in the market and regulatory environment have opened up new opportunities for the sector's future growth. The National Reconstruction Plan, approved at the end of last year, laying down strategic directions for the country's progress in the wake of the global pandemic, opens up prospects for obtaining funds for the expansion of the power grid and infrastructure, crucial in the context of developing renewable energy projects. The measures being undertaken in the national and international arenas are intended to ensure energy security through a greater diversification of generation sources and the complete abandonment of fossil fuels.

### Development of RES projects

The ENEA Group is an active participant in the transition of the Polish power sector, consistently pursuing projects aimed at achieving zero emissions and climate neutrality. Completed capital expenditure projects stepped up the Group's generation potential from renewable energy sources by 53 MW. At the end of last year, the ENEA Group's installed RES capacity already exceeded 500 MW, with significant growth potential based on projects currently in the pipeline.

The Group's generation assets were expanded with the 35 MW Genowefa PV farm (in Wielkopolskie Voivodship) and smaller facilities in Tarnów (in Dolnośląskie Voivodship) and Tykocin (in Podlaskie Voivodship). The Group also acquired a 19.8 MW wind farm under construction in Bejsce (Świetokrzyskie Voivodship), scheduled to kick off operation in early 2025. Work has also been launched on the Dygowo I photovoltaic farm, while the Jastrowie II PV farm is nearing completion.

### Secure financing of the Group's transition

Accelerating the progress of scheduled capital expenditure projects is made possible by securing financing, which is indispensable for the development of clean energy generation potential and for strengthening the distribution area that bolsters the expansion of new RES projects. We are focused on ensuring an appropriate diversification of external sources of finance for our capital expenditure projects. At the beginning of 2023, ENEA signed a facility agreement with a syndicate of five banks for a total amount of PLN 2.5 billion, of which PLN 1.5 billion will be earmarked for investments in the distribution area and the execution of renewable energy projects. The Group also signed an investment loan agreement with the European Investment Bank (EIB). The PLN 2 billion raised thereunder will be allocated in full to investments in the distribution area, supporting ENEA's Green Change, in line with the Group's development strategy. EIB co-financed investments in the development and modernization of the distribution network will be carried out between 2023 and 2025.

Of key significance for the sustenance of the rapid growth of RES and prosumer energy projects is the construction and development of new power grids and the modernization and expansion of existing ones. The ENEA Group is pursuing a long-term strategy to improve the efficiency and reliability of the grid by consistently earmarking an increasing amount of capital expenditures to be spent on distribution. In 2023, these reached at a record high value of PLN 1.86 billion.

### Financial and operating performance in a challenging market environment

In 2023, the ENEA Group generated nearly PLN 6.3 billion in EBITDA and over PLN 48.2 billion in sales revenue.

The Group's capital expenditures totaled PLN 3.7 billion, contributing to growth in all key areas. Capital expenditures in the distribution area hit a record high of PLN 1.86 billion last year, having contributed to the modernization of network infrastructure and the readiness for a rapid growth of distributed and prosumer energy generation.

In 2023, nearly 24,000 renewable sources along with micro-installations were connected to ENEA Operator's distribution grid, and the total number of RES connected to the company's distribution grid surpassed 174,000 with a total capacity of over 1.5 GW at the end of 2023.

**Climate policy pursued by the Group to support its transition**

In keeping with the commitments made by the European Union and Member States, the ENEA Group intends to achieve full climate neutrality by 2050. Since 2022, intense endeavors have been underway to devise the ENEA Group Climate Policy, a document defining and identifying opportunities and risks related to the Group's climate impact and the influence of climate change on the Group's operations and prospects. The Policy was adopted in December 2023. Its purpose, in addition to determining the impact of ENEA Group's business on climate, is to point out directions for action and management mechanisms ensuring a responsible conduct of business while using the planet's natural resources in a sustainable manner.

Regardless of the changes taking place in the realm of regulations and system solutions that are preordained to shape the structure and organizational solutions to be adopted by the sector of conventional power generators, the ENEA Group is committed to taking steps aimed at achieving the goal of full neutrality and ensuring a responsible, active and pivotal participation in the transition of the Polish power sector.

Grzegorz Kinelski

President of the ENEA S.A. Management Board

## ENEA Group in numbers

### ENEA has 18.2 thousand employees




| MINING | GENERATION | DISTRIBUTION | TRADING |
|---|---|---|---|
| **20.3%** | **6.4 GW** | **2.8 million** | **2.7 million** |
| share in the steam coal market in Poland | total installed capacity | users of distribution services | customers |
| **403 million tons** | **501.7 MW** | **124.4 thousand km** | **22.8 TWh** |
| mining potential of 4 mining concession areas | installed RES capacity | distribution lines, including connections | sales of electricity and gaseous fuel to retail customers in 2023 |
| **7.1 million tons** | **21.3 TWh** | **20.0 TWh** | **33** |
| net coal production in 2023 | net energy production in 2023 | electricity supplied in 2023 | Customer Service Offices (including 32 stationary offices and 1 mobile office) |

## 1. Operating summary for 2023

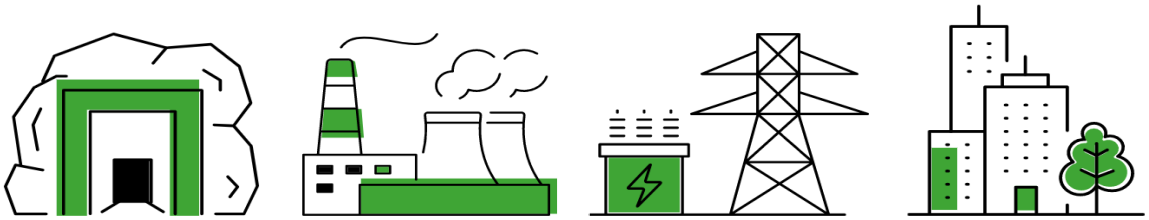
In 2023, the ENEA Group generated EBITDA of approx. PLN 6,297.8 million (up by PLN 4,077.8 million y/y).

The Generation area posted EBITDA of PLN 3,605.5 million (up by PLN 3,295.3 million y/y). The higher EBITDA was largely driven by improved EBITDA in the System Power Plants Segment and the RES Segment. There was an increase in margins from generation concessions (among other things, the effect of the year-ago base for forward power supply contracts, for which the costs required to fulfill the contracts exceeded the expected benefits), an increase in revenues from the Capacity Market, an increase in revenues from Regulatory System Services, and an increase in Green Unit margins (mainly the effect of higher electricity prices, with an increase in the unit cost of biomass). The Heat Segment saw a decline in EBITDA, which was influenced by, among other things, a decline in the unit margin on heat. In addition, there was an increase in costs due to the write-off for the Price Difference Fund and fixed costs across the Generation Area.

The Mining area generated EBITDA of PLN 1,326.4 million (up by PLN 715.8 million y/y). The improved EBITDA resulted from an increase in revenue from sales of coal driven by the higher realized sales price. At the same time, a decline was recorded in the coal sales volume along with a hike in operating expenses (an increase in the unit mining cost).

The Distribution area posted EBITDA of PLN 1,821.9 million (up by PLN 493.2 million y/y). The improvement in EBITDA was driven by the higher margin realized on the concession business, with a simultaneous increase in operating expenses and a decrease in the result on other operating activities.

The Trading area posted EBITDA of PLN -29.9 million (up by PLN 46.1 million y/y). The higher EBITDA result (lower loss) is mainly due to the use of provisions related to onerous contracts and higher revaluation of $CO_2$ contracts. At the same time, despite the operation of the compensation system, margins in the retail market declined.



- The ENEA Group incurred CAPEX of **PLN 3,711 million**
- Production of commercial coal was **7.1 million tons**
- Sales of commercial coal were **6.7 million tons**
- The Group generated **21.3 TWh** of electricity
- Sales of heat in the Generation segment totaled **6.6 PJ**
- Sales of distribution services to end users were **20.0 TWh**
- The volume of sales of electricity and gaseous fuel to retail customers was **22.8 TWh**

| + | - |
|---|---|
| Higher revenue from sales of electricity | Higher costs of purchase of electricity and gas |
| Compensation revenues | Higher costs of consumption of materials and supplies |
| Higher revenue from sales of distribution services | Contribution to the Price Difference Fund |
| Change in provisions related to onerous contracts | Higher employee benefit costs |
| Higher revenue from sales of heat | Drop in revenue from sales of coal |
| | Lower revenue from sales of gas |
| | Higher costs of transmission services |
| | Higher costs of third-party services |
| | Lower result on other operating activities |

## 1.1. Key events in 2023

**First quarter**

- On 4 January 2023, the Company received Mr. Rafał Włodarski's resignation from the position of an ENEA S.A. Supervisory Board Member, including the function of the Company's Supervisory Board Chairman, effective as of 4 January 2023.
- On 27 January 2023, Enea S.A signed a financing agreement with a consortium of banks consisting of Polska Kasa Oszczędności Bank Polski S.A., Bank Gospodarstwa Krajowego, Bank Polska Kasa Opieki S.A., Alior Bank S.A. and Bank of China (Europe) S.A. Poland Branch. Under this agreement, the Company obtained financing in the total amount of PLN 2,500,000,000, including a term facility up to the amount of PLN 1,500,000,000 ("Facility A") and a revolving facility up to the amount of PLN 1,000,000,000 ("Facility B"). In accordance with the provisions of the agreement, the Company may allocate the funds made available under Facility A for the financing and refinancing of capital expenditures of the Issuer's Group incurred in connection with the construction, expansion, upgrade or maintenance of the distribution network and the acquisition, development, expansion, financing, construction, upgrade, maintenance or commissioning of any renewable energy sources. In turn, the funds made available under Facility B may be used by the Company to finance its day-to-day operations and working capital of the Issuer's Group, except for the financing of the construction, acquisition or expansion of hard coal-fired power plants, other business related to hard coal, including hard coal mining and trading, and to refinance any financial debt or expenditures incurred for such purpose.
- On 13 March 2023, an Extraordinary General Meeting of ENEA S.A. was held, which on the same day appointed Ms. Aleksandra Agatowska to the Company's Supervisory Board of the 11th term of office, and elected Mr. Łukasz Ciołko as Chairman of the ENEA S.A. Supervisory Board.

**Second quarter**

- On 14 April 2023, an increase was registered in the share capital of Polimex Mostostal S.A. by PLN 1,500,000, that is from PLN 480,737,604 to PLN 482,237,604, by floating 750,000 series S ordinary bearer shares with a par value of PLN 2 each. ENEA S.A.'s stake in the company's share capital diminished from 16.15% to 16.10%.
- On 18 April 2023, the ENEA S.A. Management Board adopted a resolution on the proposed distribution of the Issuer's net profit for the financial year 2022. In accordance with the resolution, the Company's Management Board proposed to allocate the Issuer's net profit for the financial year covering the period from 1 January 2022 to 31 December 2022, in the amount of PLN 2,448,024,226.61, to increase the Company's reserve capital to carry out its scheduled investments. The Supervisory Board issued a positive opinion on the Management Board's proposal, following which the Ordinary General Meeting adopted a resolution consistent with the Management Board's recommendation.
- On 18 April 2023, Fitch Ratings changed the Company's rating outlook from negative to stable and affirmed the Company's long-term foreign- and local-currency issuer default ratings at BBB.

**Third quarter**

- On 4 July 2023, the Company received Mr. Piotr Zborowski's resignation from the position of an ENEA S.A. Supervisory Board Member, effective as of 4 July 2023. The reason for the resignation was not specified.
- On 6 July 2023, the Issuer's Supervisory Board adopted a resolution to appoint Mr. Jakub Kowaleczko, effective as of 17 July 2023, to the position of ENEA S.A. Management Board Member for Commercial Matters for the joint term of office commenced on the day following the date of holding the Ordinary General Meeting of ENEA S.A. which approved the financial statements for 2021.
- On 14 July 2023, ENEA S.A. received from the State Treasury, represented by the Minister of State Assets, a proposal for a non-binding document summarizing the transaction terms for the acquisition by the State Treasury of all shares in ENEA Wytwarzanie sp. z o.o. and shares in ENEA Elektrownia Połaniec S.A. held by ENEA S.A., along with their subsidiaries, in order to establish the National Energy Security Agency (NABE).
- On 31 July 2023, the Company received Ms. Aleksandra Agatowska's resignation from the position of an ENEA S.A. Supervisory Board Member, effective as of 31 July 2023. The reason for the resignation was not specified.
- On 10 August 2023, ENEA S.A. and the State Treasury, represented by the Minister of State Assets, signed documents summarizing the transaction terms for the acquisition by the State Treasury of all shares in ENEA Wytwarzanie sp. z o.o. and shares in ENEA Elektrownia Połaniec S.A. held by ENEA S.A., along with their subsidiaries, in order to establish NABE.
- On 21 August 2023, ENEA S.A. received from the State Treasury, represented by the Minister of State Assets, a proposal to purchase a block of 21,962,189 shares in LWB held by ENEA S.A. for a price of PLN 45 per share.
- On 13 September 2023, with regard to the completion of analyses of the report on the estimation of the market value of the equity stake in Lubelski Węgiel Bogdanka S.A. received on 11 September 2023 in connection with the negotiation process concerning LWB shares, the need to recognize an impairment loss on property, plant and equipment in the mining segment was identified. The impairment loss, estimated at PLN 749 million, is included in the financial data

presented in Note 29 of the *Condensed Interim Consolidated Financial Statements of the ENEA Group for the period from 1 January to 30 June 2023.*

**Fourth quarter**

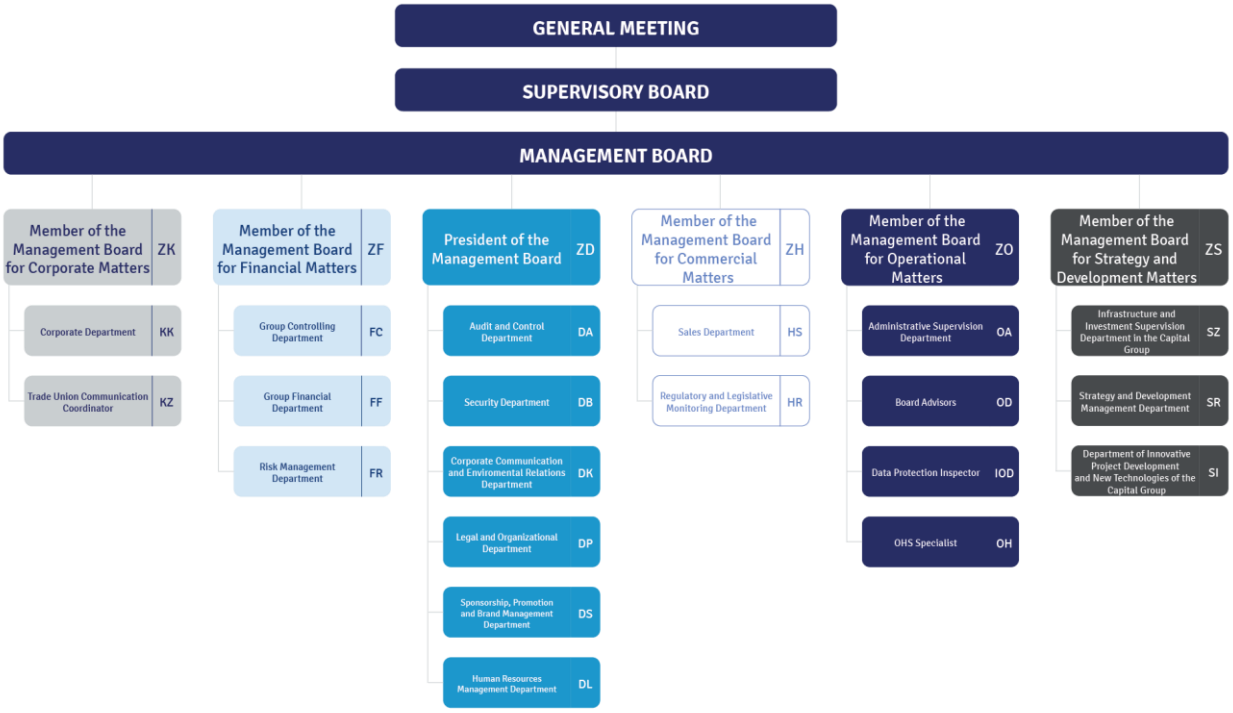
- In connection with the expiration, on 20 October 2023, of the time limit for the competent authority to provide an interpretation of the legal regulations on the so-called compensation system, as requested by the Company, in the absence of the said interpretation, ENEA S.A. completed its own legal review related to the entry into force of the Regulation of the Minister of Climate and the Environment of 9 September 2023, amending the Regulation on the Method of Shaping and Calculating Tariffs and the Method of Settlements in Electricity Trading. The Regulation introduces a mechanism for reducing the amounts payable by households to electricity trading companies for 2023. Due to the absence of an interpretation, the decision was made to establish a provision. As at 31 December 2023, the provision was fully utilized, as documented by pertinent correction notes and disclosed as a reduction in revenue from sales of electricity.
- On 21 November 2023, the ENEA S.A. Supervisory Board adopted a resolution to dismiss Mr. Rafał Marek Mucha, ENEA S.A. Management Board Member for Financial Matters, from the Company's Management Board as of 30 November 2023. The reason for the dismissal was not specified.
- On 18 December 2023, the Company obtained information about the preliminary outcome of the primary Capacity Market auction for 2028, as announced by Polskie Sieci Elektroenergetyczne S.A. According to the Company's estimates, total estimated revenues of the ENEA Group for 2028 from the Capacity Market, taking into account the Group's previously contracted capacity obligations, will reach approximately PLN 518 million.

## 1.2. Events after the reporting period

- On 25 January 2024, ENEA S.A. signed an agreement with the European Investment Bank (EIB) for a long-term investment loan of up to PLN 1,000,000,000. The total nominal value of the financing agreements entered into with the EIB over the last twelve months reached PLN 2,000,000,000. The funds provided under the agreements will be allocated to the tasks of financing and refinancing capital expenditures of the Issuer's Group incurred for the execution of the investment program associated with the development and modernization of distribution network infrastructure and its integration with renewable energy sources in 2023–2025. The agreements provide for the drawing of tranches in either PLN or EUR, while the interest rate on each tranche will be calculated based on a variable interest rate appropriate for the interest period and currency in question plus a margin or will be based on a fixed interest rate. The term of availability of the funds is 24 months from the date of the agreements, and the final repayment date will be up to 18 years from the date of utilization of the last tranche. The financing is not secured.
- On 29 January 2024, the Company received a statement from the Minister of State Assets that the Minister of State Assets exercised his power to dismiss a member of the ENEA S.A. Supervisory Board pursuant to § 24 sec. 1 of the Company's Statute. According to the statement, the Minister of State Assets, in the exercise of the powers conferred on him, dismissed, effective as of 29 January 2024, Mr. Łukasz Ciołko from the Company's Supervisory Board. At the same time, according to the statement, the Minister of State Assets, in the exercise of the powers conferred on him, appointed, effective as of 30 January 2024, Ms. Agata Ewa Michalska-Olek to the Company's Supervisory Board.
- On 30 January 2024, the Extraordinary General Meeting of ENEA S.A. adopted resolutions by the power of which changes were made in the composition of the Company's Supervisory Board of the 11th term of office. Mr. Roman Stryjski, Mr. Paweł Marian Łącki and Ms. Aneta Olga Kordowska were dismissed. Ms. Ewa Bagińska, Mr. Zbigniew Szymczak, Mr. Piotr Szymanek, Mr. Michał Gniatkowski and Ms. Monika Starecka were appointed.
- On 2 February 2024, the ENEA S.A. Supervisory Board adopted resolutions to dismiss Mr. Paweł Majewski, President of the ENEA S.A. Management Board, Mr. Jakub Kowaleczko, ENEA S.A. Management Board Member for Commercial Matters, and Mr. Dariusz Szymczak, ENEA S.A. Management Board Member for Corporate Matters, from the Company's Management Board. The resolutions came into effect on the date of their adoption. The reasons for the dismissals were not stated. At the same time, the Supervisory Board adopted a resolution of 2 February 2024 to second, starting 2 February 2024, Ms. Monika Starecka, ENEA S.A. Supervisory Board Member, to temporarily perform the duties of President of the ENEA S.A. Management Board for a period not longer than three months from the date of her secondment.
- On 19 February 2024, ENEA S.A. entered into a revolving credit agreement with Bank Powszechna Kasa Opieki S.A. and Powszechna Kasa Oszczędności Bank Polski S.A. for a maximum amount of PLN 1 000 000 thousand. The Company will be able to use the funds granted under the loan to finance and re-finance expenditures incurred in connection with the acquisition, development, expansion, financing, construction, modernisation, maintenance or commissioning of generating units using renewable sources for the production of electricity. The credit facility will not be used to finance the construction, acquisition or expansion of coal-fired power plants or other coal-related activities. The interest rate of the financing obtained will depend on the realisation of sustainable development indicators, i.e. the $CO_2$ emission reduction factor and the indicator of increasing the share of renewable energy sources in the Group's generation structure.

- On 23 February 2024, the ENEA S.A. Supervisory Board adopted resolutions to appoint Mr. Grzegorz Kinelski for a joint term of office, commenced on the day following the date of the ENEA S.A. Ordinary General Meeting which approved the financial statements for 2021, to the position of President of the ENEA S.A. Management Board as of 1 March 2024, to appoint Mr. Bartosz Krysta to the position of ENEA S.A. Management Board Member for Commercial Matters as of 1 March 2024, to appoint Mr. Marek Lelątko to the position of ENEA S.A. Management Board Member for Financial Matters as of 1 March 2024, to appoint Ms. Dalida Gepfert to the position of ENEA S.A. Management Board Member for Corporate Matters as of 1 May 2024. Moreover, the ENEA S.A. Supervisory Board adopted a resolution of 23 February 2024 to second, starting 1 March 2024, Ms. Monika Starecka, ENEA S.A. Supervisory Board Member, to temporarily perform the duties of ENEA S.A. Management Board Member for Corporate Matters until 30 April 2024 at the latest. At the same time, the Supervisory Board decided to rescind, effective as of 29 February 2024, the resolution of 2 February 2024 to second an ENEA S.A. Supervisory Board Member to temporarily perform the duties of President of the ENEA S.A. Management Board. Furthermore, on 23 February 2024, the ENEA S.A. Supervisory Board adopted resolutions to dismiss, effective as of 29 February 2024, Mr. Marcin Pawlicki, ENEA S.A. Management Board Member for Operational Matters, and Mr. Lech Żak, ENEA S.A. Management Board Member for Strategy and Development.
- On 7 March 2024, ENEA S.A. entered into an agreement with Bank Polska Kasa Opieki S.A. for a multi-currency credit facility of a maximum amount of PLN 250 000 thousand. The Company will be able to use the funds granted under the credit facility to finance its current operations. The funds made available by Pekao S.A. can be used in PLN or EUR, and their interest rate is based on WIBOR 1M or EURIBOR 1M, plus a margin.

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



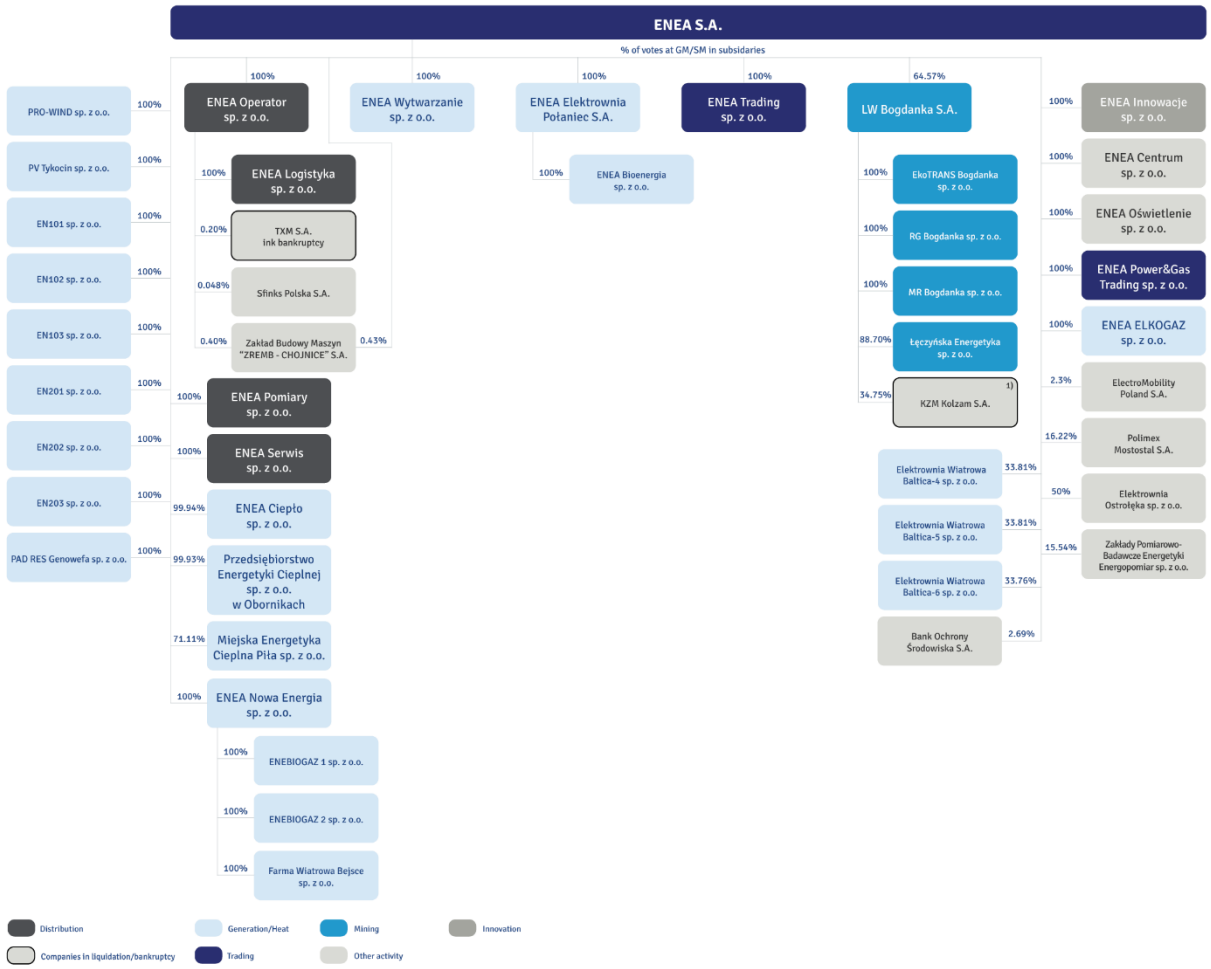

In 2023, as a result of organizational changes within its structure, the following events occurred at ENEA S.A.:

1. establishment of a new organizational unit called the Group Department for the Development of Innovative Projects and New Technologies reporting to the Vice-President of the Management Board for Strategy and Development. The Group Department for the Development of Innovative Projects and New Technologies focuses on analysis of new innovative concepts, implementation of new business lines and creation of new areas of the Company's business, and responds to ongoing challenges faced by the ENEA Group, including those resulting from the current geopolitical situation.
2. change of the name of the Group Production and Overhaul Oversight Department to the Group Infrastructure and Investment Oversight Department aimed at accurately reflecting the powers of the Department, along with a review and update of the assignments carried out by this organizational unit.

The organizational structure of the Company as at 31 December 2023 is presented above.

# 3. Organization and activity of the ENEA Group

## 3.1. Structure of the ENEA Group – as at 31 December 2023




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

There are 8 leading entities in the ENEA Group, namely ENEA S.A. (trading in electricity), ENEA Operator sp. z o.o. (distribution of electricity), ENEA Wytwarzanie sp. z o.o., ENEA Elektrownia Połaniec S.A. and ENEA Nowa Energia sp. z o.o. (generation and sales of electricity), ENEA Trading sp. z o.o. and ENEA Power&Gas Trading sp. z o.o. (wholesale of electricity) and LW Bogdanka S.A. (coal mining). The Group's structure also includes other companies which are direct and indirect subsidiaries of ENEA S.A. and companies in which ENEA S.A. holds minority shares.[2]

## 3.2. Changes in the ENEA Group's structure

### Asset restructuring

Following key organizational changes in 2023, in addition to the initiatives associated with the planned changes, the ENEA Group did not carry out any major asset restructuring activities.

### Capital divestments

In 2023, no significant capital divestment activities were carried out, except for those related to the planned sale of LWB shares to the State Treasury.

### Changes in the organization

In 2023, the ENEA Group continued its endeavors aimed at pursuing the ENEA Group Development Strategy.

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

## Capital investments

A detailed description of the processes related to capital investments is included in the *Consolidated financial statements of the ENEA Group for the financial year ended 31 December 2023.*

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

- On 3 January 2023, the Extraordinary General Meeting of ENEA Połaniec Serwis sp. z o.o. (target company) was held and adopted a resolution on the target company's merger with ENEA Elektrownia Połaniec S.A. (acquiring company). The merger was effected under a simplified procedure, that is in accordance with Article 516 of the Commercial Company Code. On 16 January 2023, the companies merged.
- On 4 January 2023, ENEA S.A. founded a limited liability company by the name of EN202 sp. z o.o. with its registered office in Poznań, with the share capital of PLN 70,000.00, divided into 100 shares with a par value of PLN 700.00 each, which was fully covered by cash, while all the shares were subscribed for by ENEA S.A. The company was entered in the National Court Register (KRS) on 5 January 2023. The company was established to carry out a photovoltaic project.
- On 4 January 2023, ENEA S.A. founded a limited liability company by the name of EN101 sp. z o.o. with its registered office in Poznań, with the share capital of PLN 70,000.00, divided into 100 shares with a par value of PLN 700.00 each, which was fully covered by cash, while all shares were subscribed for by ENEA S.A. The company was entered in the National Court Register on 9 January 2023. The company was established to carry out a photovoltaic project.
- On 13 January 2023, the court of registration competent for ENEA Trading sp. z o.o. issued a demerger decision and made an appropriate entry in the Register of Commercial Undertakings. As a consequence of the entry, ENEA Trading sp. z o.o.'s share capital decreased from PLN 100,000,000.00 to PLN 61,205,000.00.
- On 1 February 2023, 500,000 series S ordinary bearer shares of Polimex Mostostal S.A. were registered with the Central Securities Depository of Poland (KDPW) and admitted to trading by the Warsaw Stock Exchange, with a par value of PLN 2.00 each, resulting in an increase in the Company's share capital by PLN 1,000,000.00, from PLN 479,737,604.00 to PLN 480,737,604.00. As a result of the increase in the share capital of Polimex Mostostal S.A., ENEA S.A.'s stake in the Company's share capital diminished from 16.26% to 16.23%.
- On 28 February 2023, ENEA Innowacje sp. z o.o. sold 1 share in ENEBIOGAZ 1 sp. z o.o. with a par value of PLN 50.00 for the price of PLN 50.00 and 1 share in ENEBIOGAZ 2 sp. z o.o. with a par value of PLN 50.00 for the price of PLN 50.00 to ENEA Nowa Energia sp. z o.o., which became the sole shareholder of ENEBIOGAZ 1 sp. z o.o. and ENEBIOGAZ 2 sp. z o.o.
- On 15 March 2023, the Extraordinary General Meeting of ENEA ELKOGAZ sp. z o.o. with its registered office in Warsaw adopted a resolution to increase the share capital of ENEA ELKOGAZ sp. z o.o. by PLN 10,000,000.00, that is from PLN 19,000,000.00 to PLN 29,000,000.00, by creating 100,000 new shares with a par value of PLN 100.00 each and a total par value of PLN 10,000,000.00, which were subscribed for and paid up in full with cash by ENEA S.A. The share capital increase was entered in the National Court Register on 3 April 2023.
- In March 2023, the sale of 187,500 shares held by ENEA S.A. in the share capital of Polimex Mostostal S.A. was finalized; as a result, the stake held by ENEA S.A. in the Company's share capital fell from 16.23% to 16.15%. On 14 April 2023, an increase was registered in the share capital of Polimex Mostostal S.A. by PLN 1,500,000.00, that is from PLN 480,737,604.00 to PLN 482,237,604.00, by floating 750,000 series S ordinary bearer shares with a par value of PLN 2.00 each. ENEA S.A.'s stake in the company's share capital diminished from 16.15% to 16.10%. On 28 April 2023, as a result of the exercise of call option 8 (acquisition of shares), ENEA S.A.'s stake in the company's share capital increased from 16.10% to 16.17% and the number of shares held increased by 187,500, that is from 38,812,524 shares to 39,000,024 shares.
- On 3 April 2023, the court of registration competent for ENEA Power&Gas Trading sp. z o.o. issued a demerger decision and made an appropriate entry in the Register of Commercial Undertakings. As a consequence of the entry, ENEA Power&Gas Trading sp. z o.o.'s share capital increased from PLN 3,200,000.00 to PLN 61,392,500.00.
- On 27 April 2023, the Extraordinary General Meeting of Elektrownia Ostrołęka sp. z o.o. decided to increase the company's share capital by PLN 100.00 to PLN 912,482,200.00, by creating 2 new shares with a par value of PLN 50.00 each and an issue price of PLN 202,657,409.15 per share. The company's existing shareholders, namely ENEA S.A. and ENERGA S.A., acquired 1 new share with a par value of PLN 50.00 each. Specifically, on 27 April 2023, ENEA S.A. acquired its 1 new share, covering it with a cash contribution of PLN 202,657,409.15. Then, effective as of 28 April 2023, ENEA S.A. and Elektrownia Ostrołęka sp. z o.o. executed an agreement on a set-off of receivables whereunder ENEA S.A.'s receivables from Elektrownia Ostrołęka sp. z o.o. on account of the PLN 170,000,000 million loan granted under the loan agreement of December 2019 (as amended) plus interest, for a total value of PLN 202,657,409.15, were set off with the receivables of Elektrownia Ostrołęka sp. z o.o. from ENEA S.A. on account of the liability incurred to cover 1 share in the company with a cash contribution of PLN 202,657,409.15 in the increased share capital of Elektrownia Ostrołęka. In accordance with the set-off agreement, the receivables were mutually cancelled in full, and thus the loan agreement of 23 December 2019 (as amended) expired on 28 April 2023. The share capital increase was registered in the National Court Register (KRS) on 4 December 2023.

- On 6 May 2023, the 28 April 2023 entry regarding the deletion of Tłocznia Metali PRESSTA S.A. in liquidation bankruptcy from the National Court Register became effective.
- On 1 June 2023, the 24 May 2023 entry regarding the deletion of ENERGO-TOUR Sp. z o.o. in liquidation from the National Court Register became effective.
- On 28 June 2023, the Extraordinary General Meeting of ENEA Trading sp. z o.o adopted a resolution to increase the share capital of ENEA Trading sp. z o.o by PLN 1,000.00, that is from PLN 61,205,000.00 to PLN 61,206,000.00, by creating 1 new share with a par value of PLN 1,000.00, which was subscribed for and paid up in full with cash by ENEA S.A. The share capital increase was registered on 12 July 2023.
- On 5 July 2023, the Extraordinary General Meeting of EN101 sp. z o.o. adopted a resolution to increase the share capital of EN101 sp. z o.o. by PLN 3,430,000.00, that is from PLN 70,000.00 to PLN 3,500,000.00, by creating 4,900 new shares with a par value of PLN 700.00 each and a total par value of PLN 3,430,000.00, which were subscribed for and paid up in full with cash by ENEA S.A. The share capital increase was entered in the National Court Register on 10 November 2023.
- On 5 July 2023, the Extraordinary General Meeting of EN102 sp. z o.o. adopted a resolution to increase the share capital of EN102 sp. z o.o. by PLN 3,530,800.00, that is from PLN 70,000.00 to PLN 3,600,800.00, by creating 5,044 new shares with a par value of PLN 700.00 each and a total par value of PLN 3,530,800.00, which were subscribed for and paid up in full with cash by ENEA S.A. The share capital increase was entered in the National Court Register on 27 September 2023.
- On 5 July 2023, the Extraordinary General Meeting of EN103 sp. z o.o. adopted a resolution to increase the share capital of EN103 sp. z o.o. by PLN 147,700.00, that is from PLN 70,000.00 to PLN 217,700.00, by creating 211 new shares with a par value of PLN 700.00 each and a total par value of PLN 147,700.00, which were subscribed for and paid up in full with cash by ENEA S.A. The share capital increase was entered in the National Court Register on 27 September 2023.
- On 5 July 2023, the Extraordinary General Meeting of EN201 sp. z o.o. adopted a resolution to increase the share capital of EN201 sp. z o.o. by PLN 2,508,800.00, that is from PLN 70,000.00 to PLN 2,578,800.00, by creating 3,584 new shares with a par value of PLN 700.00 each and a total par value of PLN 2,508,800.00, which were subscribed for and paid up in full with cash by ENEA S.A. The share capital increase was entered in the National Court Register on 25 October 2023.
- On 5 July 2023, the Extraordinary General Meeting of EN202 sp. z o.o. adopted a resolution to increase the share capital of EN202 sp. z o.o. by PLN 3,222,800.00, that is from PLN 70,000.00 to PLN 3,292,800.00, by creating 4,604 new shares with a par value of PLN 700.00 each and a total par value of PLN 3,222,800.00, which were subscribed for and paid up in full with cash by ENEA S.A. The share capital increase was entered in the National Court Register on 2 November 2023.
- On 5 July 2023, the Extraordinary General Meeting of EN203 sp. z o.o. adopted a resolution to increase the share capital of EN203 sp. z o.o. by PLN 534,800.00, that is from PLN 70,000.00 to PLN 604,800.00, by creating 764 new shares with a par value of PLN 700.00 each and a total par value of PLN 534,800.00, which were subscribed for and paid up in full with cash by ENEA S.A. The share capital increase was entered in the National Court Register on 25 October 2023.
- On 6 July 2023, the Extraordinary General Meeting of Przedsiębiorstwo Energetyki Cieplnej sp. z o.o. in Oborniki adopted a resolution to increase the share capital of Przedsiębiorstwo Energetyki Cieplnej sp. z o.o. in Oborniki by PLN 6,000,000.00, that is from PLN 6,582,500.00 to PLN 12,582,500.00, by creating 12,000 new shares with a par value of PLN 500.00 each and a total par value of PLN 6,000,000.00. ENEA S.A. subscribed for 11,992 shares with a total par value of PLN 5,996,000.00 and paid them up with cash in full. The share capital increase was entered in the National Court Register on 10 November 2023.
- On 12 July 2023, 500,000 series S ordinary bearer shares of Polimex Mostostal S.A. were registered with the Central Securities Depository of Poland (KDPW) and admitted to trading, with a par value of PLN 2.00 each, resulting in an increase in the company's share capital by PLN 1,000,000.00, from PLN 482,237,604.00 to PLN 483,237,604.00. ENEA S.A.'s stake in the company's share capital diminished from 16.17% to 16.14%. The company's share capital is divided into 241,618,802 ordinary shares with a par value of PLN 2.00 each. On 14 July 2023, as a result of the exercise of call option 9 (acquisition of shares), ENEA S.A.'s stake in the company's share capital increased from 16.14% to 16.19% and the number of shares held increased by 125,000, that is from 39,000,024 shares to 39,125,024 shares.
- On 26 July 2023, the Extraordinary General Meeting of ENEA ELKOGAZ sp. z o.o. with its registered office in Warsaw adopted a resolution to increase the share capital of ENEA ELKOGAZ sp. z o.o. by PLN 10,000,000.00, that is from PLN 29,000,000.00 to PLN 39,000,000.00, by creating 100,000 new shares with a par value of PLN 100.00 each and a total par value of PLN 10,000,000.00, which were subscribed for and paid up in full with cash by ENEA S.A. The share capital increase was entered in the National Court Register on 27 September 2023.

- On 2 August 2023, the Extraordinary General Meeting of ENEA Innowacje sp. z o.o. with its registered office in Warsaw adopted a resolution to increase the share capital of ENEA Innowacje sp. z o.o. by PLN 12,000,000.00, that is from PLN 38,710,000.00 to PLN 50,710,000.00, by creating 120,000 new shares with a par value of PLN 100.00 each and a total par value of PLN 12,000,000.00, which were subscribed for and paid up in full with cash by ENEA S.A. The share capital increase was registered on 28 August 2023.
- On 23 August 2023, ENEA S.A. acquired a 100% stake in PRO-WIND sp. z o.o., the owner of the operational Tarnów photovoltaic farm with a capacity of 10 MW, and a 100% stake in PV Tykocin sp. z o.o., the owner of the operational Tykocin photovoltaic farm with a capacity of 2 MW. As part of the transaction involving the acquisition of the equity stake in PRO-WIND sp. z o.o., ENEA S.A. entered into a PLN 17.5 million loan agreement with PRO-WIND sp. z o.o. in August 2023.
- On 25 August 2023, the Extraordinary General Meeting of ENEBIOGAZ 1 sp. z o.o. increased the company's share capital by PLN 25,000.00, that is from PLN 5,000.00 to PLN 30,000.00, by creating 500 new shares with a par value of PLN 50.00 each and a total value of PLN 25,000.00. All the shares in the increased share capital were subscribed for and paid up in full with cash by ENEA Nowa Energia sp. z o.o. The share capital increase was entered in the National Court Register on 31 January 2024.
- On 25 August 2023, the Extraordinary General Meeting of ENEBIOGAZ 2 sp. z o.o. increased the company's share capital by PLN 25,000.00, that is from PLN 5,000.00 to PLN 30,000.00, by creating 500 new shares with a par value of PLN 50.00 each and a total value of PLN 25,000.00. All the shares in the increased share capital were subscribed for and paid up in full with cash by ENEA Nowa Energia sp. z o.o. The share capital increase was registered in the National Court Register on 21 December 2023.
- On 1 September 2023, the Extraordinary General Meeting of ENEA Nowa Energia sp. z o.o. increased the company's share capital by PLN 118,500,000.00, that is from PLN 52,648,100.00 to PLN 171,148,100.00, by creating 2,370,000 new shares with a par value of PLN 50.00 each and a total value of PLN 118,500,000.00. All the shares in the increased share capital were subscribed for and paid up in full with cash by ENEA S.A. The share capital increase was registered in the National Court Register on 13 October 2023.
- On 7 September 2023, ENEA Nowa Energia sp. z o.o. acquired a 100% stake in the share capital of Farma Wiatrowa Bejsce, the owner of a 19.8 MW wind project, from OX2 Holding Poland. The farm is located in Świętokrzyskie Voivodship, is currently under construction and will become operational in 2025. The acquisition deal covers the company along with a contract for the construction of the target plant. The total cost of the whole transaction up to the commissioning stage of the plant will reach EUR 57,420,000.
- On 7 September 2023, the Extraordinary General Meeting of Farma Wiatrowa Bejsce sp. z o.o. increased the company's share capital by PLN 7,732,600.00, that is from PLN 10,000.00 to PLN 7,742,600.00, by creating 154,652 new shares with a par value of PLN 50.00 each and a total value of PLN 7,732,600.00. All the shares in the increased share capital were subscribed for and paid up in full with cash by ENEA Nowa Energia sp. z o.o. The share capital increase was registered in the National Court Register on 20 December 2023.
- On 20 September 2023, ENEA S.A. acquired a 100% stake in PAD RES Genowefa sp. z o.o., which owns the 35 MW Genowefa photovoltaic farm. The farm is located in Wielkopolskie Voivodship.
- On 5 October 2023, an increase was registered in the share capital of Polimex Mostostal S.A. by PLN 1,500,000.00, that is from PLN 483,237,604.00 to PLN 484,737,604.00, by floating 750,000 series S ordinary bearer shares with a par value of PLN 2.00 each. ENEA S.A.'s stake in the company's share capital diminished from 16.19% to 16.14%.On 13 October 2023, as a result of the exercise of call option 10 (acquisition of shares), ENEA S.A.'s stake in the company's share capital increased from 16.14% to 16.22% and the number of shares held increased by 187,500, that is from 39,125,024 shares to 39,312,524 shares.
- On 6 December 2023, the Extraordinary General Meeting of ENEA ELKOGAZ sp. z o.o. increased the company's share capital by PLN 15,000,000.00, that is from PLN 39,000,000.00 to PLN 54,000,000.00, by creating 150,000 new shares with a par value of PLN 100.00 each and a total value of PLN 15,000,000.00. All the shares in the increased share capital were subscribed for and paid up in full with cash by ENEA S.A. Registration of the share capital increase in the National Court Register is pending.
- On 12 December 2023, the Extraordinary General Meeting of PAD RES Genowefa sp. z o.o. increased the company's share capital by PLN 2,500,000.00, that is from PLN 5,000.00 to PLN 2,505,000.00, by creating 50,000 new shares with a par value of PLN 50.00 each and a total value of PLN 2,500,000.00. All the shares in the increased share capital were subscribed for and paid up in full with cash by ENEA S.A. The share capital increase was entered in the National Court Register on 9 February 2024. Furthermore, on the same date, the change of the business name of PAD RES Genowefa sp. z o.o. into PV Genowefa sp. z o.o. was registered by the National Court Register (KRS).
- On 10 January 2024, an increase was registered in the share capital of Polimex Mostostal S.A. by PLN 1,000,000.00, that is from PLN 484,737,604.00 to PLN 485,737,604.00, by floating 500,000 series S ordinary bearer shares with a par value of PLN 2.00 each. ENEA S.A.'s stake in the company's share capital diminished from 16.22% to 16.19%. On

23 January 2024, as a result of the exercise of call option 11 (acquisition of shares), ENEA S.A.'s stake in the company's share capital increased from 16.19% to 16.24% and the number of shares held increased by 125,000, that is from 39,312,524 shares to 39,437,524 shares.

- On 26 January 2024, ENEA S.A. and ENERGA S.A. entered into a conditional sale agreement providing for the sale by ENEA S.A. of 9,124,822 shares of Elektrownia Ostrołęka Sp. z o.o., representing 50% of the share capital of Elektrownia Ostrołęka Sp. z o.o. to ENERGA S.A. for PLN 42,000,000.00, with the condition precedent that the National Support Center for Agriculture ("KOWR") refrains from exercising the pre-emptive right to purchase shares of Elektrownia Ostrołęka Sp. z o.o. in vested in KOWR pursuant to Article 3a(1)(1) of the Act of 11 April 2003 on the Formation of the Agricultural System within the time limit specified in Article 3a(4) of the said Act. As the above condition precedent was fulfilled, on 4 April 2024 ENEA S.A. and ENERGA S.A. signed the Agreement on the Transfer of Shares in Elektrownia Ostrołęka Sp. z o.o. (Transfer Agreement), under which the legal title to the Transfer Shares was transferred from the Seller, i.e. ENEA S.A., to the Buyer, i.e. ENERGA S.A., upon execution of the Transfer Agreement.
- On 14 February 2024, ENEA Operator sold 18,312 shares in Sfinks Polska S.A. Thus, ENEA Operator is no longer a shareholder of the above company.
- On 14 and 26 February 2024, ENEA Operator sold 55,046 shares in Zakład Budowy Maszyn ZREMB -CHOJNICE S.A. Thus, ENEA Operator is no longer a shareholder of the above company.

## 3.3. ENEA Group's business areas

**Mining**

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

**Generation**

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

**Distribution**

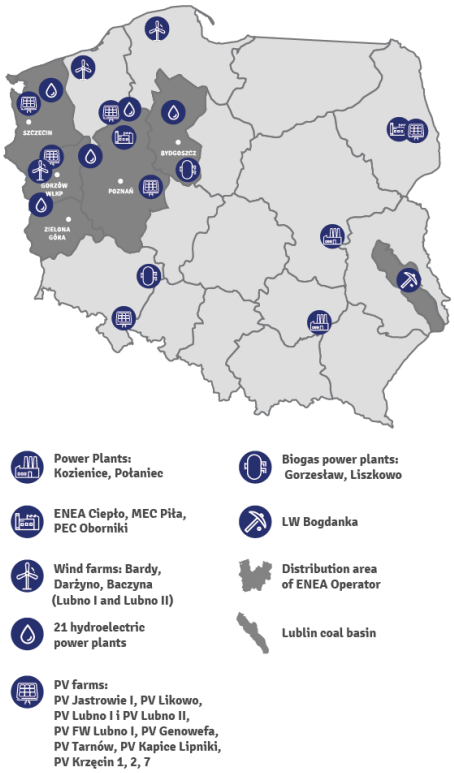
- Supply of electricity
- Planning and ensuring expansion of the distribution network, including new customer connections
- Operation, maintenance and repairs of the distribution grid
- Management of metering data

**Wholesale trading**

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

**Retail trading**

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



### 3.3.1. Mining

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

| Description | 2022 | 2023 | % change | Q4 2022 | Q4 2023 | % change |
|---|---|---|---|---|---|---|
| Net production [thousand tons] | 8,401 | 7,053 | -16.0% | 1,238 | 2,496 | 101.6% |
| Sales of coal [thousand tons] | 8,400 | 6,703 | -20.2% | 1,243 | 2,142 | 72.3% |
| Inventories (at the end of the period) [thousand tons] | 22 | 371 | 1,586.4% | 22 | 371 | 1,586.4% |
| Excavation works [km] | 32.80 | 29.67 | -9.5% | 7.56 | 6.90 | -9.2% |

### 3.3.2. Generation

#### 3.3.2.1. Generation assets of the Generation Area

| Description | Installed electricity generation capacity [$MW_e$] | Achieved electricity generation capacity [$MW_e$] | Installed heat generation capacity [$MW_t$] | Installed capacity in RES [$MW_e$] |
|---|---|---|---|---|
| Kozienice Power Plant | 4,071.8 | 4,004.0[1] | 125.4 | - |
| Połaniec Power Plant | 1,879.0 | 1,899.0 | 130.0 | 230.0 |
| Wind farms in Bardy, Darżyno and Baczyna [Lubno I and Lubno II] | 71.6 | 70.1 | - | 71.6 |
| Photovoltaic (PV) power station in Jastrowie I, PV Likowo, PV Lubno I and PV Lubno II, Krzęcin 1, 2 and 7, PV Lubno I, PV Tarnów, PV Kapice Lipniki, PV Genowefa, PV Darżyno[2] | 59.0 | 59.0 | - | 59.0 |
| Liszkowo and Gorzesław biogas plants | 3.8 | 3.8 | 3.1 | 3.8 |
| Hydro power plants | 58.8 | 55.8 | - | 58.8 |
| MEC Piła | 20.4 | 18.4 | 130.9 | - |
| PEC Oborniki | - | - | 27.4 | - |
| ENEA Ciepło (Białystok CHP Plant, "Zachód" Heat Plant) | 203.5 | 156.6 | 684.1[3] | 78.5 |
| **Total** | **6,367.9** | **6,266.7** | **1,100.9** | **501.7** |

[1] Reduction of Unit 6 maximum capacity from 228 MW to 225 MW as a result of reduced permissible pressure in the turbine control wheel chamber.

[2] Darżyno PV farm with a capacity of 2 MW is not at the stage of technological commissioning and after obtaining a concession, the total installed capacity in the PV farm area will be 61.0 MWe.

[3] Including the Heat Recovery System with a capacity of 18.7 MWt located at the Białystok CHP Plant.

On 23 August 2023, ENEA S.A. entered into a share purchase agreement under which it acquired a 100% stake in the share capital of PRO-WIND sp. z o.o. with its registered office in Kielce, the owner of an operational photovoltaic farm with a capacity of 10 MW located in Tarnów, and a 100% stake in the share capital of PV Tykocin sp. z o.o. with its registered office in Kielce, the owner of an operational photovoltaic farm with a capacity of 2 MW located in Kapice Lipniki, Tykocin municipality. On 25 August 2023, PV Krzęcin 1, 2, 7, built by ENEA Nowa Energia, was entered in MIOZE (register of small installation energy producers) – it consists of three installations of 1 MW each. On 20 September 2023, ENEA S.A. acquired a 100% stake in PAD RES Genowefa sp. z o.o., which owns the 35 MW Genowefa photovoltaic farm. The farm is located in Wielkopolskie Voivodship near Kleczew. The Darżyno PV farm with a capacity of 2 MW is currently at the stage of technological commissioning and the process of obtaining a concession.

#### 3.3.2.2. Generation – installed capacity

**Kozienice Power Plant**

| Unit | U1 | U2 | U3 | U4 | U5 | U6 | U7 | U8 | U9 | U10 | U11 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Installed capacity [MW] | 230 | 230 | 230 | 230 | 230 | 230 | 230 | 230 | 560 | 560 | 1,112 |
| Planned shutdown year | 2031 | 2031 | 2030 | 2030 | 2032 | 2032 | 2033 | 2033 | 2041 | 2042 | 2048 |

The above data for ENEA Wytwarzanie – Kozienice Power Plant were prepared on the basis of the current working schedules of the units and the scheduled shutdowns of the generation units. With regard to the data provided in previous reports, we hereby report that:

- on 17 October 2023, ENEA ELKOGAZ canceled the tender procedure for the selection of the EPC Contractor of a brownfield Project due to the absence of bids,
- on 21 December 2023, ENEA Wytwarzanie and ENEA ELKOGAZ terminated agreements of 23 June 2023, as amended; 28 June 2023 and 25 July 2023 (the so called “sharing agreements”). Thus, the project of constructing combined cycle power units planned as brownfield projects, i.e. replacement of the generation capacity of 200 MWe power units with gaseous fuel combustion technology, will not be continued.
- in Q4 2023, a further direction for the project performance was found as incorporation of combined cycle power units as a greenfield project (i.e. in a new area without exploiting the place where the existing 200 MWe coal-fired units are located),
- on 9 January 2024, ENEA ELKOGAZ obtained corporate consent for changing the project performance model from a brownfield to a greenfield project model and consequently, the above schedule includes shutdowns of coal-fired units of the Kozienice Power Plant without replacing them with incorporated combined cycle power units,
- ENEA Wytwarzanie adopted, as the basic schedule for the Company’s continued operation, the repair and downtime schedule based on coal-fired units, taking into account shutdowns of 200MWe units in 2030-2033.

## Połaniec Power Plant

| Unit | U1 | U2 | U3 | U4 | U5 | U6 | U7 | GU (U9) |
|---|---|---|---|---|---|---|---|---|
| Installed capacity [MW] | 200 | 242 | 242 | 242 | 242 | 242 | 239 | 230 |
| Planned shutdown year | 2023[1] | 2034 | 2034 | 2034 | 2034 | 2034 | 2034 | 2042 |

[1] Since 1 January 2024, unit no. 1 has been shut down.

The above data were prepared on the basis of the current working schedule of the units and the scheduled shutdowns of the generation units. At present, the project entitled *Adaptation of ENEA Elektrownia Połaniec to Capacity Market requirements after 1 July 2025* is being performed.

## ENEA Nowa Energia

| Areas | Description | Installed capacity [MWe] |
|---|---|---|
| Water | 21 barrages with accompanying facilities on which hydropower plants with an installed capacity of 132 kW to 24.8 MW are located on the following rivers: Brda, Wda, Gwda, Rega, Drawa, Myśla, Obra and Wełna | 58.8 |
| Wind farms | Bardy, Darżyno and Baczyna (Lubno I and Lubno II) | 71.6 |
| Photovoltaic farms | PV Jastrowie I, PV Likowo, PV Lubno I and PV Lubno II, Krzęcin 1, 2 and 7[1], PV Lubno I, PV Darżyno[2] | 12.0 |
| Biogas | Liszkowo and Gorzesław biogas plants | 3.8 |

[1] PV Krzęcin 1, 2, 7 consists of three installations with a capacity of 1 MW each, entered in the register of small-scale energy producers on 25 August 2023.

[2] PV Darżyno with a capacity of 2 MW is at present at the stage of technological commissioning and, after obtaining a concession, the total installed capacity in the PV farm area for ENEA Nowa Energia will be 14.0 MWe.

## ENEA Group companies

| Company | Photovoltaic farm | Installed capacity [MWe] |
|---|---|---|
| PRO-WIND sp. z o.o. | PV Tarnów | 10.0 |
| PV Tykocin sp. z o.o. | PV Kapice Lipniki | 2.0 |
| PV Genowefa sp. z o.o. | PV Genowefa | 35.0 |

## ENEA Ciepło

| Unit | U1 | U2 | U3 | U4[1] | Water boilers | B1 | B2 | B3 | B4 | B5 |
|---|---|---|---|---|---|---|---|---|---|---|
| Installed capacity [MW] | 55 | 55 | 70 | 23.5 | Installed capacity [MW] | 0 | 0 | 0 | 0 | 0 |
| Thermal capacity [MWt] | 98.4 | 108 | 108 | 0 | Thermal capacity [MWt] | 33 | 35 | 35 | 40 | 40 |
| Planned last year of production | 2028 | 2045 | 2055 | 2061 | Planned last year of production | - | - | - | - | - |

[1] Condensing turbine unit powered by discharges from the U1 unit.

### 3.3.2.3. Data for the Generation Area

| Description | 2022 | 2023 | % change | Q4 2022 | Q4 2023 | % change |
|---|---|---|---|---|---|---|
| Total (net) electricity generation [GWh] | 26,214 | 21,344 | -18.6% | 6,034 | 5,390 | -10.7% |
| Net generation from conventional sources [GWh] | 24,265 | 19,060 | -21.5% | 5,572 | 4,743 | -14.9% |
| RES production [GWh] | 1,949 | 2,284 | 17.2% | 462 | 647 | 40.1% |
| Gross heat production [TJ] | 7,861 | 7,369 | -6.3% | 2,466 | 2,353 | -4.6% |
| **ENEA Wytwarzanie** | | | | | | |
| Net generation from conventional sources [GWh] | 17,118 | 13,945 | -18.4% | 3,845 | 3,490 | -9.2% |
| including: unit 11 in the Kozienice Power Plant | | | | | | |
| Net generation from conventional sources [GWh] | 4,347 | 4,535 | 4.3% | 331 | 1,164 | 251.7% |
| Average net load [MW] | 757 | 713 | -5.8% | 654 | 712 | 8.9% |
| Gross heat production [TJ] | 586 | 493 | -15.9% | 207 | 144 | -30.4% |
| **ENEA Nowa Energia** | | | | | | |
| RES production [GWh] | 286 | 295 | 3.1% | 68 | 90 | 32.4% |
| hydro power plants | 108 | 107 | -0.9% | 24 | 31 | 29.2% |
| wind farms | 167 | 172 | 3.0% | 41 | 55 | 34.1% |
| biogas plants | 9 | 8 | -11.1% | 3 | 3 | - |
| PV farms | 3 | 8 | 166.7% | 0.3 | 0.9 | 200.0% |
| **PV Genowefa, PRO-WIND, PV Tykocin – ENEA Group companies**[1] | | | | | | |
| RES production [GWh] | - | 6 | 100.0% | - | 6 | 100.0% |
| **ENEA Elektrownia Połaniec** | | | | | | |
| Total (net) electricity generation [GWh] | 8,376 | 6,628 | -20.9% | 1,991 | 1,662 | -16.5% |
| Net generation from conventional sources [GWh] | 6,938 | 4,870 | -29.8% | 1,656 | 1,170 | -29.3% |
| RES production (biomass firing – Green Unit) [GWh] | 1,128 | 1,507 | 33.6% | 254 | 406 | 59.8% |
| RES production (biomass co-firing) [GWh] | 309 | 252 | -18.4% | 81 | 86 | 6.2% |
| Gross heat production [TJ] | 2,417 | 2,295 | -5.0% | 631 | 604 | -4.3% |
| **ENEA Ciepło** | | | | | | |
| Total (net) electricity generation [GWh] | 383 | 360 | -6.0% | 113 | 106 | -6.2% |
| Net generation from conventional sources [GWh] | 159 | 135 | -15.1% | 54 | 47 | -13.0% |
| RES production [GWh] | 224 | 224 | - | 59 | 59 | - |
| Gross heat production [TJ] (in combination with the "Zachód" Heat Plant) | 3,992 | 3,728 | -6.6% | 1,331 | 1,304 | -2.0% |
| **PEC Oborniki** | | | | | | |
| Gross heat production [TJ] | 116 | 116 | - | 39 | 39 | - |
| **MEC Piła** | | | | | | |
| Net generation from conventional sources [GWh] | 50 | 109 | 118.0% | 17 | 36 | 111.8% |
| Gross heat production [TJ] | 751 | 737 | -1.9% | 259 | 262 | 1.2% |

[1] The volume data in the table for PRO-WIND, PV Tykocin and PV Genowefa correspond to recognized revenue from sales of electricity in the given period. The volume data for the new companies are given for 2023 and for Q4 2023 in the same amounts because data of the companies were not reported in the periodic report for Q1-Q3 2023.

### 3.3.2.4. $CO_2$ emissions, allocation of free $CO_2$ emission allowances, costs of allowances

| | $CO_2$ emissions[1] [t] | Allocation of free $CO_2$ emission allowances [t] | Costs of allowances [PLN thousand] |
|---|---|---|---|
| **Kozienice Power Plant** | | | |
| 2022 | 15,540,711 | 3,079 [2] | 3,851,529 |
| 2023 | 12,796,315 | 5,002 [3] | 5,474,218 |
| **MEC Piła** | | | |
| 2022 | 41,667 | 6,923 [2] | 12,128 |
| 2023 | 49,225 | 6,010 [3] | 15,938 |
| **Białystok - CHP plant** | | | |
| 2022 | 255,232 | 44,415 [2] | 42,394 |
| 2023 | 219,879 | 43,244 [3] | 68,105 |
| **Białystok – "Zachód" Heat Plant** | | | |
| 2022 | 12,851 | 2,923 [2] | 2,420 |
| 2023 | 16,223 | 2,379 [3] | 4,681 |
| **Połaniec Power Plant** | | | |
| 2022 | 7,088,659 | 87,646 [2] | 1,667,315 |
| 2023 | 5,053,883 | 85,334 [3] | 2,058,434 |
| **Łęczyńska Energetyka [4]** | | | |
| 2022 | 44,070 | 11,809 [2] | 11,187 |
| 2023 | 42,308 | 12,806 [3] | 10,642 |
| **Total 2022** | **22,983,190** | **156,795** | **5,586,973** |
| **Total 2023** | **18,177,833** | **154,775** | **7,632,018[5]** |

[1] Emissions are given jointly for the production of electricity and the production of heat.
[2] Gratuitous allowances granted for 2022.
[3] Gratuitous allowances granted for 2023.
[4] Entity in the LW Bogdanka Group holding $CO_2$ emission allowances.
[5] The costs included in the total item represent the sum of the individual costs of the companies. The costs recognized in the consolidated statement of comprehensive income related to $CO_2$ emissions, after presentation adjustments, amounted to PLN 5,614,526 thousand in 2022 and PLN 6,643,244 thousand in 2023.

### 3.3.2.5. Fuel supply

The main fuel used in the Kozienice Power Plant and the Połaniec Power Plant to generate electricity is pulverized bituminous coal. The main fuels used in ENEA Ciepło – Białystok CHP Plant in 2023 included: coal and biomass.

**Coal deliveries**

| | Kozienice Power Plant | Połaniec Power Plant | ENEA Ciepło |
|---|---|---|---|
| Main coal suppliers in 2023 | LW Bogdanka (approx. 70%)<br>several other suppliers<br>(below 15% each) | PGG (approx. 40%)<br>LW Bogdanka (approx. 37%)<br>several other suppliers<br>(below 15% each) | LW Bogdanka (approx. 64%)<br>PGG (approx. 22%)<br>several other suppliers<br>(below 15% each) |
| Main carrier performing deliveries in 2023 | PKP Cargo (approx. 55%)<br>FPL (approx. 25%)<br>DB Cargo (approx. 17%)<br>other (approx. 3%) | PKP Cargo (approx. 72%)<br>other (approx. 28%) | LW Bogdanka (approx. 64%)<br>PKP Cargo (approx. 36%) |

## Purchase of fuel

| Fuel type | Generation Area | | | |
|---|---|---|---|---|
| | 2022 | | 2023 | |
| | Quantity [thousand tons] | Cost [PLN million] | Quantity [thousand tons] | Cost [PLN million] |
| Bituminous coal | 10,985 | 5,513 | 9,959 | 7,437 |
| Biomass | 1,894 | 1,011 | 2,104 | 1,311 |
| (Heavy) fuel oil [1] | 15 | 48 | 13 | 37 |
| (Light) fuel oil [2] | 71 | 19 | 9 | 43 |
| Natural gas [thousand m$^3$] [3] [4] | 13,843 | 33 | 28,629 | 75 |
| **Total** | | **6,624** | | **8,903** |

[1] Light-up fuel in U1-10 of the Kozienice Power Plant and U1-7 of the Połaniec Power Plant.

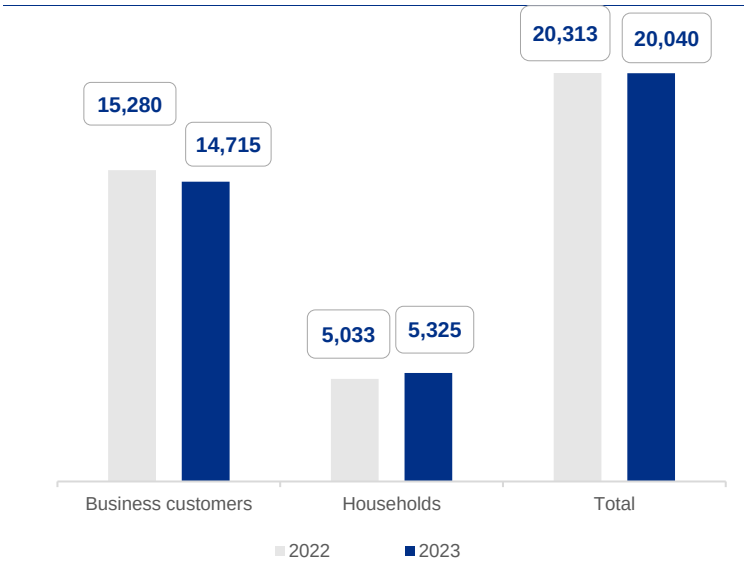
[2] Light-up fuel in U11 of the Kozienice Power Plant, U9 of the Połaniec Power Plant, MEC Piła (boiler house of KO Staszyce, which may be gaseous fuel or oil-fired), Białystok CHP Plant.

[3] Used for generation of electricity and heat in MEC Piła.

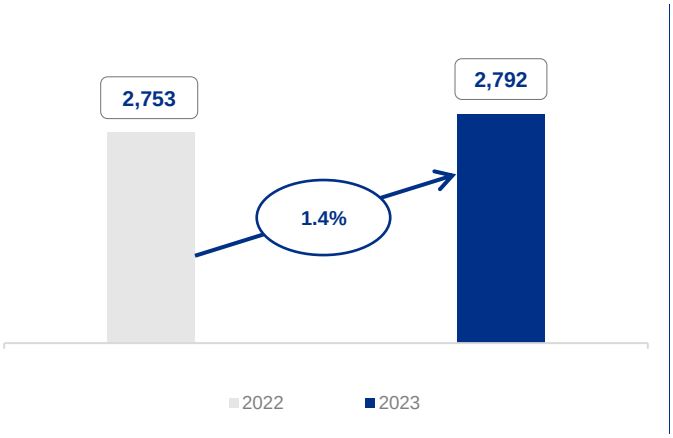
[4] Used for generation of heat in the "Zachód" Heat Plant; gas volume unit: thousand Nm$^3$.

## 3.3.3. Distribution

**Sales of distribution services [GWh]**




**Number of customers [in thousands]**



### Connected RES sources in the operating area of ENEA Operator in 2016-2023

| | Number of connected RES sources classified in connection groups II and III, cumulative [pcs.] | Number of connected micro-installations, based on the submitted reports and requests, cumulative [pcs.] | Total capacity of connected RES sources classified in connection groups II and III, cumulative [MW] | Total capacity of connected micro-installations, based on the submitted reports and requests, cumulative [MW] |
|---|---|---|---|---|
| 2016 | 350 | 2,479 | 1,220 | 17 |
| 2017 | 360 | 4,302 | 1,240 | 31 |
| 2018 | 400 | 6,910 | 1,280 | 50 |
| 2019 | 493 | 18,900 | 1,369 | 136 |
| 2020 | 593 | 61,990 | 1,614 | 435 |
| 2021 | 785 | 108,873 | 2,066 | 830 |
| 2022 | 1,207 | 150,283 | 2,751 | 1,257 |
| **2023** | **1,731**[1] | **174,278** | **3,964**[1] | **1,559** |

[1] The list does not include cogeneration sources (340.8 MW) or RES connected under the C1x and C2x tariffs (9.5 MW).

### Number and length of connections

| Description | As at 31 December 2022 | | As at 31 December 2023 | |
|---|---|---|---|---|
| | Number | Length [km] | Number | Length [km] |
| Overhead | 312,491 | 6,989 | 353,263 | 6,965 |
| Cable | 688,700 | 6,516 | 704,581 | 6,612 |
| **Total** | **1,001,191** | **13,505** | **1,057,844** | **13,577** |

### Number of electrical substations

| Description | As at 31 December 2022 | As at 31 December 2023 |
|---|---|---|
| | Number | Number |
| 110 kV | 255 | 258 |
| MV | 39,061 | 39,639 |
| **Total** | **39,316** | **39,897** |

**110.8 thousand km** – length of distribution lines **13.6 thousand km** – length of connection

**39.9 thousand** – number of substations **1,057.8 thousand** – number of connections

The total regulatory asset base (RAB) included in the tariff calculation for 2023 (which also includes WRA_AMI) was PLN 10,009,381 thousand.

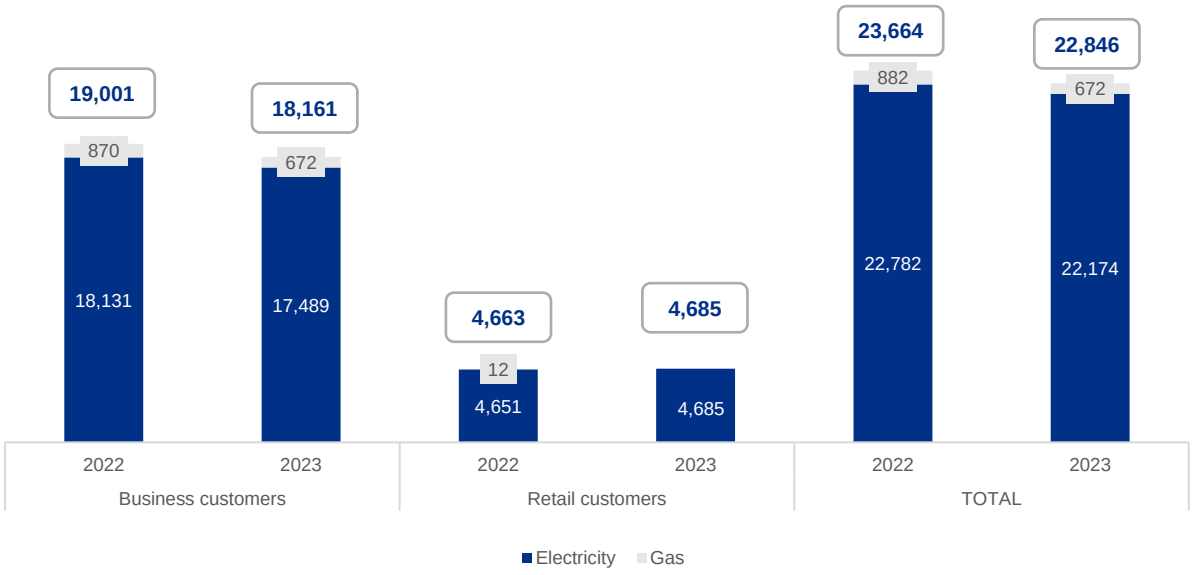
## 3.3.4. Trading

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

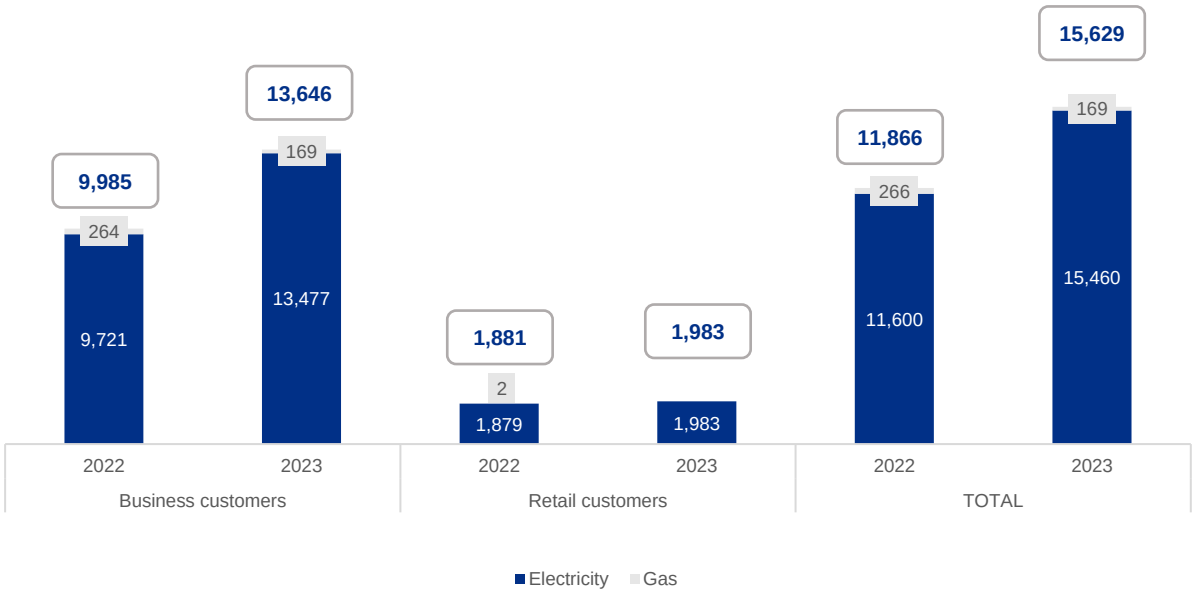
In 2023, as compared to 2022, the total sales volume of electricity and gaseous fuel decreased by 818 GWh, i.e. by 3.5%. The decrease was caused by a change in the customer portfolio (between years). In the business customer segment, the sales volume of electricity decreased by 642 GWh, or 3.5%, with a concurrent decrease in the sales volume of gaseous fuel by 198 GWh, or 22.8%. In turn, in the retail customer segment, an increase was recorded in the sales volume of electricity by 34 GWh, or 0.7%.

Total revenue from sales of electricity and gaseous fuel increased in 2023 by PLN 3,763 million, or 31.7%, as compared to 2022, reflecting the rapid electricity and gaseous fuel price increases on the wholesale market. This increase affected for the most part revenues in the business segment.

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




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



## 3.4. Development strategy

Due to abundant changes of a fundamental nature in the industry environment, in 2021 the ENEA Group's Strategy was updated in order to address challenges and circumstances affecting businesses operating in the power sector. On 15 December 2021, the Company accepted for implementation the "ENEA Group Development Strategy until 2030 with an outlook to 2040," which will enable ambitious, responsible and effective transition of the ENEA Group. To supplement the *ENEA Group Development Strategy until 2030 with an outlook to 2040*, *the ENEA Group Climate Policy* was adopted in December 2023, *https://media.enea.pl/pr/826308/polityka-klimatyczna-grupy-enea-wspiera-transformacje-energetyki,* with the aim to determine the ENEA Group's impact on the natural environment and indicate directions for action and management mechanisms ensuring responsible business activity of the Group, while using natural resources of our planet in a sustainable way. The climate policy will also allow for defining and identifying, on an ongoing basis, the risks and opportunities connected with the ENEA Group's environmental impact and the impact of climate change on the principles and assumptions for the Group's activity. One of the reasons for drawing up the ENEA Group Climate Policy is our duty to respond to the changing environment and the external national and EU regulations, aiming to reduce adverse climate changes. Therefore, the document shows the actions taken by the Group and its involvement in environmental protection.

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

**MISSION**

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

**VISION**

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

The ENEA Group, as a responsible entity operating in the power sector striving to meet other global challenges, is committed to running its business in a manner that is the least harmful to the natural environment. Acting in accordance with the assumptions adopted for the transition of the power sector in Poland, the Group takes steps to spin off from its structures any assets related to the generation of electricity in conventional coal-fired units. The ENEA Group intends to conduct its business in a sustainable manner while minimizing its impact on the natural environment. These development directions form a foundation which is used to define strategic objectives:

1. Development of energy storage projects and provision of services to third parties
2. Involvement in offshore wind energy generation
3. Intensification of activities aimed at gaining access to green energy through the execution of projects included in the ENEA Group's RES portfolio
4. Development of hybrid installations
5. Conventional energy generation based on low-emission sources (gas – as a transition fuel; biomass; RDF)
6. Development of a smart power grid
7. Changed operation of the DSO in the new power market model
8. Development of the ENEA Group's wholesale trade area (prop-trading, origination)
9. Construction of multi-energy products, including supply chain management
10. Expansion of sales and enhancing customer loyalty
11. Development of new lines of business
12. Development of micro and macro energy clusters
13. Development of a modern offering for prosumers, including cooperation with local governments and urban development NGOs, and participation in the creation and management of energy islands (energy clusters)

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

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

**From the Owner's Perspective:**

- development of Renewable Energy Sources based on state-of-the-art technologies,
- lasting relationships with Customers, systematically decreasing costs of reaching and retaining Customers,
- ensuring financial security of the ENEA Group,
- reliability and continuity of electricity supply,
- implementation of innovative solutions and new technologies in all areas of the ENEA Group's business.

**From the Customer's Perspective:**

- responsible partner in sustainable management of relations with local communities, the environment and Customers,
- ability to satisfy the Customer's comprehensive needs,
- attractive price to quality ratio of the offered product and service bundles,
- development of new lines of business to be able to offer Customers new products, not only power-related ones.

**From the Process Perspective:**

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

**From the Development Perspective:**

- modern, transparent and ethical corporate governance system at all levels across the ENEA Group,
- efficient operating model of the ENEA Group aligned with the Group's evolution,
- progressive education taking into account the challenges of transition.

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

1. increase in (gross) installed capacity from renewable energy sources by 1,510 MW by 2030 and 3,580 MW in 2040, calculated in relation to 2020 (without taking into account the capacity of the already existing "Green Unit" owned by ENEA Elektrownia Połaniec),
2. reduction of the unit $CO_2$ emission measure to 254 kg $CO_2$/MWh in 2030, with the intent to achieve 201 kg $CO_2$/MWh by 2040; by 2050, the ENEA Group intends to achieve climate neutrality,
3. share in the sales of electricity to ENEA Group Customers in Poland's total electricity sales market of 16% by 2030 and at least 17% by 2040,
4. SAIDI at 74.59 minutes in 2030 and 70 minutes in 2040,
5. SAIFI at 2.02 in 2030 and 1.93 in 2040,
6. network losses in distribution at 5.14% in 2030 and 5.0% in 2040,
7. ROE of the ENEA Group at 6.4% in 2030 and 7.1% in 2040,
8. ROA of the ENEA Group at 2.9% in 2030 and 4.6% in 2040,
9. contribution of the New Lines of Business to the ENEA Group's EBITDA at 7-12% by 2030 and 10-15% by 2040, in relation to the total EBITDA of the ENEA Group.

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

The war in Ukraine, which broke out on 24 February 2022 with a full-scale invasion by the Russian Federation, itself an escalation of the war between these two countries lasting since 2014 in southern and eastern Ukraine, exerted a major impact on both the ENEA Group and the whole of Poland, the EU and the world. As a consequence, problems and crises emerged related to the insufficient supply of fossil fuels, specifically natural gas, coal and agricultural biomass, previously imported from Belarus, Ukraine and Russia, which is why the sourcing of these commodities (especially natural gas) underwent some major shifts. Of relevance in this context are also the successive armed conflicts emerging in the international arena, which directly or indirectly affect the commodity markets and thus Poland's energy security.

Accordingly, on 18 May 2022, the European Commission published the REPowerEU Plan with a view to diminishing even faster the EU's dependence on fossil fuels imported from Russia and accelerating the transition. The measures included in the REPowerEU Plan may provide a response to these ambitions through saving energy, diversifying energy supplies and accelerating

the rollout of renewable energy to replace fossil fuels in homes, industry and power generation. Subsequent actions taken in 2023 in the EU and Poland demonstrate that REPowerEU has reinforced the message that the shift away from fossil fuels is absolutely necessary. Because the current international situation affects many aspects of energy policy and forces changes in the approach to ensuring energy security by pursuing greater diversification and independence, it is necessary to modify the provisions of "Poland's Energy Policy until 2040". In accordance with the assumptions made for the update of "Poland's Energy Policy until 2040", the Policy should also take into account the fourth pillar, namely energy sovereignty a special component of which consists of ensuring a rapid departure from a situation of dependence of the country's economy on imported fossil fuels (coal, crude oil and natural gas) and derivative products (LPG, diesel oil, gasoline, kerosene) from the Russian Federation and other countries subject to economic sanctions through the diversification of supplies, investments in production capacities, linear infrastructure and storage, and in alternative fuels. The update of "Poland's Energy Policy until 2040" also anticipates that, in the interim period, these functions will be fulfilled by coal and gas sources, which Poland will not abandon until the establishment of a nuclear power sector within the country. With this in mind, the following amendments to "Poland's Energy Policy until 2040" have been proposed:

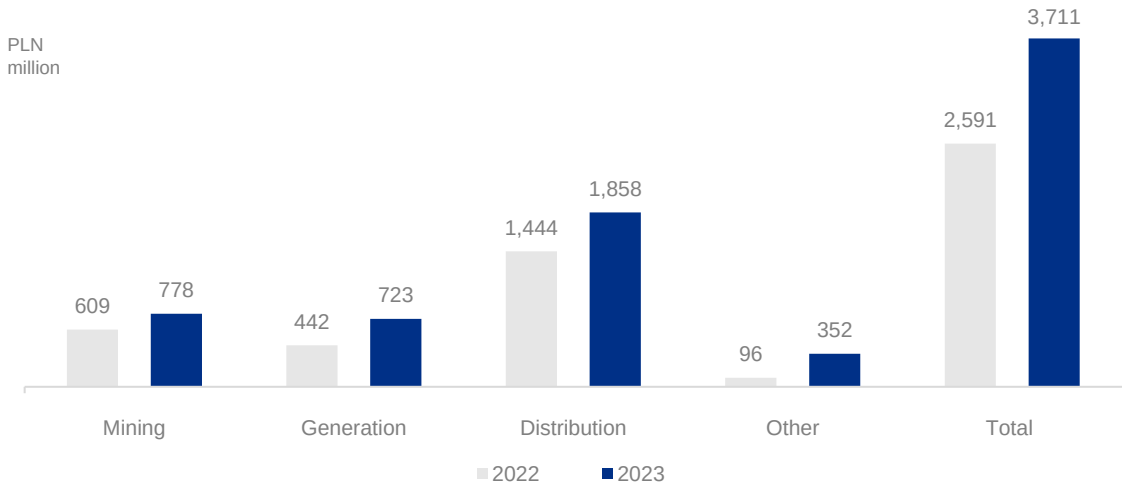
- greater technological diversification and expansion of capacities based on national sources,
- continued development of RES capacities, with efforts focused on ensuring that approximately half the country's electricity is generated from renewable sources by 2040. In addition to the continued development of wind and solar power generation, activities aimed at facilitating the use of renewable energy sources independent of weather conditions, such as water, biomass, biogas or earth heat, will be intensified. The use of renewable energy sources in energy cluster, energy cooperatives and hybrid plants will be particularly desirable,
- efforts will be made to improve energy efficiency in order to reduce the demand for energy and thus diminish the need for raw materials and the consequences of potential shortages of energy supplies,
- continued diversification of supplies and providing alternatives to hydrocarbons,
- aligning investment decisions in gas generation capacities with the availability of gaseous fuel. Gas-fired plants will retain their significance for adjusting the operation of the energy system, but because of the altered geopolitical situation and the unpredictability of the natural gas market in the medium term, the degree of utilization of existing coal units may increase,
- utilization of coal units. The utilization of domestic hard coal deposits may peak periodically if threats occur to the country's energy security. In order to ensure the continuity of supplies, measures will be taken to keep coal-fired units on stand-by in accordance with their technological lifespan, which is longer than that resulting from economic considerations based on their financial sensitivity to the prices of $CO_2$ emission allowances,
- deployment of a nuclear energy program based primarily on large reactors (above 1,000 MW). In parallel to the ongoing work on the construction of Poland's first nuclear power plant, efforts will be continued to deploy small modular reactors (SMRs) in the future,
- development of the grid and energy storage facilities.

According to the forecast scenario presented by the Ministry of Climate and Environment in the context of the objectives for the update of "Poland's Energy Policy until 2040," Poland's installed RES capacity is expected to reach 50 GW by 2030 and 88 GW by 2040. Meanwhile, the country's installed nuclear power capacity, including SMRs, is scheduled to reach 7.8 GW by 2040. This will help reduce $CO_2$ emissions in the power sector by 65% in 2040.

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

## 3.5. Actions and investments pursued

### 3.5.1. Capital expenditures (CAPEX)




| Capital expenditures (CAPEX) [PLN million] | Q4 2022 | Q4 2023 | Actuals Q4 2023/ Plan Q4 2023 | 2022 | 2023 | Actuals 2023 / Plan 2023 | Plan 2023 |
|---|---|---|---|---|---|---|---|
| Mining | 190.7 | 220.2 | 93.2% | 609.1 | 777.7 | 90.3% | 861.5 |
| Generation | 175.4 | 393.8 | 128.9% | 441.5 | 723.2 | 91.4% | 791.6 |
| Distribution | 454.2 | 730.5 | 137.2% | 1,443.6 | 1,857.9 | 99.0% | 1,877.5 |
| Other | 45.0 | 42.3 | 48.5% | 96.3 | 352.3 | 59.2% | 595.6 |
| **Total** | **865.3** | **1,386.8** | **119.4%** | **2,590.5** | **3,711.1** | **89.9%** | **4,126.2** |

#### Environmental investment projects

| Description [PLN million] | Actuals Q4 2023 | Actuals 2023 |
|---|---|---|
| LW Bogdanka Group | 6.5 | 28.6 |
| ENEA Połaniec | 11.8 | 39.3 |
| ENEA ELKOGAZ | 3.2 | 10.4 |
| Other | 5.3 | 8.1 |
| **Total environmental investments** | **26.8** | **86.4** |

### 3.5.2. Execution of other projects and investments

#### Mining Area

| Name of investment | Value [PLN million] |
|---|---|
| **Investment projects completed in 2023:** | |
| Operating investments – new mining pits and modernization of existing ones – 29.7 km of roadways made in 2023 | 497.9 |
| Growth investments – purchase of finished goods, machinery and equipment, concessions | 217.8 |
| Others investments | 62.0 |

## Generation Area – Kozienice Power Plant

| Name of investment | Value [PLN million] |
|---|---|
| **Investment projects completed in 2023:** | |
| - Modernization of unit 9 | 66.0 |
| - Modernization of unit 7 | 46.0 |
| - Completion of other investment projects scheduled for 2023 (including: reconstruction of groins on the Vistula River, modernization of units 8 and 10, modernization of cooling water fittings, coal mills, wagon tippler) | 24.9 |
| - Modernization of unit 2 | 20.7 |
| - Connection of the technological steam collector for units 1–10 with the steam collector for unit 11 | 19.7 |
| - Regular overhauls | 17.3 |
| - Adaptation of the IT area to operation in NABE | 8.7 |
| - Investments related to unit 1 x 11 (1,075 MW) | 6.4 |
| - Purchase of ready-made fixed assets | 5.9 |
| - Modernization of the roofs of the engine rooms for 200 MW units | 5.6 |
| - Modernization of slag pipelines | 4.3 |
| - Connection of a general-purpose electrical system for units 1–10 and unit 11 with the replacement of a 6kV switching station | 4.0 |
| - Modernization of MKM-33 coal pulverizers | 3.9 |
| - Modernization of an FGD I absorber and inlet channel | 2.7 |
| - Modernization of FGD IV booster fans | 2.4 |
| - Modernization of FGD I absorber mixers | 2.1 |
| - Modernization of ceilings in the boiler house of unit 10 | 2.1 |

## Generation Area – ENEA Nowa Energia

| Name of investment | Value [PLN million] |
|---|---|
| **Investment projects completed in 2023:** | |
| - PV Krzęcin – 6.6 MW capacity, independent project, construction outsourced | 22.7 |
| - Purchase and recapitalization of Farma Wiatrowa Bejsce carrying out the construction of a 19.8 MW wind farm | 17.1 |
| - Other development, upgrade, reconstruction and renovation projects | 13.2 |
| - PV Jastrowie II – 10 MW capacity, independent project, construction outsourced | 10.7 |
| - PV Dygowo I – 8 MW capacity, independent project, construction outsourced | 10.6 |
| - PV-FW Lubno I – 3 MW capacity, independent project, construction outsourced | 7.2 |
| - PV Darżyno – 2 MW capacity, independent project, construction outsourced | 5.8 |
| - PV Lubno I and II – 2 x 1 MW capacity, independent project, construction outsourced | 5.7 |

## Generation Area – Połaniec Power Plant

| Name of investment | Value [PLN million] |
|---|---|
| **Investment projects completed in 2023:** | |
| - Other modernization/development projects (including: modernization of a 0.4 kV switchgear, modernization of flue gas ducts, fire systems and electrical systems, coating of chimney no. 3, major overhauls – replacement of SCR inserts) | 50.9 |
| - Adaptation of ENEA Elektrownia Połaniec to Capacity Market requirements after 1 July 2025 | 28.3 |
| - Adaptation of ENEA Elektrownia Połaniec to the BAT conclusions | 5.6 |

## Generation Area – Miejska Energetyka Cieplna Piła

| Name of investment | Value [PLN million] |
|---|---|
| **Investment projects completed in 2023:** | |
| - Reconstruction of heating networks | 5.9 |
| - Purchase of fixed assets | 0.5 |

## Generation Area – ENEA ELKOGAZ

| Name of investment | Value [PLN million] |
|---|---|
| **Investment project completed in 2023:** | |
| - Restoration of generation capacity of 200 MW coal-fired units in the Kozienice Power Plant based on the gaseous fuel combustion technology | 10.4 |

### Generation Area – ENEA Ciepło

| Name of investment | Value [PLN million] |
|---|---|
| **Investment projects completed in 2023:** | |
| - Investments with co-funding – rebuilding existing heat distribution networks and hubs | 21.9 |
| - Replacement of the TZ3 generator | 19.6 |
| - Development investments – building new heat distribution networks, connections and hubs, telemetry | 10.9 |
| - Other investments in the Zachód Heat Plant area | 9.1 |
| - Replacement of the TZ4 turboset | 3.9 |
| - Other capital expenditures in the Białystok CHP Plant area | 5.5 |
| - Modernization of coal-fired boilers in the Zachód Heat Plant to adapt them to the environmental requirements | 1.6 |
| - Replacement of motors with energy-efficient ones (in the PR1 cooling water pump, 1PK3 and 2PK1 condensates and 1PRO, 2PRO, 3PRO vacuum pumps) | 1.5 |
| - Replacement of chemical storage systems and SUW 2 regeneration systems | 1.5 |
| - Construction of a biomass-fired cogeneration unit | 1.3 |
| - Modernization of physiochemical measurements in unit water and steam circuits | 0.7 |
| - Modernization of the emergency power supply (from a power generator) | 0.5 |

### Distribution Area – ENEA Operator

| Name of investment | Value [PLN million] |
|---|---|
| **Investment projects completed in 2023:** | |
| - Construction and modernization of a number of grid infrastructure elements, such as high, medium and low voltage lines and transformer stations, related to the pursuit of the following objectives: fulfilling the public-legal obligation, ensuring energy security for the region, improving the reliability and quality of electricity supply – grid automation, change of the MV network structure from overhead to cable, activities aimed at achieving the “smart grid” standard | 1,733.9 |
| - Development of the infrastructure area to support operations in terms of buildings and tools | 29.0 |
| - Development of the infrastructure area to support operations in terms of IT and telecommunications | 50.3 |
| - Development of the infrastructure area to support operations in terms of transport | 29.8 |

### Trading Area – execution of key projects

**Retail and Customer Service Areas**

- continuation of work on introducing automation processes in the customer service area through, e.g., robotic process automation (RSA and UiPath) that will translate into timely achievement of key indicators within the implemented processes,
- continuation of the eCustomer Program, the purpose of which is to implement new technical and organizational solutions, increasing the level of digitalization of customer contacts, develop modern and low-cost channels for reaching and servicing customers and to develop modern service and sales channels: online execution of agreements, e-Applications, marketplace. Since early July 2023, chatbots and voicebots have been deployed. The program was expanded with a mobile application project providing for ENEA software to be installed on mobile devices (smartphones or tablets) fulfilling the most frequently reported need for information on the part of customers. The app is scheduled to be made available to customers in the second half of 2024,
- - the possibility has been implemented to execute new agreements on the basis of electronic forms (eForms) for retail customers whose facility is connected to ENEA Operator’s low-voltage distribution network and fulfills the conditions for inclusion in Tariff Group G. eForms are available on the enea.pl website and will continue to be used until a dedicated tool is implemented for the execution of agreements online and using Moja Enea,
- continued work related to the project entitled *Adjustment of customer service systems of the ENEA Group to changes in the Central Energy Market Information System (CSIRE).* The purpose of the CSIRE is simplify the information exchange between energy market participants. Like other participants, the ENEA Group is required to adapt its organization, processes and IT systems to the CSIRE by 1 July 2025,
- adaptation of the organization and business processes as of 1 January 2023 to the requirements of regulations arising from the *Act of 4 November 2022 amending the Consumer Rights Act*, *the Civil Code* and *the Private International Law as well as the Act of 1 December 2022 amending the Consumer Rights Act* and *Certain Other Acts* (time for processing consumer complaints reduced to 14 days),
- work on adapting the organization and business processes to *the Act of 28 July 2023 on Amendments to the Energy Law and Certain Other Acts* (implementation of the summary of key contractual terms, commencement of work on the fulfillment of new disclosure obligations, deployment of the offer comparison search engine, implementation of the

dynamic tariff, introduction of the active customer, adoption of the principles of partnership-based energy trading and a new reserve sales model),

- requirements following from the *Regulation of the Minister of Climate and Environment of 9 September 2023* granting household customers for each PPE a one-time reduction in the amount of the bill for 2023 of PLN 125.34 have also been implemented,
- - in connection with the entry into force of new laws on electricity prices in 2023 and 2024, specifically the *Act of 7 October 2022 on Special Solutions for Protecting Electricity Buyers in 2023 and 2024 in Connection with the Situation on the Electricity Market*, and the *Act of 27 October 2022 on Emergency Measures to Reduce Electricity Prices and Support Certain Consumers in 2023 and 2024, the Act of 7 December 2023 on Amendments to Certain Acts to Support Consumers of Electricity, Gaseous Fuels and Heat, and the Regulation of the Minister of Climate and Environment of 9 September 2023 amending the Regulation on the Method of Shaping and Calculating Tariffs* and the *Method of Settlements in Electricity Trading,* the Company is taking steps to implement in practice the price mechanisms resulting from the said legislation,
- work is underway to implement a solution for communication with the *National e-Invoicing System* (KSeF) for ENEA's billing systems. This solution involves the introduction of structured invoices as a mandatory solution under the *Act of 16 June 2023 amending the Value-Added Tax Act and Certain Other Acts*. According to information published by the Ministry of Finance on 19 January 2024, the original time limit for the mandatory implementation of KSeF scheduled for 1 July 2024 will be postponed. At the moment, the new date for the mandatory application of KSeF is unknown,
- the Enea Trade 24 system has been implemented for business customers' self-management of electricity purchases under a model in which electricity prices are shaped based on commodity exchange indices. This innovative online platform enables customers to optimize their electricity purchase expenses and independently pursue their own procurement strategy. Access to the Enea Trade 24 platform is offered to ENEA's existing and new business customers from all over Poland.

**Wholesale Area**

- continuation of the project entitled *Adaptation of ENEA Group companies to changes in the operation of the Balancing Market in Poland,*
- project entitled *Development of biomass trading activity by ENEA Trading sp. z o.o.* – currently under revision due to changes in assumptions.

## 3.5.3. Contracts signed

### 3.5.3.1. Contracts of material importance for the ENEA Group's operations

In 2023, ENEA Group companies executed no contracts of material importance, although the following contracts were signed in this period:

- Agreement No. 1-DB-2023 of 19 January 2023 between ENEA Wytwarzanie and DB Cargo Polska S.A. to deliver 1,000,000 tons of steam coal by rail from Silesia in the period from 19 January 2023 to 18 January 2024 or until the said weight limit of steam coal to be delivered has been exhausted,
- Agreement No. 1-CD-2024 of 20 October 2023 between ENEA Wytwarzanie and CD Cargo Poland S.A. to deliver 420,000 tons of steam coal by rail from Silesia in the period from 20 October 2023 to 19 October 2024 or until the said weight limit of steam coal to be delivered has been exhausted,
- Agreement No. 1-25-020-23 between ENEA Połaniec Power Plant and PKP CARGO S.A. for the transport of 1,000,000 tons of steam coal from Jaszczów to ENEA Elektrownia Połaniec in the period from 25 January 2023 to 24 April 2024,
- Agreement No. 1-25-021-23 between ENEA Połaniec Power Plant and PKP CARGO S.A. for the transport of 1,000,000 tons of steam coal from Jaszczów to ENEA Elektrownia Połaniec in the period from 25 January 2023 to 24 April 2024,
- Agreement No. 1-25-050-23 between ENEA Połaniec Power Plant and PKP CARGO S.A. for the transport of 500,000 tons of steam coal from Silesia to ENEA Elektrownia Połaniec in the period from 21 February 2023 to 20 February 2024,
- Agreement No. 6/P/PGG/2023/K between ENEA Elektrownia Połaniec and Polska Grupa Górnicza S.A. for the delivery of steam coal in the period from 1 January 2023 to 31 December 2023,
- Agreement No. 1-25-185-23 of 6 November 2023 between ENEA Połaniec Power Plant and PKP CARGO S.A. for the transport of 500,000 tons of steam coal from Silesia to ENEA Elektrownia Połaniec in the period from 8 November 2023 to 7 November 2024,
- Annex 22 to Multi-Year Agreement No. UW/LW/01/2012 between ENEA Wytwarzanie and LW Bogdanka S.A. of 29 December 2023,
- Annex 23 to Multi-Year Agreement No. UW/LW/01/2012 between ENEA Wytwarzanie and LW Bogdanka S.A. of 29 December 2023,

- Annex 31 of 29 December 2023 to Steam Coal Purchase Agreement No. 3/W/2012 (LW 853/W/2012) entered into between ENEA Elektrownia Połaniec and LW Bogdanka S.A., changing the annual quantity for the respective year of the agreement,
- Annex 32 of 29 December 2023 to Steam Coal Purchase Agreement No. 3/W/2012 (LW 853/W/2012) entered into between ENEA Elektrownia Połaniec and LW Bogdanka S.A., changing the annual quantity for the respective year of the agreement and the price of coal – expiration date of the term of the framework agreement: 31 December 2029.

### 3.5.3.2. Performance of operating and financing contracts

| Contract date | Parties | | Description |
|---|---|---|---|
| 23 January 2012 | ENEA Wytwarzanie | LW Bogdanka S.A. | Multi-Year Agreement No. UW/LW/01/2012 – sets forth the general terms and conditions of coal supply in 2017–2036 |
| 12 July 2012 | ENEA Elektrownia Połaniec | LW Bogdanka S.A. | Multi-Year Agreement – specifies the general terms and conditions of coal supply in 2013–2029 |

### 3.5.3.3. Contracts signed by LW Bogdanka S.A. with entities from outside the ENEA Group

| Contract date | Party to the contract | Description |
|---|---|---|
| 8 January 2009 | Zakłady Azotowe Puławy | Multi-Year Agreement – specifies the general terms and conditions of coal supply in 2009–2028 |
| 14 December 2010 | Energa Elektrownie Ostrołęka | Multi-Year Agreement – specifies the general terms and conditions of coal supply in 2011–2027 |

### 3.5.3.4. Dependence on suppliers or users

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

### 3.5.3.5. Insurance agreements

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

### 3.5.3.6. Agreements signed between shareholders of the Parent Company

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

### 3.5.3.7. Partnering or cooperation agreements

To pursue innovative activities and execute of research and development projects, ENEA S.A. and ENEA Group companies cooperate with numerous research institutions. In October 2023, ENEA S.A. and the Poznań University of Technology signed a letter of intent calling for the development of joint projects, especially in the areas of specialist training in nuclear energy, development of energy storage technologies, use of hydrogen, biomethane and ammonia for energy generation purposes, energy independence and civic power sector. In December 2023, a letter of intent was signed with Grupo Cobra based in Spain, establishing cooperation for the development of energy storage projects and technologies. The cooperation is aimed at analyzing and gathering experience to enable the launch of a pilot energy storage project, working with a large number of renewable energy sources connected to ENEA Operator's distribution network. Also, in July 2023, ENEA Wytwarzanie and ENEA ELKOGAZ signed a letter of intent to establish the Central Hydrogen Valley. The Central Hydrogen Valley is a comprehensive project that will cover the full path of hydrogen production and utilization, from the construction of electrolyzers that will convert electricity into hydrogen, to hydrogen storage and its use for electricity generation.

In January 2024, ENEA S.A. and Volkswagen Poznań signed a letter of intent expressing the parties' willingness and desire to cooperate in the development of RES projects. The cooperation is aimed at involvement in future projects that will ensure the development of selected technologies related to renewable energy sources and support the ambitions of both corporations in respect of full climate neutrality.

ENEA Operator cooperates with the following research institutions:

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

ENEA Wytwarzanie cooperates with the following entities:

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

ENEA Elektrownia Połaniec cooperates with the following entities:

- Polish Power Plants Association,
- Świętokrzyskie Energy Cluster in Staszów,
- Central Hydrogen Valley.

Last year, ENEA Ciepło, in cooperation with the Białystok University of Technology, performed an agreement signed by the parties back in 2021 in the areas of innovation, research and development.

### 3.5.4. Financing sources of the investment program – security issues, bonds, loans

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

During the 12-month period ended 31 December 2023, ENEA S.A. did not enter into any new bond issue program agreements.

On 27 January 2023, Enea S.A signed a financing agreement with a consortium of banks consisting of Polska Kasa Oszczędności Bank Polski S.A., Bank Gospodarstwa Krajowego, Bank Polska Kasa Opieki S.A., Alior Bank S.A. and Bank of China (Europe) S.A. Poland Branch. Under this agreement, the Company obtained financing in the total amount of PLN 2,500 million, including a term facility up to the amount of PLN 1,500 million (“Facility A”) and a revolving facility up to the amount of PLN 1,000 million (“Facility B”). The Company may allocate the funds made available under Facility A for the financing and refinancing of capital expenditures of the Issuer’s Group incurred in connection with the construction, expansion, upgrade or maintenance of the distribution network and the acquisition, development, expansion, financing, construction, upgrade, maintenance or commissioning of any renewable energy sources. In turn, the funds made available under Facility B may be used by the Company to finance its day-to-day operations and working capital of the Issuer’s Group, except for the financing of the construction, acquisition or expansion of hard coal-fired power plants, other business related to hard coal, including hard coal mining and trading, and to refinance any financial debt or expenditures incurred for such purpose.

On 22 December 2023, the Company signed the *ENEA Electricity Distribution II Finance Contract* with the European Investment Bank (EIB) for a long-term investment loan of up to PLN 1,000,000,000. On 25 January 2024, ENEA S.A. signed another contract with the EIB for a long-term investment loan of up to PLN 1,000 million, meaning that the total nominal value of the financing contracts entered into with the EIB over the last twelve months reached PLN 2,000 million (“EIB Contracts”). The funds provided under the contracts will be allocated to the tasks of financing and refinancing capital expenditures of the Issuer’s Group incurred for the execution of the investment program associated with the development and modernization of distribution network infrastructure and its integration with renewable energy sources in 2023–2025. The contracts provide for the drawing of tranches in either PLN or EUR, while the interest rate on each tranche will be calculated based on a variable interest rate appropriate for the

interest period and currency in question plus a margin or will be based on a fixed interest rate. The term of availability of the funds is 24 months from the date of the contracts, and the final repayment date will be up to 18 years from the date of utilization of the last tranche. The financing is not secured.

### 3.5.4.1. Available external financing sources

| Source of liability | Intended use | Issue/contract value | Final maturity/repayment date | Amount due as at the balance sheet date [par value] | Financing available as at the balance sheet date | Additional information |
|---|---|---|---|---|---|---|
| Bond Issue Program Agreement up to PLN 5,000 million | Capital expenditures and ongoing activity of ENEA Group entities | PLN 1,000 million | February 2020 | - | PLN 3,000 million | Market program, not guaranteed |
| | | PLN 500 million | September 2021 | - | | |
| | | PLN 1,000 million | June 2024 | PLN 1,000 million | | |
| | | PLN 1,000 million | June 2024 | PLN 1,000 million | | |
| Finance Contract with the European Investment Bank for up to PLN 1,000 million | Financing of the expansion and modernization of the ENEA Group's distribution grid infrastructure | PLN 1,000 million | March 2042 | - | PLN 1,000 million | Investment loan |

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

Upon fulfillment of the conditions precedent under the *ENEA Electricity Distribution II Finance Contract up to PLN 1,000,000,000* entered into with the EIB on 22 December 2023, the Company will be able to utilize the available financing to implement investment projects in the Distribution area.

### 3.5.4.2. Utilization of external financing sources

Below is a summary of the loan agreements and bond issue programs utilized, under which ENEA S.A. had liabilities as at 31 December 2023.

Moreover, in addition to the loans and bonds listed below, ENEA S.A. has short-term working capital loans the proceeds from which may be used to finance current operations. For detailed information, see note 30 of the *ENEA Group's Consolidated Financial Statements for the financial year ended 31 December 2023*.

| Source of liability | Intended use | Value | Final maturity/repayment date | Amount due at the balance sheet date [par value] | Additional information |
|---|---|---|---|---|---|
| Bond Issue Program Agreement | Financing of current activities and investment needs | up to PLN 1,000 million | December 2026 | PLN 480 million | issue underwriter: Bank Gospodarstwa Krajowego unsecured financing |
| | | up to PLN 700 million | September 2027 | PLN 304 million | |
| Finance Contracts with the European Investment Bank | Financing the multi-year investment plan for modernization and expansion of ENEA Operator's power grids | up to PLN 950 million | September 2028 | PLN 382 million | unsecured financing |
| | | up to PLN 475 million | June 2030 | PLN 255 million | |
| | | up to PLN 946 million | September 2032 | PLN 645 million | |
| Facility agreement with a syndicate of banks up to a total amount of PLN 2,500 million | Financing and refinancing of capital expenditures in the Distribution and Renewable Generation segments | PLN 1,500 million | January 2028 | PLN 1,500 million | syndicated financing, investment facility, unsecured financing |
| | Financing of current activities and working capital | PLN 1,000 million | January 2028 | PLN 1,000 million | syndicated financing, revolving facility, unsecured financing |

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

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

Currently, in the Distribution area, ENEA S.A. has intra-group bond issue programs in place with a total value of PLN 2,371 million. These programs have been fully utilized and are redeemed in installments. As at 31 December 2023, the total nominal exposure under the bonds issued under these programs and held by ENEA S.A. was PLN 1,282 million.

| Company | Source of liability | Contract date | Value | Liability as at the balance sheet date (par value) | Final maturity/repayment date | Additional information |
|---|---|---|---|---|---|---|
| ENEA Operator | Bond Issue Program Agreement | June 2013 | PLN 1,425 million | PLN 637 million | Depending on the issue dates of bond series, but no later than June 2030 | The program has been fully utilized. The bonds bear interest at fixed or floating rates, depending on the series. Repayment in semi-annual installments from June 2017. |
| | Bond Issue Program Performance Agreement | July 2015 | PLN 946 million | PLN 645 million | Depending on the issue dates of bond series, but no later than September 2032 | The program has been fully utilized. The bonds bear interest at a floating rate. Repayment in semi-annual installments from December 2018. |

### 3.5.4.4. Loans and borrowings taken out by ENEA Group companies

As at 31 December 2023, the total nominal amount of external debt under the loans and borrowings incurred by ENEA Group companies (without ENEA S.A.) was PLN 113,879 thousand. ENEA Group companies did not terminate any loan or borrowing agreements in 2023.

| Starting date | Ending date | Company | Type of financing | Value of the agreement [PLN 000s] | Amount of the loan contracted in 2023 [PLN 000s] | Interest rate | Debt under the loan as at 31 December 2023 [PLN 000s] |
|---|---|---|---|---|---|---|---|
| October 2013 | September 2028 | PEC Oborniki | loan from WFOŚiGW | 3,500 | 0 | Base rate + margin | 829 |
| April 2016 | December 2026 | ENEA Ciepło | loan from NFOŚiGW | 60,075 | 0 | Base rate + margin | 21,203 |
| June 2014 | July 2024 | Łęczyńska Energetyka | loan from WFOŚiGW | 26,580 | 0 | Base rate + margin | 1,786 |
| April 2020 | May 2027 | ENEA Operator | loan from WFOŚiGW | 1,429 | 0 | Base rate + margin | 614 |
| December 2018 | September 2024 | ENEA Elektrownia Połaniec | loan from NFOŚiGW | 3,150 | 0 | none | 788 |
| May 2022 | October 2033 | PV Genowefa | investment loan/VAT loan | 112,676 | 90,771[1] | Base rate + margin | 88,660 |

[1] In connection with the acquisition of PV Genowefa by ENEA S.A. in September 2023, the amount of PLN 90,771 thousand indicated in the column "Amount of the loan contracted in 2023 [PLN 000s]" includes both investment loan tranches disbursed prior to the acquisition and new disbursements effected in 2023 after ENEA S.A.'s acquisition of PV Genowefa.

### 3.5.4.5. Loans granted by ENEA S.A.

On 23 December 2022, ENEA S.A. and ENERGA S.A. entered into Annex 6 to the 23 December 2019 loan agreement with Elektrownia Ostrołęka for up to PLN 340,000 thousand and Annex 11 to the 17 July 2019 loan agreement for up to PLN 58,000 thousand. Pursuant to the provisions of Annex 6, the time limit for Elektrownia Ostrołęka to repay the loan and interest in a single payment was postponed until 28 February 2023, with the parties assuming that a partial repayment of the principal under the loan agreement will be made to each lender on 11 January 2023. Pursuant to the provisions of Annex 11, the time limit for Elektrownia Ostrołęka to repay the loan and interest in a single payment was postponed until 11 January 2023.

On 28 February 2023, ENEA S.A. and ENERGA S.A. entered into Annex 7 with Elektrownia Ostrołęka to the 23 December 2019 loan agreement for up to PLN 340,000 thousand. Pursuant to the provisions of Annex 7, the time limit for Elektrownia Ostrołęka to repay the loan and interest in a single payment was postponed until 28 April 2023. On the same date, ENEA S.A. and Elektrownia Ostrołęka executed an agreement on a set-off of receivables whereunder ENEA S.A.'s receivables from Elektrownia Ostrołęka on

account of the PLN 170,000 thousand loan granted under the loan agreement of December 2019 (as amended) plus interest, for a total value of PLN 202,657 thousand, were set off with the receivables of Elektrownia Ostrołęka from ENEA S.A. on account of the liability incurred to cover 1 share in the company with a cash contribution of PLN 202,657 thousand in the company's increased share capital. In accordance with the set-off agreement, the receivables were mutually cancelled in full, and thus the loan agreement of 23 December 2019 (as amended) expired on 28 April 2023.

During the 12-month period ended 31 December 2023, ENEA S.A. entered into the following agreements with ENEA Group companies and other companies in which it holds shares:

1. loan agreement with ENEA Operator entered into in June 2023 for PLN 1,500,000 thousand, the funds under the agreement were fully utilized,
2. loan agreement with ENEA ELKOGAZ entered into in July 2023 for PLN 20,000 thousand, the funds under the agreement were fully utilized,
3. loan agreement with PRO-WIND entered into in August 2023 for PLN 17,500 thousand, the funds under the agreement were utilized in the amount of PLN 16,743 thousand,
4. loan agreement with Enea Nowa Energia entered into in December 2023 for PLN 200,000 thousand, the funds under the agreement were utilized in the amount of PLN 50,000 thousand,
5. revolving loan agreement with ENEA Trading entered into on 27 March 2023 with a repayment date of 29 June 2023 for EUR 100,000 thousand to be used for margins securing purchase positions on greenhouse gas emission allowances,
6. revolving loan agreement with ENEA Trading entered into on 3 August 2023 with a repayment date of 28 December 2023 for EUR 100,000 thousand to be used for margins securing purchase positions on greenhouse gas emission allowances.

After the balance sheet date, in January 2024, PRO-WIND drew down the remaining amount of the loan from the PLN 17,500 thousand agreement, thereby utilizing the full available loan amount.

Moreover, in 2023, ENEA S.A. executed the following annexes to loan agreements entered into with ENEA Group companies:

1. annex to the 13 September 2022 loan agreement with ENEA Operator to increase the loan amount from PLN 750,452 thousand to PLN 758,562 thousand,
2. annex to the 30 January 2020 loan agreement with ENEA Wytwarzanie to extend the loan repayment term until December 2026,
3. annex to the 28 February 2020 loan agreement with ENEA Elektrownia Połaniec to extend the loan repayment term until December 2026,
4. annex to the 27 December 2023 loan agreement with ENEA Trading to extend the loan repayment term until 27 December 2024.

In connection with the acquisitions of PV Genowefa and PRO-WIND in 2023, under the subrogation agreements, ENEA S.A. assumed the rights of a creditor to these companies on account of intra-Group loans for a total amount of PLN 28,069 thousand.

The total nominal value of the companies' debt to ENEA S.A. as at 31 December 2023 was PLN 6,813,197 thousand. Detailed information on the loan agreements valid in 2023 is presented in the table below:

| Starting date | Ending date | Company | Value of the agreement(s) [PLN 000s] | Amount of the loan contracted in 2023 [PLN 000s] | Interest rate | Debt under the loan as at 31 December 2023 [PLN 000s] |
|---|---|---|---|---|---|---|
| March 2020 | July 2028 | ENEA Operator | 4,848,562 | 1,730,235 | Base rate + margin | 4,408,562 |
| September 2019 | April 2023 | Ostrołęka Power Plant | 199,000 | 0 | Fixed | 0 |
| January 2020 | December 2026 | ENEA Wytwarzanie | 2,200,000 | 0 | Base rate + margin | 1,782,034 |
| February 2020 | December 2026 | ENEA Elektrownia Połaniec | 500,000 | 0 | base rate + margin | 500,000 |
| June 2021 | December 2031 | MEC Piła | 15,000 | 0 | Base rate + margin | 7,789 |
| July 2023 | June 2028 | ENEA ELKOGAZ | 20,000 | 20,000 | Base rate + margin | 20,000 |
| August 2023 | June 2039 | PRO-WIND | 20,149 | 19,392 | Base rate + margin, fixed | 19,392[1] |
| September 2023 | January 2027 | PV Genowefa | 25,420 | 25,420 | Fixed | 25,420[2] |
| December 2023 | December 2034 | ENEA Nowa Energia | 200,000 | 50,000 | Base rate + margin | 50,000 |

[1] In August 2023, ENEA S.A. granted a PLN 17,500 thousand loan to PRO-WIND and, under the subrogation agreements, assumed the rights and obligations of a creditor to PRO-WIND for 10 loan agreements in the total amount of PLN 2,649 thousand.

[2] In September 2023, ENEA S.A., under the subrogation agreements, assumed the rights and obligations of a creditor to PV Genowefa for 4 loan agreements in the total amount of PLN 25,420 thousand.

### 3.5.4.6. Sureties extended and received

In 2023, ENEA S.A. extended corporate sureties and guarantees as listed in the table below. As at 31 December 2023, the total value of the off-balance sheet items on account of suretyships and corporate guarantees extended by ENEA S.A. was PLN 8,720 million.

The table below presents information on the largest corporate guarantees or sureties extended in 2023 (materiality threshold > PLN 5 million):

| Security granting date | Security validity date | Secured entity | Purpose of the agreement | Security form | Security amount |
|---|---|---|---|---|---|
| 31 January 2023 | for an indefinite term | Goldman Sachs Paris | secures the liabilities of ENEA Trading | under the Agreement of 30 January 2023 | EUR 170,000 thousand |
| 6 October 2023 | 31 July 2026 | OX2 Construction AB | secures the liabilities of Farma Wiatrowa Bejsce | under the Agreement of 5 October 2023 | EUR 42,656 thousand |
| 17 October 2023 | 30 June 2027 | PKO BP S.A. | secures the liabilities of ENEA Power&Gas Trading | under the Agreement of 17 October 2023 | PLN 200,000 thousand |

### 3.5.4.7. Guarantees granted

As at 31 December 2023, the total value of the bank guarantees extended upon orders from ENEA S.A. was PLN 143,487 thousand.

The table below presents the largest bank guarantees extended upon orders from ENEA S.A. in 2023 under the concluded bank guarantee agreements (size threshold > PLN 5 million):

| Security granting date | Security validity date | Secured entity | Purpose of the agreement | Security form | Security amount [PLN 000s] |
|---|---|---|---|---|---|
| 2 April 2023 | 2 April 2025 | ELTEL Networks Energetyka S.A. | Payment guarantee | under a guarantee facility of up to PLN 110,000 thousand | 25,929 |
| 11 July 2023 | 31 December 2024 | Polskie Sieci Energetyczne S.A. | Payment guarantee | under a guarantee facility of up to PLN 110,000 thousand | 40,000 |

### 3.5.4.8. Interest rate swaps

During the 12-month period ended 31 December 2023, ENEA S.A. did not enter into any interest rate swap (IRS) transactions. The total value of bond and loan exposures hedged with IRS transactions was PLN 2,971,647 thousand as at 31 December 2023. ENEA S.A. has also taken out fixed-rate loans in the total amount of PLN 367,314 thousand. The transactions have had a significant impact on the predictability of streams of expenditures and finance costs. The Company presents the valuation of these instruments under Financial assets at fair value. Derivative instruments are treated as cash flow hedges and are therefore recognized and accounted for in the ledgers in accordance with hedge accounting principles.

As at 31 December 2023, financial assets at fair value related to the valuation of IRSs amounted to PLN 76,837 thousand (as at 31 December 2022, financial liabilities at fair value related to the valuation of IRSs were PLN 252,902 thousand).

### 3.5.4.9. Transactions with related parties

In 2023, ENEA S.A. and its subsidiaries did not enter into any related-party transactions on a non-arm's length basis. Information on transactions with related parties entered into by ENEA S.A. or its subsidiaries is provided in note 39 to the "Consolidated financial statements of the ENEA Group for the financial year ended 31 December 2023."

### 3.5.4.10. Distribution of the 2022 profit

In June 2023, the Ordinary General Meeting of ENEA S.A. adopted a resolution on the distribution of ENEA S.A.'s net profit generated in the financial year ended 31 December 2022 in the amount of PLN 2,448,024 thousand, by allocating it to reserve capital to enable the financing of intended capital expenditures.

### 3.5.4.11. Assessment of feasibility of investment plans

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

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

# 4. Risk management

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

The awareness of these risks requires maintaining, using, and constantly improving a formalized and integrated enterprise risk management (ERM) system. Its framework is laid down in the *ENEA Group Enterprise Risk Management Policy.* The ERM system is based on a comprehensive approach to the risk management issue and determination of rules for risk identification and assessment. This is the basis for the selection of enterprise risks, the preparation of mitigating activities, the monitoring of exposures and the deployment of activities. In the case of certain risks, such as credit, liquidity, foreign exchange, interest rate and commodity risks as well as, for project-related risks, the risk of personal data protection breaches and cyber risks, the formalized approach to risk management or risk assessment takes the form of dedicated policies, methodologies or procedures.

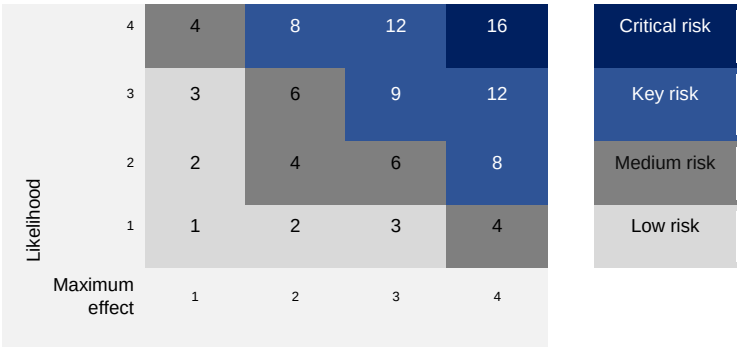

An important element of the operating model adopted by the ENEA Group is also the business continuity management system the purpose of which is to identify critical processes for the operations of key ENEA Group companies and to implement such actions and procedures that will reduce the risk of their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

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

## 4.1. Management model

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

- key ENEA Group companies manage risks on the basis of uniform standards set forth in the policies, methodologies and procedures,
- with respect to financial risks, key companies provide operational management of risk within the allocated limits,
- key ENEA Group companies regularly report to ENEA S.A. and the ENEA Group Risk Committee on the measures implemented in the area of risk management.



## 4.2. Risk assessment

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

## 4.3. Risk management process

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


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

The information presented below shows major risks to which the ENEA Group was exposed in 2023, with key mitigating measures.

| No. | Key risks to which the ENEA Group was exposed, by category | Mitigating measures |
|---|---|---|
| 1 | Risk of losing pending lawsuits | - Granting powers-of-attorney to professional representatives<br>- Establishment/update of provisions for future potential losses |
| 2 | Risk of a generation gap or loss of competence | - Organization of paid traineeships and apprenticeships, cooperation with endorsed schools<br>- Ensuring a transparent, competitive and motivational remuneration system<br>- Activities in the area of employer branding aiming to win the best candidates for work, including actions addressed to students and graduates |
| 3 | Risk of unfavorable social climate | - Maintaining an active and regular dialog with social stakeholders<br>- Proper selection of internal communication media |
| 4 | Risk of a personal data security breach | - Conducting an information campaign among employees, including induction and periodic training on personal data protection<br>- Securing personal data processing systems through system security measures (forcing changes of passwords, firewall, antivirus software)<br>- Streamlining processes based on identified incidents<br>- Periodic reviews and assessment of personal data processing systems with regard to their security |
| 5 | Risk of improper management of information in a crisis situation | - Maintaining efficient communication channels with key business units<br>- Applying such communication procedures in crises that mitigate the risk of provision of incomplete or delayed information<br>- Regular anti-crisis workshops |
| 6 | Risk of a breach of financing agreements | - Monitoring of banking covenants by the ENEA Group<br>- Aggregation of information on the occurrence or absence of events that may result in a breach of covenants provided for in financing agreements |
| 7 | Risk of a rating downgrade | Ongoing consultations with a credit rating agency |
| 8 | Liquidity risk | - Cash flow planning in the current and strategic horizon<br>- Implementation of the ENEA Group's financing strategy |
| 9 | Risk of interest rate fluctuations | Ongoing monitoring of exposure to the risk of unfavorable changes in interest rates in consideration of the current limits adopted for this risk |
| 10 | Volumetric risk related to the hedging of open positions on electricity | Forecasting and monitoring volumes on hedging portfolios and ongoing analysis of factors affecting the process of hedging these portfolios |
| 11 | Risk of commodity price volatility on the forward market, the spot market and Balancing Market | - Continuous analysis of the fuel and energy market<br>- Improving methods and tools to optimize commodity portfolios<br>- Maintaining and developing competence to manage commodity risk |

| No. | Key risks to which the ENEA Group was exposed, by category | Mitigating measures |
|---|---|---|
| 12 | Risk of losses due to counterparty default (including credit risk) | Conducting structured activities in the area of credit risk management and debt collection |
| 13 | Risk of adverse environment of the insurance market | Holding a dialog with the insurance and reinsurance market |
| 14 | Risk of a breach of stock exchange disclosure obligations | Ongoing review of information and events with a view to disclosure obligations |
| 15 | Risk of an unexpected increase in purchase costs of electricity and a reduction in revenues caused by decisions made in the regulatory environment | - Monitoring of drafts of regulatory amendments affecting assumed and planned margin levels<br>- Forecasting potential effects of regulatory changes in the company's planned financial result |
| 16 | Risk of claims from contractors executing the grid investment projects, resulting from increased project expenditures | - Negotiations with the contractors to work out amendments<br>- Ongoing analyses regarding the increase in prices of materials, commodities, services and labor costs |
| 17 | Risk of interruptions and damages caused by extreme weather events | - Visual inspections, check-ups and maintenance procedures<br>- Removal of the effects of failures and damage to power lines and installations<br>- Capital expenditure endeavors related to the restoration of grid assets |
| 18 | Risk of loss of continuity of ICT environments and infrastructure | - Reviews of ICT infrastructure<br>- Optimization of resources used |
| 19 | Risk of violation of ICT security | - Ongoing analysis of ICT security and responding to ICT security incidents<br>- Conducting an information campaign among employees regarding ICT security principles<br>- Conducting tests of implemented systems |
| 20 | Risk of losing access to billing systems | - Ensuring the efficiency and quality of infrastructure and its monitoring<br>- Creating backup copies |
| 21 | Risk of errors related to DSO reporting on the Balancing Market | Regular monitoring of security on the Balancing Market |
| 22 | Risk of delays and error in invoicing | - Analysis of unsettled Employee Pension Schemes, correctness of agreements, price lists<br>- Communication with Clients, DSO, automation area<br>- Cooperation on changes to service systems |
| 23 | Risk of deteriorating grid reliability ratio | Maintaining high quality of operational inspections and preventive treatments on the grid |
| 24 | Risk of losses in capacity caused by hydrologic conditions | Analyzing the possibility of implementing an alternative technological solution |
| 25 | Risk of disasters and industrial failures | - Maintaining technical infrastructure in proper order to prevent failures<br>- Observing procedures and instructions<br>- Major overhauls and ongoing repairs |
| 26 | Risk of non-continuity of fuel supplies | Diversification of supply sources and service providers |
| 27 | Volumetric risk of fuel and transport | - Optimization of coal supplies<br>- Daily monitoring of inventories |
| 28 | Risk of the unavailability of channels for the purchase of $CO_2$ emission allowances in forward contracts | - Increasing limits or obtaining new agreements with clearing banks<br>- Diversification of business partners |
| 29 | Risk of a loss of revenue from the Capacity Market | Optimization of upgrade schedules |
| 30 | Risk of corruption, conflict of interest and unfair competition in the ENEA Group | - Building employee awareness and support from the compliance area<br>- Periodic monitoring and reporting on incidents of corruption, conflict of interest and unfair competition |
| 31 | Risks related to delayed achievement of the ENEA Group's strategic objectives | - Diversification of acquisition targets<br>- Monitoring of the environment, ongoing analysis, long-term plans to align the implementation of strategic goals with changing conditions |
| 32 | Risk of untimely filings | - Constant review and identification of the causes of referred cases<br>- Taking preventive measures to remove the causes |
| 33 | Risk of an increase in the number of complaints related to customer service | - Reporting and analysis of the number, timely handling and reasons for complaints<br>- Ongoing communication in the customer service area |

## 4.4. ENEA Group Risk Committee

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

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

**Powers of the ENEA Group Risk Committee**

Powers of the Committee include in particular:

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

**Members of ENEA Group Risk Committee**

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

## 5. Headcount

As at 31 December 2023, the ENEA Group companies employed in total 18,227 staff under employment contracts (including 3,509 women and 14,718 men), of which 460 staff were employed by ENEA S.A.

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

Distribution: 5,439; Trading: 589; Mining: 6,160; Generation: 4,191; Other: 1,848.

The following tables, which present headcount data in the ENEA Group, include employees with a temporary suspension of employment, i.e. on parental leaves, unpaid leaves above 30 days and those receiving rehabilitation benefits. Employees on unpaid leave in one Group company and at the same time working for another company under an employment contract are taken into account twice in the categories presented below.

### Employment structure in the ENEA Group in 2023

| | ENEA Group | ENEA S.A. |
|---|---|---|
| **Total number of staff employed under employment contracts** | **18,227** | **460** |
| full-time employees – women | 3,481 | 254 |
| full-time employees – men | 14,683 | 198 |
| part-time employees – women | 28 | 6 |
| part-time employees – men | 35 | 2 |
| persons employed under employment contracts for an indefinite term – women | 3,017 | 251 |
| persons employed under employment contracts for an indefinite term – men | 13,019 | 186 |
| including other contract types (probationary period, fixed term, traineeship and replacement contracts) – women | 492 | 9 |
| including other contract types (probationary period, fixed term, traineeship and replacement contracts) – men | 1,699 | 14 |

### Gender diversity of ENEA Group's staff

| Gender diversity of groups of positions | ENEA Group | ENEA S.A. |
|---|---|---|
| senior management (i.e. members of Management Board and Supervisory Board) – women [1] | 35 | 1 |
| senior management (i.e. members of Management Board and Supervisory Board) – men [1] | 139 | 12 |
| directors – women | 48 | 11 |
| directors – men | 177 | 20 |
| junior managers – women [2] | 297 | 40 |
| junior managers – men [2] | 997 | 35 |
| operational staff – women | 320 | 0 |
| operational staff – men | 9,813 | 0 |
| administrative staff – women | 2,844 | 209 |
| administrative staff – men | 3,731 | 145 |

[1] Includes individuals working under management contracts and employees appointed for supervisory boards.
[2] Including head foremen and dispatchers.

| Men and women under an employment contract, by age group | ENEA Group | ENEA S.A. |
|---|---|---|
| Employees under 30 – women | 462 | 19 |
| Employees under 30 – men | 1,847 | 11 |
| Employees aged 30-50 – women | 2,229 | 213 |
| Employees aged 30-50 – men | 8,725 | 157 |
| Employees over 50 – women | 818 | 28 |
| Employees over 50 – women | 4,146 | 32 |

A detailed description of employee matters is provided in the *Non-Financial Statement*.

## 5.1. HR Policy implementation at the ENEA Group in 2023

1. Optimization of the HR work organization model aimed to streamline the Group's business activity.

The essence of the model is:

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

2. Digitalization of HR processes – continuation of activities aimed at introducing electronic workflow for HR processes (recruitment requests, change-of-conditions requests, requests for development activities).
3. Employer branding activities, consistently aimed at attracting and retaining staff and building a personnel base in professions relevant to the needs of the industry, with particular emphasis on the special character of Group companies, including:
   - activities dedicated to students and graduates, including promotion of the traineeship and apprenticeship program "Enea Onboarding," signing a cooperation agreement with the Poznań University of Economics and Business,
   - activities addressed to students from vocational and technical schools performed within a model of cooperation with endorsed schools in the territory of the companies' operation, including the organization of the 5th edition of the "ENEA S.A. – POWER TO START" contest for ENEA S.A. scholarships, taking initiatives aimed at promoting new technologies and improving access to knowledge in the form of the "Powered with Knowledge" educational program, holding a conference for teachers and students entitled "Cooperation – Energy – Future",
   - promoting job offers among job seekers, professionals and specialists, as well as maintaining employer profiles in social media.

   In this area, activities are also undertaken aimed at current employees through running the Employee Zone in the intranet, organizing competitions, pro-family employee campaigns – Two Hours for Family or Power Engineer's Day and promoting ethical values following from the ENEA Group Code of Ethics. Employees as well as customers or contractors have a responsibility to react to and report incidents in which they witness unethical or illegal behavior that raises concern and indicates that a violation may have occurred in ENEA S.A. The commitment to building a corporate culture based on acting in accordance with the law, internal regulations and ethical standards is demonstrated by the introduction of the *Policy for reporting breaches and protecting whistleblowers in the ENEA Group*. The purpose of the regulation is to ensure that a whistleblowing report will be accepted, analyzed in depth and properly handled, while the whistleblower who is convinced of its veracity will be protected from retaliation. This is a clear message that the Group has zero tolerance to illegal or unethical behavior.
4. Actions focused on the consistent implementation of HR policies are conducive to building an experienced team of professionals and developing leadership among managers. Supporting and enabling professional development of employees help use human resources effectively, build the organization's potential, ensure quality of provided work and Poland's energy security. Investment in employees' development helps the company to perform strategic plans and achieve ambitious goals. Employees used a wide and varied range of development activities. They participated in specialist training courses (open and closed) custom designed to meet the needs of a given function or employee, post-graduate courses, MBA courses, and they also expanded and exchanged market knowledge with others by participating in conferences and industry events. The library of educational materials available in the internal Development Zone in the Intranet keeps getting expanded steadily.
5. Continuous review of incentive systems and adjustment to Employer's needs.

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

On 30 July 2020, the Ordinary General Meeting of ENEA S.A., with Resolution No. 24, adopted the "Remuneration Policy for members of the supervisory body and management body at ENEA Spółka Akcyjna", which came into force with effect as of 30 July 2020 and since that date it has been applicable to the payment of remuneration to Management Board and Supervisory Board members. It was subsequently amended by a resolution of the Extraordinary General Meeting of ENEA S.A. of 7 November 2022. The policy was amended by increasing the amount of compensation for each month of validity of the non-competition ban from 50% to 100% of the monthly fixed remuneration. The amendments did not affect the rules for remunerating Members of the ENEA S.A. Supervisory Board.

Furthermore, various formal remuneration regulations regarding employees are applied in the Company. At ENEA S.A., employee compensations are determined on the basis of the Internal Collective Bargaining Agreement and the Rules and Regulations for Awarding Bonuses. The rules for determining remuneration at ENEA S.A. are linked to its strategy, objectives, interests and results.

Moreover, they are based on the principle of non-discrimination on any grounds. There were no significant changes to the remuneration rules applied at the Company in 2023.

The extra-financial remuneration components applied by ENEA S.A. in 2023 included, in particular: health care services, training courses, welfare benefits (under the Company's Welfare Benefits Fund, i.e., co-financing the employees' holidays and sports, leisure, cultural and education activities, and low-interest loans for housing purposes), preferential insurance offer, company cars with the option to use them for private purposes, and the employee pension scheme.

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

As at 31 December 2023, neither the Issuer not the member companies of the ENEA Group had any liabilities (including assumed liabilities) on account of retirement pensions or similar benefits assigned individually to former employees performing management or supervision functions or former members of corporate authorities.

# 6. Industry profile

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

The fundamental pieces of European energy legislation were those dealing with the liberalization of the European Union's electricity market. They are being amended and supplemented to this day. Among the pivotal developments arising from the EU legislation, also for the Polish electricity market, was the entry into force of the market liberalization laws in 2007, which permitted retail consumers to purchase electricity from any seller.

Nowadays, electricity is a commodity traded on an open, competitive market. Electricity is similar to other goods, in that it is generated by producers, then taken over, for the most part, by market intermediaries, to finally reach domestic customers, businesses and institutions. Just as all other produced goods, electricity must be transported to the final consumer, which is effected via the transmission and distribution grid or, as is the case with RES, may be supplied via a direct line. In 2021-2023, the Energy Law was amended, as is discussed in more detail in Section 10.1.3.

### Leading power industry groups in Poland


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

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

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

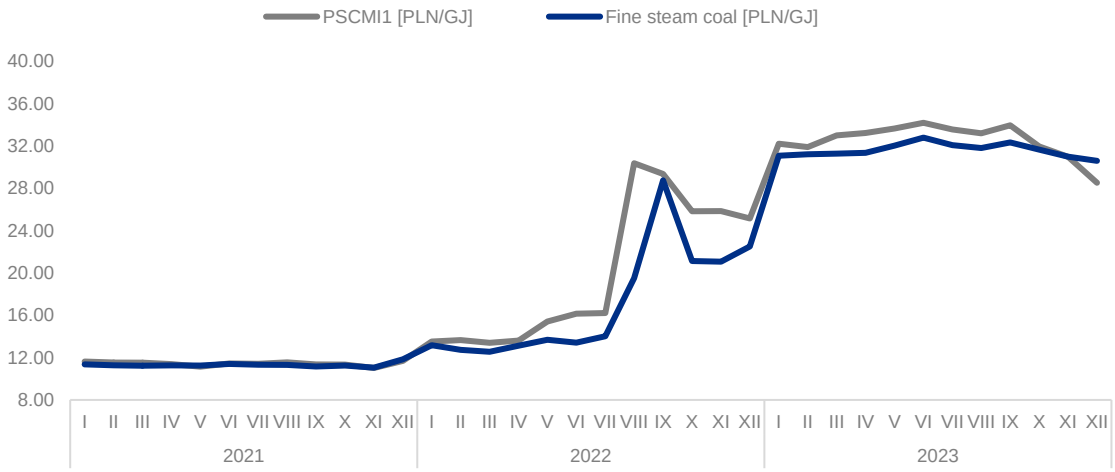
The following are key elements of PEP2040 (with the targets set for 2020 serving as reference points):

- energy transition, including energy self-sufficiency,
- increase in the share of renewable energy in all sectors and technologies. In 2030, renewable energy sources should cover at least 23% of final gross energy consumption, with the RES share being at least 32% in power generation (mainly wind and PV power), 28% in district heating (increasing by 1 p.p. y/y), 14% in transport (with a big contribution of electromobility),
- offshore wind power generation – installed capacity will reach from approx. 5.9 GW in 2030 to approx. 11 GW in 2040,
- installed photovoltaic capacity will increase considerably: approx. 5-7 GW in 2030 and approx. 10-16 GW in 2040,
- in 2030, the share of coal in electricity generation will not exceed 56%, and with increased prices of $CO_2$ emission allowances it may drop even lower to 37.5%.

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

## 6.1. Market environment

### Prices of bituminous coal in the Polish market



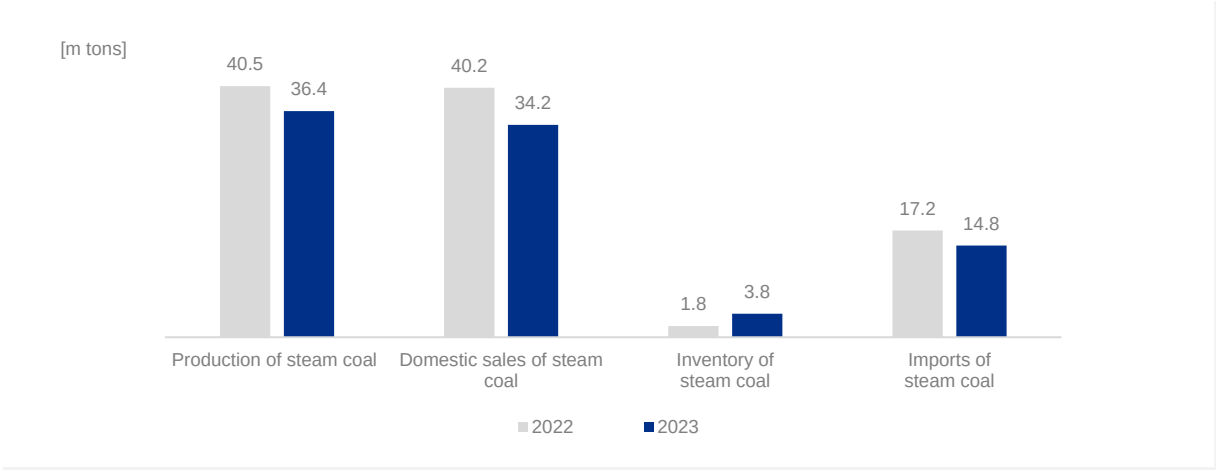

*Data: Industrial Development Agency.*

**PSCMI1:** In 2023, the average price quoted through the Polish Steam Coal Market Index (PSCMI1) was PLN 32.52 per GJ, some 64% higher than in the corresponding period the year before.

**Fine coal fractions:** The average price of fine steam coal sold to commercial power plants in 2023 was PLN 31.59 per GJ, up by approx. 84% compared to the average price in the corresponding period the year before. As at the end of December 2023, the purchase price of 1 ton of fine steam coal was PLN 30.58 per GJ, up by about 36% year-on-year.

Throughout 2023, steam coal prices remained at a high and relatively stable level above PLN 30.00 per GJ. The December value of PSCMI1, as reported by the Industrial Development Agency, slid below this threshold to PLN 28.51 per GJ in connection with the process of renegotiation of previously executed coal supply contracts carried out by mining companies and numerous adjustments to previously issued invoices.
In 2022, record-high increases and decreases occurred in the value of domestic steam coal prices the reasons for which included a crisis and destabilization of the energy commodity market and the valuation of commodities in Europe and around the world.

## Steam coal market




*Data: Industrial Development Agency.*

### Declines in steam coal mining, sales and imports coupled with a large national stockpile of this commodity

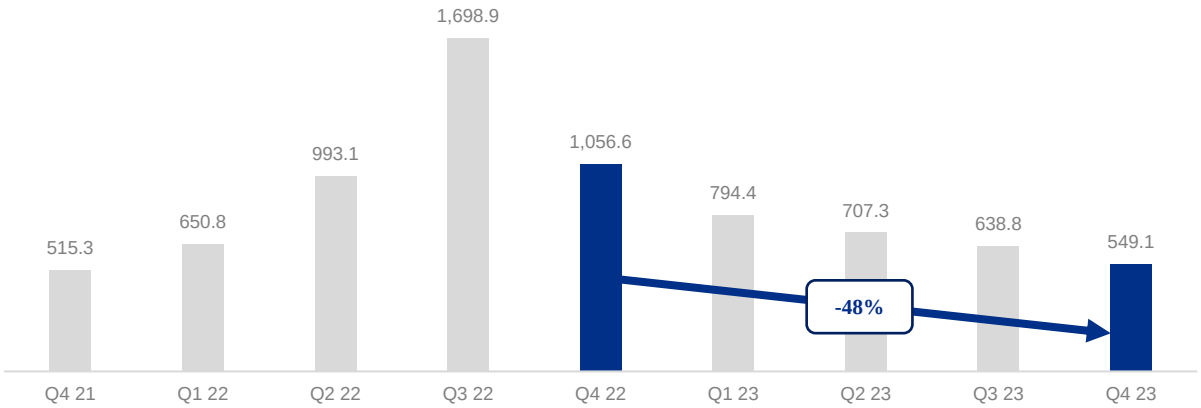
For the Polish steam coal market, 2023 marked a continuation of the downward trend in the mining, sales and imports of this commodity coupled with a sizeable existing stockpile. In 2023, the volume of domestic steam coal output was approx. 36.4 million tons compared to some 40.5 million tons a year earlier. Coal sales reached 34.2 million tons vis-à-vis 40.2 million tons the year before. In parallel, year-on-year declines in output and sales occurred of about 10% and 15%, respectively. A linear correlation between mining and sales continued throughout much of 2023. As at the end of December 2023, inventories of steam coal stood at about 3.8 million tons, compared to 1.8 million tons a year earlier. Imports of this commodity drooped 14% year-on-year and stood at approx. 14.8 million tons compared to 17.2 million tons the year before.

### Situation in the domestic bituminous coal mining sector

In the light of the European Green Deal adopted as a strategic policy program pointing EU countries in the desired direction towards the achievement of climate neutrality by Europe, the methods of decarbonization of the Polish energy sector are being decided based on multi-scenario analyses of the composition of the future energy mix and the share of low-carbon renewable energy sources. The European Commission (EC) has approved aid for Poland in the form of a 10-year fund worth EUR 300 million to support the energy transition and streamline the process of spinning off coal assets from the structures of utility companies. To date, the EC has not notified the Polish program, developed on the basis of a social contract, whereas the reform involving the establishment of the National Energy Security Agency (NABE) is expected to be presented anew by the new government. Currently, the coal industry is struggling not only with problems of a geological and mining nature, generating hefty capital expenditures for the restoration of mining fronts and the preparation of new longwalls. Regular declines in domestic coal demand force mining companies to reduce output, change production plans and diversify their market strategies.

### Energy prices on the Polish market

BASE_Y_22/23/24 (PLN/MWh)



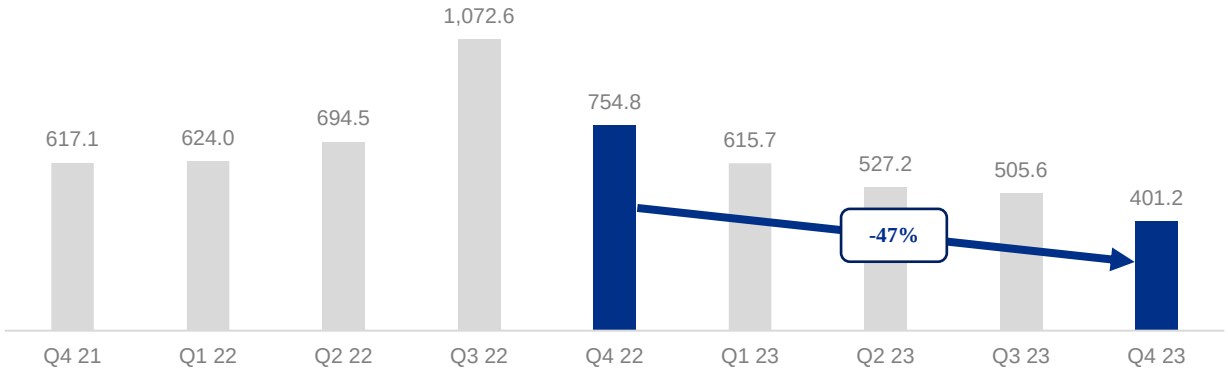

*Source: Own study based on publicly available stock market data.*

In Q4 2023, on the wholesale electricity forward market, the price of the BASE Y-24 product decreased by 48% to the average level of PLN 549.13 per MWh, compared to the corresponding product (i.e. BASE Y-23) in Q4 2022.

At the beginning of the year, the BASE Y-24 market price stood at PLN 1,029.00 per MWh, but then dwindled to PLN 679.30 per MWh at the end of H1 2023 and PLN 632.01 per MWh at the end of September 2023. At the last session of the year, the price was PLN 489.00 per MWh. The factors that affected the evolution of the BASE Y-24 price in 2023 included price changes in the fuel and $CO_2$ emission allowance markets.

In 2023, the volume of trading in the annual frontal product BASE Y-24 totaled 3,802 MW, signifying a major drop compared to 2022, when transactions for a total of as much as 7,005 MW were executed under BASE Y-23 contracting (down by approx. 46% y/y). Although the average volume contracted at each session in the distinct quarters of 2023 increased (from approx. 7 MW in Q1 to 21 MW in the last quarter), it was still significantly lower than in 2022 when it reached approx. 31 MW.

RDN BASE (PLN/MWh)




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

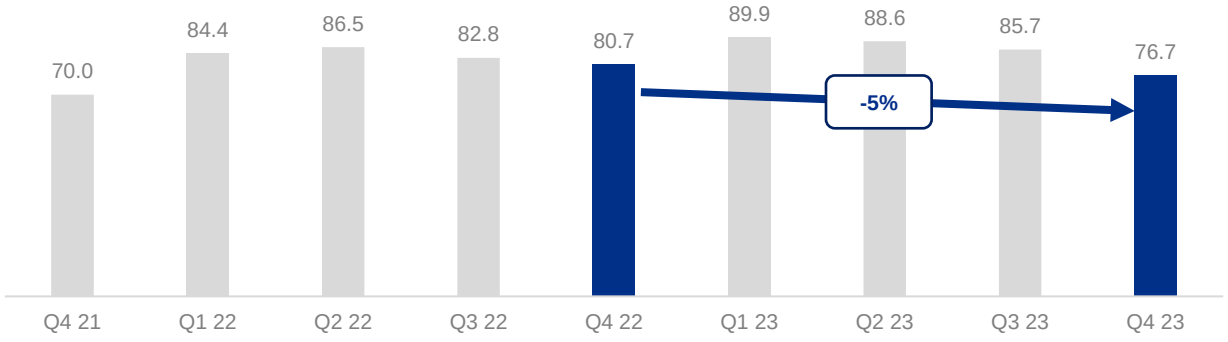
The average price of electricity on the spot market in Q4 2023 was 47% lower than in the corresponding period of 2022. Since Q4 2022, the factor curbing the prices in the balancing market, and hence also in the spot stock exchange market, has been the introduction of changes in the principles of submitting bids in the balancing market. Pursuant to the *Regulation of the Minister of Climate and Environment of 27 September 2022 amending the Regulation on detailed conditions of operation of the power system*, bid prices in the balancing market have reflected unit variable costs of electricity generation and may not be higher than the so-called maximum bid price since the Regulation came into force.

The level of electricity prices on the spot market in 2023 was affected by:

- lower demand for electricity in the Polish Power System (PPS) than planned (price-suppressing effect),
- relatively high air temperatures, especially in September, which was a record warm month (price-suppressing effect),
- high volume of photovoltaic generation (price-suppressing effect),
- high prices of $CO_2$ emission allowances in the first half of the year (price-increasing effect), followed by a downward trend in the second half of the year with a significant intensification towards the end of the year (price-suppressing effect).

### Prices of $CO_2$ emission allowances and "green" property rights

$CO_2$ emission allowances (DEC-23) (EUR/t)




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

The European market for $CO_2$ emission allowances was highly volatile in Q1 2023. The first session of the year closed with the price of the DEC-23 contract at EUR 86.28 per ton. Over the next 4 sessions, the price declined to EUR 77.39 per ton – the lowest in Q1. Thereafter, the allowances followed a sideways trend, which continued until 16 January when prices remained within

a narrow range of between EUR 77.57 and 81.45 per ton. On 17 January, the prices of $CO_2$ emission allowances entered an upward trend that lasted until 21 February when the closing price of the DEC-23 contract was EUR 100.34 per ton – the highest value in 2023. The vicinity of EUR 100.00 per ton remained a resistance level for DEC-23, which was tested twice more in Q1. Later in February and until the end of March, the prices followed a downward and highly volatile trend. From 17 February to the end of March, the prices remained within the broad range of between EUR 87.07 per ton and EUR 100.23 per ton. The last session of the quarter closed at EUR 91.93 per ton. Significant price drivers in Q1 2023 included weather conditions, negotiations on the REPowerEU plan and the financial standing of European financial institutions.

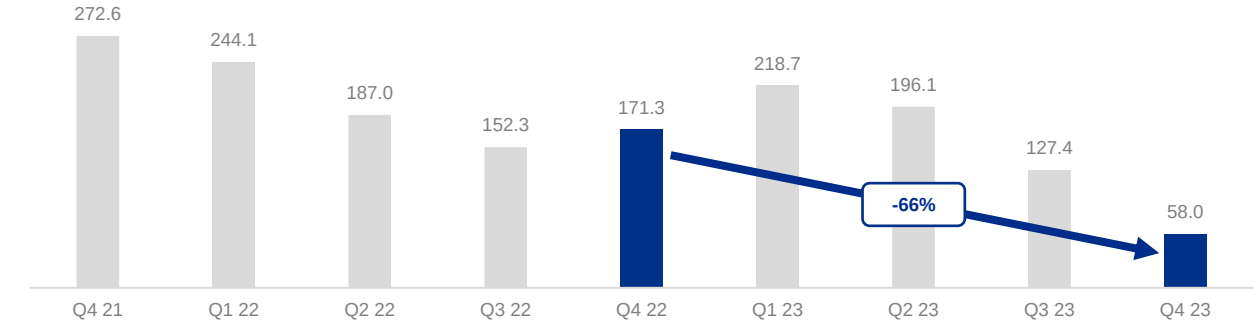
The first session of Q2 2023 was closed with the price of EUR 95.75 per ton. Until 20 April 2023, the closing DEC-23 prices were in the range of EUR 91.96-97.44 per ton. For the rest of April, DEC-23 prices remained below EUR 90 per ton, while the last April session closed with the price of EUR 87.34 per ton. What should be regarded as significant events on the EUA market in April was the vote of the European Parliament on amendments to the EU ETS system within Fit for 55, and the end of the redemption period for 2022 falling at the end of the month. The first session in May closed with the price of EUR 85.91 per ton and a very low trading volume in connection with the celebration of the Labor Day in many European countries. Until 24 May 2023, the DEC-23 closing prices were in the range of EUR 84.67-89.88 per ton. The last May sessions closed with prices below EUR 83.00 per ton, with the last price of the month at EUR 81.02 per ton. In May, the European Commission published a communication on the total number of allowances in circulation (TNAC) for 2022. In 2022, the surplus was 1.135 billion allowances. The first session in June was the least expensive in the quarter – the closing price was EUR 78.72 per ton. Then the DEC-23 price completely changed direction and with slight adjustments went up until 20 June 2023, when the closing price was EUR 94.85 per ton. Later June sessions saw prices in the range of EUR 86.55-90.55 per ton, with the last session of the quarter closing at EUR 89.08 per ton. In June, the EEX Stock Exchange published an updated auction calendar for allowances for the second half of the year, in which the auction volume was adjusted to the surplus of TNAC and the additional volume from the *REPowerEU* program.

The third quarter of 2023 was characterized by lower price volatility compared to the preceding quarter, likely due to the summer vacation season. The first July session closed at 87.32 EUR per ton. Stable pricing in the range of EUR 85.81-87.35 per ton continued until 18 July. During the rest of the month, allowance prices kept increasing until 25 July, when the highest price of the quarter was reached at EUR 91.93 per ton. Thereafter, prices began to fall, with the last closing price in July of EUR 86.67 per ton. In August, a limited volume of EUAs was sold at primary auctions. Until 10 August, DEC-23 prices were in the range of EUR 82.68-85.10 per ton. Thereafter, the EUA price kept increasing until 22 August, when the closing price was the highest for the month at EUR 89.87 per ton. Emission allowance prices then reversed, settling around EUR 85.00 per ton for the remainder of August, and the last closing price for the month was EUR 85.76 per ton. The return of full auction volume contributed to the decline in $CO_2$ emission allowance prices in September. The first session of the month closed with a price of EUR 85.27 per ton. From 5 to 20 September, EUA prices remained below EUR 84.00 per ton. Also in this period, the lowest closing price for the quarter was recorded at EUR 80.84 per ton during the 18 September session. By 22 September, the allowance price kept increasing to EUR 85.48 per ton, after which EUAs began to gradually lose value. The last session of the month closed with a price of EUR 81.67 per ton.

The last quarter was marked by the impact of strong winds and low demand for EUAs from European industry and power generation companies, which translated into price declines. The first session of the DEC-23 contract in October closed at EUR 80.80 per ton. By 13 October, the allowance price had increased to 85.95 EUR per ton, which was the highest closing price in Q4 2023. The DEC-23 price then changed direction and dropper to EUR 79.05 per ton at the end of the month. The beginning of November brought a continuation of the declines, which lasted until 7 November, when the closing price of the front contract was EUR 75.25 per ton. The next several sessions saw a departure from the downward trend as the allowance prices increased in mid-November to 79.74 EUR per ton. Having reached the month's maximum, prices began to slide down again, with the last closing price of the month at EUR 70.81 per ton. The first session of December saw a correction with the EUA price closing at EUR 72.49 per ton. However, already during the third session of the month, the DEC-23 price dropped below EUR 70.00 per ton for the first time since October 2022, with the closing price on 5 December declining EUR 68.64 per ton. With minor adjustments, the allowance price fell to its lowest value for all of 2023 on 15 December at EUR 66.35 per ton. The last DEC-23 session was held on 18 December, with a closing price of EUR 69.08 per ton.

In Q4 2023, the average DEC-23 price was 5% lower than the average price in the corresponding quarter of 2022.

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




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

Session quotations of “green” property rights during the first session of 2023 tested the PLN 200.00 per MWh threshold. Some transactions were executed at that price, while the daily average was 196.21 PLN/MWh. It was the only January session during which the average price remained at or below the PLN 200.00 per MWh threshold. The average daily prices during the subsequent sessions of the month oscillated between PLN 200.47 and 224.79 per MWh. On the last day of January, the average session price was PLN 216.79 per MWh. February brought further increases in the prices of green certificates. At the first session of the month, the price increased by PLN 7.32 per MWh from the previous session and reached PLN 224.11 per MWh. Each subsequent February session turned out to trade at higher prices than the first one, and the average session prices oscillated between PLN 224.11 and 241.10 per MWh. In March, the price of green property rights started to stabilize at lower values. The first session of the month turned out to see much lower prices than the preceding session, the average session price fell by over PLN 12.00 per MWh to PLN 216.46 per MWh. Subsequent sessions saw similar transaction prices, with the average daily price remaining within a narrow range of between PLN 213.52 and 217.52 per MWh. The average price at the last session March was below PLN 200.00 per MWh for the second time only during the quarter – on that day, the price stood at PLN 199.39 per MWh.

The second quarter of 2023 featured a lower price variability compared to the preceding quarter. The first April session ended with the average daily price of PLN 196.39 per MWh. Until 20 April 2023, the price of PMOZE_A increased to PLN 206.45 per MWh, the highest value in the discussed quarter. From 27 April to 23 May, the average session prices remained below PLN 200.00 per MWh, within a narrow range of PLN 192.82-196.86 per MWh. In the short period from 25 May to 1 June 2023, the average price of green certificates exceeded PLN 200.00 per MWh. Later in June, the average session prices stayed below PLN 200.00 per MWh, and at the end of the quarter, the price of green certificates of origin started to fall considerably. In the period from 15 to 29 June, the average price of PMOZE_A decreased from PLN 198.24 to 175.17 per MWh.

At the end of June, the Polish Government Legislation Center published on its website *Draft Regulation of the Minister of Climate and Environment on the change of the quantity share of the total electricity resulting from the redeemed certificates of origin confirming the production of electricity from renewable energy sources in 2024-2026*, which defined the obligation for RES in 2024, 2025 and 2026 as percentages of 11%, 10% and 9%, respectively.

July was characterized by a very stable valuation of green certificates of origin. Throughout the month, the valuation of PMOZE_A remained within the range of PLN 165.03-170.06 per MWh. The beginning of August brought a gradual decline in prices: by 10 August, the average price of green certificates was PLN 163.87 per MWh. On 11 August, the draft regulation was updated to change the obligation level for 2024 from the previously proposed 11% to 5%, with no obligation level indicated for 2025-2026. Following this publication, the average session price of PMOZE_A kept changing abruptly. Between 17 and 31 August, it stood at the following levels at different trading sessions: PLN 82.50 per MWh, PLN 104.90 per MWh, PLN 117.50 per MWh, PLN 116.18 per MWh and PLN 89.65 per MWh. The final version of the regulation, maintaining the obligation level at 5%, was published on 29 August 2023 in the Journal of Laws. In September, the price of green certificates continued to experience significant volatility. During the first session in September, the weighted average price of PMOZE_A was PLN 79.60 per MWh. By 14 September, the price for certificates of origin dropped to PLN 61.48 per MWh. The price for green certificates continued its downward trend. During the last session in September, the weighted average price of PMOZE_A was PLN 51.89 per MWh, that is less than a third of the market price recorded during the last session before the update of the draft regulation.

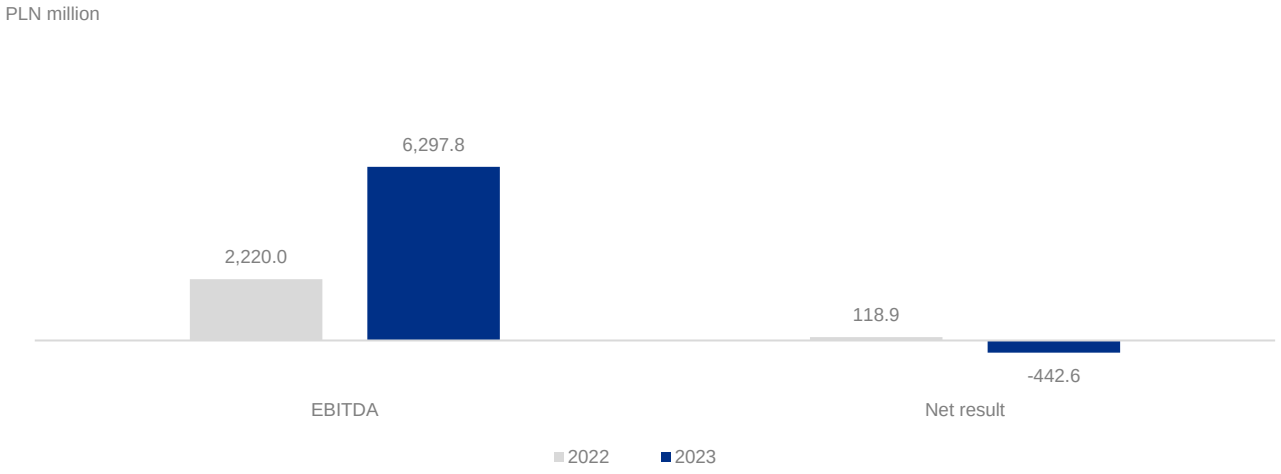
The last quarter of 2023 was characterized by the prices of green certificate of origin similar to those last seen in 2018. October brought some stability in certificate prices, with session averages in the range of PLN 44.74- 48.99 per MWh. PMOZE_A prices were more volatile in November. The weighted average price at the first session of November was PLN 48.39 per MWh. The price of certificates of origin kept increasing abruptly until 21 November when the weighted average session price reached PLN 85.10 per MWh. Later in the month, certificate prices began to dwindle, and the last session of the month marked the price at PLN 60.09 per MWh. The first December session closed with a weighted average price of PLN 47.37 per MWh. During the next few sessions, certificate prices increased again to a level that stabilized around PLN 70.00 per MWh. The last session of the year closed with a weighted average price of PLN 68.62 per MWh.

In Q4 2023, 2.3 TWh of green certificates of origin were issued, leaving 15.5 TWh of active allowances in the register at the end of the year. The average price in Q4 2023 was 66% lower than the average price in the corresponding quarter of 2022. The weighted average price at the sessions of the Property Rights Market was PLN 158.18 per MWh for the PMOZE_A instrument in 2023, down by PLN 33.62 per MWh compared to 2022.

# 7. Financial standing

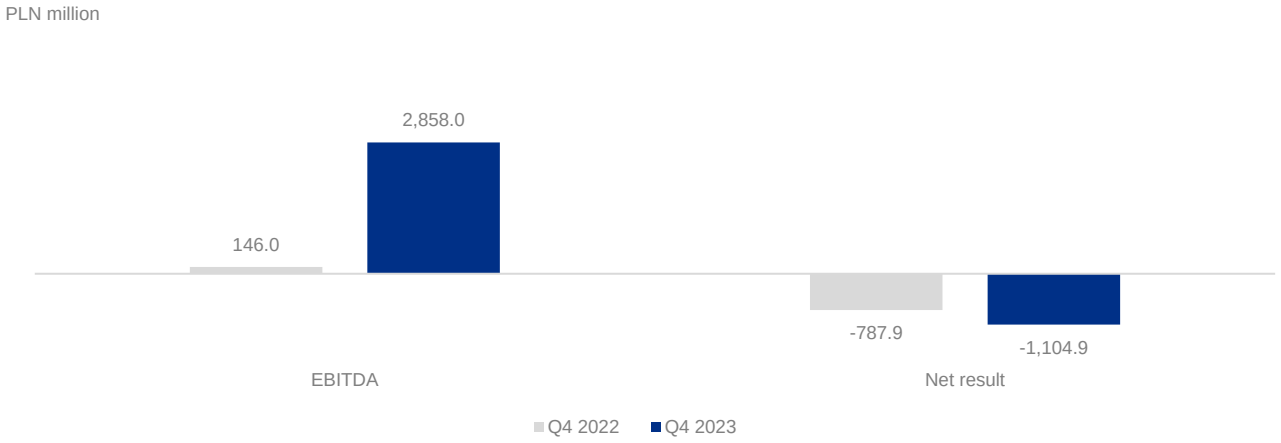
## 7.1. Selected consolidated financial data

| [PLN 000s] | 2022 | 2023 | Change | % change |
|---|---|---|---|---|
| Revenue from sales and other income | 30,117,852 | 48,183,419 | 18,065,567 | 60.0% |
| Operating profit / (loss) | 578,240 | 955,679 | 377,439 | 65.3% |
| Profit / (loss) before tax | 275,386 | (508,049) | -783,435 | -284.5% |
| Net profit / (loss) for the reporting period | 118,920 | (442,623) | -561,543 | -472.2% |
| **EBITDA** | **2,219,994** | **6,297,842** | **4,077,848** | **183.7%** |
| **Net cash flows from:** | | | | |
| operating activities | 1,226,169 | 2,246,404 | 1,020,235 | 83.2% |
| investing activities | (2,485,638) | (2,855,972) | -370,334 | -14.9% |
| financing activities | (1,330,368) | 2,071,985 | 3,402,353 | 255.7% |
| Cash at the end of the period | 1,563,716 | 3,026,133 | 1,462,417 | 93.5% |
| Net profit / (loss) attributable to shareholders of the parent company | 45,304 | (704,308) | -749,612 | -1,654.6% |
| Weighted average number of shares | 501,430,391 | 529,731,093 | 28,300,702 | 5.6% |
| Net earnings / (loss) per share [PLN] | 0.09 | (1.33) | -1.42 | -1,577.8% |
| Diluted earnings / (loss) per share [PLN] | 0.09 | (1.33) | -1.42 | -1,577.8% |



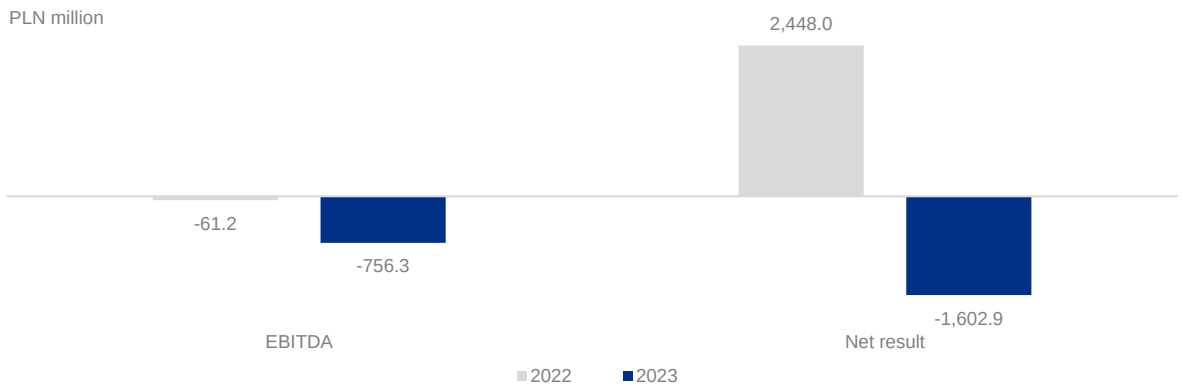

| [PLN 000s] | 31 December 2022 | 31 December 2023 | Change | % change |
|---|---|---|---|---|
| Total assets | 37,434,972 | 39,110,745 | 1,675,773 | 4.5% |
| Total liabilities | 21,288,861 | 23,671,146 | 2,382,285 | 11.2% |
| Non-current liabilities | 7,699,793 | 8,703,088 | 1,003,295 | 13.0% |
| Current liabilities | 13,589,068 | 14,968,058 | 1,378,990 | 10.1% |
| Equity | 16,146,111 | 15,439,599 | -706,512 | -4.4% |
| Share capital | 676,306 | 676,306 | - | - |
| Book value per share [PLN] | 30.48 | 29.15 | -1.33 | -4.4% |
| Diluted book value per share [PLN] | 30.48 | 29.15 | -1.33 | -4.4% |

| [PLN 000s] | Q4 2022 | Q4 2023 | Change | % change |
|---|---|---|---|---|
| Revenue from sales and other income | 7,385,965 | 12,280,631 | 4,894,666 | 66.3% |
| Operating profit / (loss) | (311,283) | (470,592) | -159,309 | -51.2% |
| Profit / (loss) before tax | (824,840) | (1,283,561) | -458,721 | -55.6% |
| Net profit / (loss) for the reporting period | (787,877) | (1,104,933) | -317,056 | -40.2% |
| **EBITDA** | **146,032** | **2,857,986** | **2,711,954** | **1,857.1%** |
| Net profit / (loss) attributable to shareholders of the parent company | (743,483) | (1,262,746) | -519,263 | -69.8% |
| Weighted average number of shares | 529,731,093 | 529,731,093 | - | - |
| Net earnings / (loss) per share [PLN] | (1.40) | (2.38) | -0.98 | -70.0% |
| Diluted earnings / (loss) per share [PLN] | (1.40) | (2.38) | -0.98 | -70.0% |



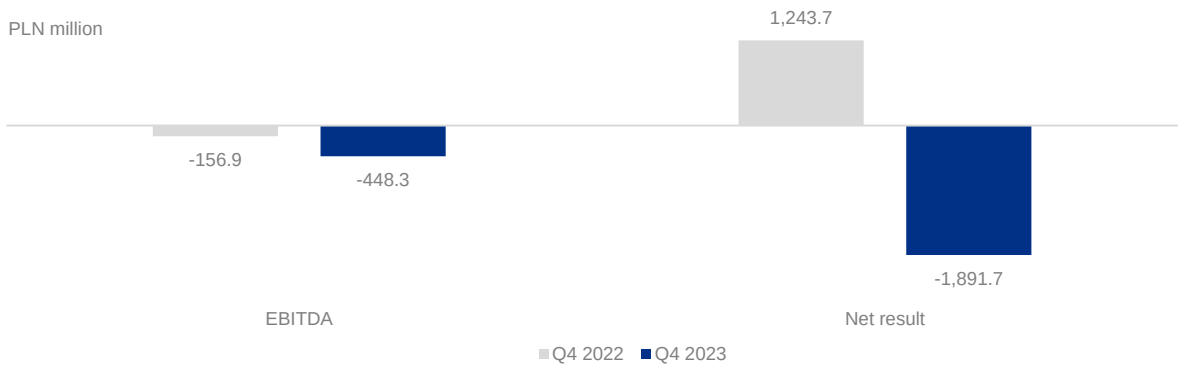

## 7.2. Selected non-consolidated financial data

| [PLN 000s] | 2022 | 2023 | Change | % change |
|---|---|---|---|---|
| Revenue from sales and other income | 12,424,530 | 19,501,643 | 7,077,113 | 57.0% |
| Operating profit / (loss) | (67,458) | (762,149) | -694,691 | -1,029.8% |
| Profit / (loss) before tax | 2,276,302 | (1,636,942) | -3,913,244 | -171.9% |
| Net profit / (loss) for the reporting period | 2,448,024 | (1,602,940) | -4,050,964 | -165.5% |
| **EBITDA** | **-61,241** | **-756,332** | **-695,091** | **-1,135.0%** |
| **Net cash flows from:** | | | | |
| operating activities | (102,088) | (1,797,690) | -1,695,602 | -1,660.9% |
| investing activities | 1,848,692 | (858,637) | -2,707,329 | -146.4% |
| financing activities | (1,258,104) | 2,155,984 | 3,414,088 | 271.4% |
| Cash at the end of the period | 388,730 | (111,613) | -500,343 | -128.7% |
| Weighted average number of shares | 501,430,391 | 529,731,093 | 28,300,702 | 5.6% |
| Net earnings / (loss) per share [PLN] | 4.88 | (3.03) | -7.91 | -162.1% |
| Diluted earnings / (loss) per share [PLN] | 4.88 | (3.03) | -7.91 | -162.1% |




| [PLN 000s] | 31 December 2022 | 31 December 2023 | Change | % change |
|---|---|---|---|---|
| Total assets | 21,548,951 | 22,574,103 | 1,025,152 | 4.8% |
| Total liabilities | 7,478,192 | 10,242,619 | 2,764,427 | 37.0% |
| Non-current liabilities | 4,446,771 | 5,146,708 | 699,937 | 15.7% |
| Current liabilities | 3,031,421 | 5,095,911 | 2,064,490 | 68.1% |
| Equity | 14,070,759 | 12,331,484 | -1,739,275 | -12.4% |
| Share capital | 676,306 | 676,306 | - | - |
| Book value per share [PLN] | 28.06 | 23.28 | -4.78 | -17.0% |
| Diluted book value per share [PLN] | 28.06 | 23.28 | -4.78 | -17.0% |

| [PLN 000s] | Q4 2022 | Q4 2023 | Change | % change |
|---|---|---|---|---|
| Revenue from sales and other income | 3,325,797 | 4,705,495 | 1,379,698 | 41.5% |
| Operating profit / (loss) | (158,435) | (450,009) | -291,574 | -184.0% |
| Profit / (loss) before tax | 1,029,275 | (1,896,331) | -2,925,606 | -284.2% |
| Net profit / (loss) for the reporting period | 1,243,676 | (1,891,728) | -3,135,404 | -252.1% |
| **EBITDA** | **-156,871** | **-448,342** | **-291,471** | **-185.8%** |
| Weighted average number of shares | 529,731,093 | 529,731,093 | - | - |
| Net earnings / (loss) per share [PLN] | 2.35 | (3.57) | -5.92 | -251.9% |
| Diluted earnings / (loss) per share [PLN] | 2.35 | (3.57) | -5.92 | -251.9% |



## 7.3. Key operating data and indicators for ENEA Group

| | Unit | 2022 | 2023 | Change | % change | Q4 2022 | Q4 2023 | Change | % change |
|---|---|---|---|---|---|---|---|---|---|
| Revenue from sales and other income | PLN 000s | 30,117,852 | 48,183,419 | 18,065,567 | 60.0% | 7,385,965 | 12,280,631 | 4,894,666 | 66.3% |
| EBITDA | PLN 000s | 2,219,994 | 6,297,842 | 4,077,848 | 183.7% | 146,032 | 2,857,986 | 2,711,954 | 1,857.1% |
| EBIT | PLN 000s | 578,240 | 955,679 | 377,439 | 65.3% | (311,283) | (470,592) | -159,309 | -51.2% |
| Net profit / (loss) for the reporting period | PLN 000s | 118,920 | (442,623) | -561,543 | -472.2% | (787,877) | (1,104,933) | -317,056 | -40.2% |
| Net profit / (loss) attributable to shareholders of the parent company | PLN 000s | 45,304 | (704,308) | -749,612 | -1,654.6% | (743,483) | (1,262,746) | -519,263 | -69.8% |
| Net cash flows from operating activities | PLN 000s | 1,226,169 | 2,246,404 | 1,020,235 | 83.2% | (2,975,211) | (2,764,399) | 210,812 | 7.1% |
| CAPEX | PLN 000s | 2,590,480 | 3,711,135 | 1,120,655 | 43.3% | 865,347 | 1,386,800 | 521,453 | 60.3% |
| Net debt | PLN 000s | 3,839,226 | 5,338,362 | 1,499,136 | 39.0% | 3,839,226 | 5,338,362 | 1,499,136 | 39.0% |
| Net debt / EBITDA[1] | - | 1.73 | 0.85 | -0.88 | -50.9% | 1.73 | 0.85 | -0.88 | -50.9% |
| Return on Assets (ROA)[1,2] | % | 0.3% | -1.1% | -1.4 p.p. | - | -8.4% | -11.3% | -2.9 p.p. | - |
| Return on equity (ROE)[1,2] | % | 0.7% | -2.9% | -3.6 p.p. | - | -19.5% | -28.6% | -9.1 p.p. | - |
| **Trading** | | | | | | | | | |
| Sales of electricity and gaseous fuel to retail customers | GWh | 23,664 | 22,846 | -818 | -3.5% | 5,914 | 5,873 | -41 | -0.7% |
| Number of customers (Power Delivery Points) | 000s | 2,681 | 2,715 | 34 | 1.3% | 2,681 | 2,715 | 34 | 1.3% |
| **Distribution** | | | | | | | | | |
| Sales of distribution services to end users | GWh | 20,313 | 20,040 | -273 | -1.3% | 5,064 | 5,142[3] | 78 | 1.5% |
| Number of customers (at the end of the reporting period) | 000s | 2,753 | 2,792 | 39 | 1.4% | 2,753 | 2,792 | 39 | 1.4% |
| **Generation** | | | | | | | | | |
| Total net generation of electricity, of which: | GWh | 26,214 | 21,344 | -4,870 | -18.6% | 6,034 | 5,390 | -644 | -10.7% |
| from conventional sources | GWh | 24,265 | 19,060 | -5,205 | -21.5% | 5,572 | 4,743 | -829 | -14.9% |
| from renewable sources | GWh | 1,949 | 2,284 | 335 | 17.2% | 462 | 647 | 186 | 40.1% |
| Gross heat generation | TJ | 7,861 | 7,369 | -492 | -6.3% | 2,466 | 2,353 | -113 | -4.6% |
| Sales of electricity, including: | GWh | 29,463 | 25,827 | -3,636 | -12.3% | 6,907 | 7,198 | 292 | 4.2% |
| from conventional sources | GWh | 24,265 | 19,060 | -5,205 | -21.5% | 5,572 | 4,743 | -829 | -14.9% |
| from renewable sources | GWh | 1,949 | 2,284 | 335 | 17.2% | 462 | 647 | 186 | 40.1% |
| from purchase | GWh | 3,249 | 4,483 | 1,234 | 38.0% | 873 | 1,808 | 935 | 107.0% |
| Sales of heat | TJ | 7,116 | 6,598 | -518 | -7.3% | 2,231 | 2,109 | -121 | -5.4% |
| **Mining** | | | | | | | | | |
| Net production | 000s tons | 8,401 | 7,053 | -1,348 | -16.0% | 1,238 | 2,496 | 1,258 | 101.6% |
| Sales of coal | 000s tons | 8,400 | 6,703 | -1,697 | -20.2% | 1,243 | 2,142 | 899 | 72.3% |
| Inventories at the end of the period | 000s tons | 22 | 371 | 349 | 1,586.4% | 22 | 371 | 349 | 1,586.4% |
| Excavation works | km | 32.80 | 29.67 | -3.13 | -9.5% | 7.56 | 6.90 | -0.66 | -8.7% |

[1] Definitions of the ratios are presented in section 14 entitled: "Glossary of terms and abbreviations"
[2] The ratio numerator, i.e. net profit / (loss) for the reporting period, is annualized.
[3] Change in data for Q1-Q3 2023

## 7.4. Financial results of the ENEA Group in 2023

### Consolidated statement of profit and loss for 2023

| [PLN 000s] | 2022 | 2023 | Change | % change |
|---|---|---|---|---|
| Revenue from sales of electricity | 23,843,479 | 36,600,312 | 12,756,833 | 53.5% |
| Revenue from sales of heat | 482,560 | 614,731 | 132,171 | 27.4% |
| Revenue from sales of gas | 341,074 | 120,989 | -220,085 | -64.5% |
| Revenue from sales of distribution services | 3,316,703 | 4,753,288 | 1,436,585 | 43.3% |
| Revenue from connection fees | 90,883 | 149,517 | 58,634 | 64.5% |
| Revenue from certificates of origin | 2,760 | 29,196 | 26,436 | 957.8% |
| Revenue from sales of goods and materials | 196,223 | 187,366 | -8,857 | -4.5% |
| Revenue from sales of other products and services | 226,359 | 182,758 | -43,601 | -19.3% |
| Revenue from sales of coal | 682,731 | 435,181 | -247,550 | -36.3% |
| Revenue from the Capacity Market | 893,486 | 947,614 | 54,128 | 6.1% |
| **Net revenue from sales** | **30,076,258** | **44,020,952** | **13,944,694** | **46.4%** |
| Compensation | 28,588 | 4,145,799 | 4,117,211 | 14,401.9% |
| Revenue from leases and operating subleases | 13,006 | 16,668 | 3,662 | 28.2% |
| **Revenue from sales and other income** | **30,117,852** | **48,183,419** | **18,065,567** | **60.0%** |
| Amortization and depreciation | 1,584,991 | 1,651,920 | 66,929 | 4.2% |
| Employee benefit costs | 2,495,720 | 3,092,964 | 597,244 | 23.9% |
| Consumption of materials and supplies and cost of goods sold | 10,462,627 | 13,133,590 | 2,670,963 | 25.5% |
| Purchase of energy and gas for subsequent sale | 12,393,958 | 20,073,377 | 7,679,419 | 62.0% |
| Transmission services | 472,792 | 665,649 | 192,857 | 40.8% |
| Other third-party services | 1,057,113 | 1,235,779 | 178,666 | 16.9% |
| Taxes and charges | 541,573 | 3,719,780 | 3,178,207 | 586.8% |
| **Tax-deductible expense** | **29,008,774** | **43,573,059** | **14,564,285** | **50.2%** |
| Other operating revenue | 215,329 | 266,337 | 51,008 | 23.7% |
| Other operating costs | 223,433 | 382,659 | 159,226 | 71.3% |
| Change in provision related to onerous contracts | -414,715 | 213,922 | 628,637 | 151.6% |
| Profit / (loss) on change, sale and liquidation of property, plant and equipment and right-to-use assets | (51,256) | (62,038) | -10,782 | -21.0% |
| Recognition / (reversal) of an impairment loss for non-financial non-current assets | 56,763 | 3,690,243 | 3,633,480 | 6,401.1% |
| **Operating profit / (loss)** | **578,240** | **955,679** | **377,439** | **65.3%** |
| Finance costs | 276,630 | 486,445 | 209,815 | 75.8% |
| Finance income | 220,929 | 222,548 | 1,619 | 0.7% |
| Profit / (loss) on FX derivatives not used for hedge accounting purposes | (347,053) | (1,247,125) | -900,072 | -259.3% |
| Dividend income | 1,163 | 93 | -1,070 | -92.0% |
| Recognition / (reversal) of impairment losses for financial assets measured at amortized cost | (27,274) | 0 | 27,274 | 100.0% |
| Share in the results of associates and jointly controlled entities | 71,463 | 9,522 | -61,941 | -86.7% |
| Recognition / (reversal) of impairment losses for investments in associates and jointly controlled entities | 0 | (37,679) | -37,679 | -100.0% |
| **Profit / (loss) before tax** | **275,386** | **(508,049)** | **-783,435** | **-284.5%** |
| Income tax | 156,466 | -65,426 | -221,892 | -141.8% |
| **Net profit / (loss) for the reporting period** | **118,920** | **(442,623)** | **-561,543** | **-472.2%** |
| **EBITDA** | **2,219,994** | **6,297,842** | **4,077,848** | **183.7%** |

**Key EBITDA drivers in the ENEA Group (up PLN 4,077.8 million):**

(+) an increase in revenue from sales of electricity by PLN 12,757 million, driven mainly by an increase in the average sales price and a concurrent decrease in sales volume

(+) an increase in revenue from sales of heat by PLN 132 million, driven mainly by an increase in the average sales price and a concurrent decline in sales volume

(-) a decrease in revenue from sales of natural gas by PLN 220 million, driven mainly by a lower sales volume with a higher average sales price

(+) an increase in revenue from sales of distribution services by PLN 1,437 million, mostly as a result of higher fee rates in the approved 2023 tariff coupled with a slightly lower volume of distributed energy

(+) higher revenues from grid connection fees by PLN 59 million, resulting mainly from a greater number of RES facilities connected in the current year in the 2nd, 3rd and 4th connection groups

(+) higher revenue from certificates of origin by PLN 26 million resulting mainly from higher revenue from co-generation support efforts

(-) a decrease in revenue from sales of coal by PLN 248 million driven mainly by a lower coal sales volume outside the ENEA Group combined with a higher average sales price

(+) an increase in the revenue from the Capacity Market by PLN 54 million driven mainly by a restatement of the price of capacity obligation in 2023

(+) change in revenue from compensation payments (up by PLN 4,117 million)

> (+) in 2023, the electricity price compensation amount of PLN 4,145.8 million was recognized in accordance with the Act of 7 October 2022 on special solutions for protecting electricity buyers in 2023 in connection with the situation on the electricity market (Consumption Limits Act) and in the Act of 27 October 2022 on emergency measures to reduce electricity prices and support certain consumers in 2023 (Price Limits Act)
>
> (-) The numbers for 2022 included PLN 28.0 million of electricity price compensation (Price Limits Act) and additionally PLN 0.6 million of gaseous fuel compensation referred to in the Act of 26 January 2022 on special solutions for protecting gaseous fuels in connection with the situation on the gas market

(-) an increase in employee benefit costs by PLN 597 million driven mainly by higher payroll costs and payroll-related charges, a change in employee provisions and higher average headcount

(-) an increase in the cost of consumption of materials and supplies and cost of goods sold by PLN 2,671 million is mainly due to higher costs of $CO_2$ emission allowances, coal consumption costs and costs of biomass consumption for the whole Generation Area

(-) an increase in the costs of purchasing electricity and gas by PLN 7,679 million results mainly from higher average sales prices with the lower sales volume

(-) an increase in costs of transmission services by PLN 193 million caused mainly by an increase in the rates of fixed and variable fees in settlements with PSE S.A. and neighboring DSOs

(-) an increase in costs of third-party services by PLN 179 million caused mainly by an increase in the costs of repair services, property insurance costs and other tasks outsourced to external companies at variable rates

(-) an increase in the costs of taxes and charges by PLN 3,178 million, largely caused by the charge for the Price Difference Fund

(+) movement in provisions related to onerous contracts (decrease in provisions by PLN 629 million):

> (+) in 2023, revenues included the utilization of the provision of PLN 368.3 million established in expenses in December 2022 for a possible loss on Tariff G resulting from the fact that the Tariff of 17 December 2022 approved by the ERO President did not take into account the incurred electricity purchase costs and from the application of the Act of 7 October 2022 on special solutions for protecting electricity buyers in 2023 in connection with the situation on the electricity market
>
> (+) in 2022, expenses included the provision of PLN 368.3 million for a possible loss on Tariff G resulting from the fact that the Tariff of 17 December 2022 approved by the ERO President did not take into account the incurred electricity purchase costs and from the application of the Act of 7 October 2022 on special solutions for protecting electricity buyers in 2023 in connection with the situation on the electricity market
>
> (+) in 2022, the use of a portion of the provision totaling PLN 21.5 million was recognized and the remeasurement of this provision was recognized in the expenses in the amount of PLN 67.9 million for the loss arising from the distribution fee rebate which was settled by ENEA S.A. acting as the offtaker of last resort in relation to electricity supplied to the grid by prosumers
>
> (-) in 2023, expenses included the remeasurement of the provision of PLN 154.4 million for the loss arising from the distribution fee rebate which was settled by ENEA S.A. acting as the offtaker of last resort in relation to electricity supplied to the grid by prosumers. The increase in the provision is aimed at reflecting the impact of anticipated future losses to be incurred in connection with the performance of comprehensive contracts entered into with prosumers whose micro-installations were connected to the grid by 31 March 2022.

(-) result on other operating activities down by PLN 119 million:

- (-) change in impairment losses for overdue receivables and uncollectible receivables by PLN 87 million
- (-) provisions for potential claims up by PLN 47 million
- (-) an increase in provisions for non-contractual use of transmission corridors by PLN 33 million
- (-) balance of refunds from the insurer down by PLN 12 million
- (-) loss arising from liquidation of property, plant and equipment up by PLN 11 million, among others in connection with a change in the range of liquidated mining pits
- (+) fixed assets accepted free of charge up by PLN 62 million
- (+) revenues arising from compensation, penalties and fines up by PLN 18 million

**Material changes affecting net result:**

(-) impairment loss allowance on non-financial non-current assets in the Generation segment up by PLN 2,371.2 million; the impact of the change results in a deterioration of the net profit by PLN 1,920.7 million

(-) impairment losses for non-financial non-current assets in the Mining segment up by PLN 1,262.2 million; this change resulted in a decrease of PLN 1,022.4 million in the net result, mainly as a result of the impairment loss of PLN 1,231.6 million recognized in 2023 following the estimation of the fair value of the Mining CGU from the ENEA Group's perspective

(-) movement in the result on currency derivatives not used in hedge accounting by PLN 900.1 million resulting from changes in the valuation of currency contracts and realized foreign exchange differences related to these contracts

(-) in 2022, partial reversal of the provision for future investment commitments to Elektrownia Ostrołęka in the amount of PLN 46.5 million

(-) in 2022, an impairment loss was recognized for interest granted to Elektrownia Ostrołęka in the amount of PLN 27.3 million

(+) in 2023, reversal of the impairment loss for shares in Elektrownia Ostrołęka in the amount of PLN 42.0 million

## Consolidated statement of profit and loss in Q4 2023

| [PLN 000s] | Q4 2022 | Q4 2023 | Change | % change |
|---|---|---|---|---|
| Revenue from sales of electricity | 5,756,592 | 9,048,433 | 3,291,841 | 57.2% |
| Revenue from sales of heat | 155,648 | 208,056 | 52,408 | 33.7% |
| Revenue from sales of gas | 87,693 | 28,858 | -58,835 | -67.1% |
| Revenue from sales of distribution services | 851,138 | 1,300,971 | 449,833 | 52.9% |
| Revenue from connection fees | 28,845 | 46,828 | 17,983 | 62.3% |
| Revenue from certificates of origin | 2,322 | 14,209 | 11,887 | 511.9% |
| Revenue from sales of goods and materials | 40,668 | 49,510 | 8,842 | 21.7% |
| Revenue from sales of other products and services | 69,870 | 52,899 | -16,971 | -24.3% |
| Revenue from sales of coal | 143,897 | 156,379 | 12,482 | 8.7% |
| Revenue from the Capacity Market | 217,488 | 233,845 | 16,357 | 7.5% |
| **Net revenue from sales** | **7,354,161** | **11,139,988** | **3,785,827** | **51.5%** |
| Compensation | 28,142 | 1,135,566 | 1,107,424 | 3,935.1% |
| Revenue from leases and operating subleases | 3,662 | 5,077 | 1,415 | 38.6% |
| **Revenue from sales and other income** | **7,385,965** | **12,280,631** | **4,894,666** | **66.3%** |
| Amortization and depreciation | 403,306 | 426,419 | 23,113 | 5.7% |
| Employee benefit costs | 674,233 | 842,261 | 168,028 | 24.9% |
| Consumption of materials and supplies and cost of goods sold | 3,782,334 | 2,036,410 | -1,745,924 | -46.2% |
| Purchase of energy and gas for subsequent sale | 3,279,987 | 4,941,491 | 1,661,504 | 50.7% |
| Transmission services | 118,132 | 164,764 | 46,632 | 39.5% |
| Other third-party services | 306,080 | 352,567 | 46,487 | 15.2% |
| Taxes and charges | 138,453 | 1,139,864 | 1,001,411 | 723.3% |
| **Tax-deductible expense** | **8,702,525** | **9,903,776** | **1,201,251** | **13.8%** |
| Other operating revenue | 41,702 | 16,530 | -25,172 | -60.4% |
| Other operating costs | -42,989 | 145,625 | 188,614 | 438.7% |
| Change in provision related to onerous contracts | 996,173 | 201,699 | -794,474 | -79.8% |
| Profit / (loss) on change, sale and liquidation of property, plant and equipment and right-to-use assets | (21,578) | (17,892) | 3,686 | 17.1% |
| Recognition / (reversal) of an impairment loss for non-financial non-current assets | 54,009 | 2,902,159 | 2,848,150 | 5,273.5% |
| **Operating profit / (loss)** | **(311,283)** | **(470,592)** | **-159,309** | **-51.2%** |
| Finance costs | 53,950 | 108,604 | 54,654 | 101.3% |
| Finance income | 63,976 | 74,012 | 10,036 | 15.7% |
| Profit / (loss) on FX derivatives not used for hedge accounting purposes | (568,086) | (823,998) | -255,912 | -45.0% |
| Recognition / (reversal) of impairment losses for financial assets measured at amortized cost | (38,236) | 0 | 38,236 | 100.0% |
| Share in the results of associates and jointly controlled entities | 6,267 | 3,621 | -2,646 | -42.2% |
| Recognition / (reversal) of impairment losses for investments in associates and jointly controlled entities | 0 | (42,000) | -42,000 | -100.0% |
| **Profit / (loss) before tax** | **(824,840)** | **(1,283,561)** | **-458,721** | **-55.6%** |
| Income tax | -36,963 | -178,628 | -141,665 | -383.3% |
| **Net profit / (loss) for the reporting period** | **(787,877)** | **(1,104,933)** | **-317,056** | **-40.2%** |
| **EBITDA** | **146,032** | **2,857,986** | **2,711,954** | **1,857.1%** |

**Key EBITDA drivers in the ENEA Group (up PLN 2,712.0 million):**

(+) an increase in revenue from sales of electricity by PLN 3,292 million, driven mainly by an increase in the average sales price and a concurrent decrease in sales volume

(+) an increase in revenue from sales of heat by PLN 52 million, largely driven by an increase in the average sales price

(-) a decrease in revenue from sales of natural gas by PLN 59 million, driven mainly by a lower sales volume

(+) an increase in revenue from sales of distribution services by PLN 450 million, mostly as a result of higher fee rates in the approved 2023 tariff coupled with a slightly higher volume of distributed energy

(+) higher revenues from grid connection fees by PLN 18 million, resulting mainly from a greater number of RES facilities connected in the current year in the 2nd, 3rd and 4th connection groups

(+) higher revenue from certificates of origin by PLN 12 million resulting mainly from higher revenue from co-generation support efforts

(+) higher revenue from sales of coal by PLN 12 million driven by higher coal sales volume

(+) an increase in the revenue from the Capacity Market by PLN 16 million driven mainly by a restatement of the price of capacity obligation in 2023

(+) change in revenue from compensation payments (up by PLN 1,107 million)

> (+) in Q4 2023, the electricity price compensation amount of PLN 1,135.6 million was recognized in accordance with the Act of 7 October 2022 on special solutions for protecting electricity buyers in 2023 in connection with the situation on the electricity market (Consumption Limits Act) and in the Act of 27 October 2022 on emergency measures to reduce electricity prices and support certain consumers in 2023 (Price Limits Act),
>
> (-) the numbers for Q4 2022 included PLN 28.0 million of electricity price compensation (Price Limits Act) and additionally PLN 0.1 million of gaseous fuel compensation referred to in the Act of 26 January 2022 on special solutions for protecting gaseous fuels in connection with the situation on the gas market

(-) an increase in employee benefit costs by PLN 168 million driven mainly by higher payroll costs and payroll-related charges, a change in employee provisions and higher average headcount

(+) a decrease in the cost of consumption of materials and supplies and cost of goods sold by PLN 1,746 million is mainly due to higher mutual transactions (the value of transactions increased within the ENEA Group, related among others to coal deliveries between companies), remeasurement of $CO_2$ contracts, with a concurrent increase in $CO_2$ emission costs, and biomass consumption costs for the whole Generation Area

(-) an increase in the costs of purchasing electricity and gas by PLN 1,662 million results mainly from higher average sales prices coupled with a higher sales volume

(-) an increase in costs of transmission services by PLN 47 million caused mainly by an increase in the rates of fixed and variable fees in settlements with PSE S.A. and neighboring DSOs

(-) an increase in costs of third-party services by PLN 46 million caused mainly by an increase in the costs of repair services, property insurance costs and other tasks outsourced to external companies at variable rates

(-) an increase in the costs of taxes and charges by PLN 1,001 million, largely caused by the charge for the Price Difference Fund

(-) change in provisions related to onerous contracts by PLN 794 million

> (-) the figures for Q4 2022 included the utilization of PLN 1,311.5 million of provisions related to onerous contracts in the Generation Area
>
> (-) in Q4 2023, expenses included the remeasurement of the provision of PLN 154.4 million for the loss arising from the distribution fee rebate which was settled by ENEA S.A. acting as the offtaker of last resort in relation to electricity supplied to the grid by prosumers. The increase in the provision is aimed at reflecting the impact of anticipated future losses to be incurred in connection with the performance of comprehensive contracts entered into with prosumers whose micro-installations were connected to the grid by 31 March 2022.
>
> (-) in Q4 2022, revenues included utilization of the provision recognized in June in the amount of PLN 64.2 million for the possible loss on Tariff G due to the increase in electricity purchase costs
>
> (+) in Q4 2022, expenses included the provision of PLN 368.3 million for a possible loss on Tariff G resulting from the fact that the Tariff of 17 December 2022 approved by the ERO President did not take into account the incurred electricity purchase costs and from the application of the Act of 7 October 2022 on special solutions for protecting electricity buyers in 2023 in connection with the situation on the electricity market
>
> (+) in Q4 2023, revenues included utilization of a PLN 264.0 million provision recognized in expenses in September for the loss on Tariff G resulting from lost revenues caused by the entry into force of the Regulation of the Minister of Climate and the Environment of 9 September 2023 introducing a mechanism for reducing the amounts payable by households to electricity trading companies for 2023
>
> (+) in Q4 2023, revenues included the utilization of the provision of PLN 92.1 million established in expenses in December 2022 for a possible loss on Tariff G resulting from the fact that the Tariff of 17 December 2022 approved by the ERO

President did not take into account the incurred electricity purchase costs and from the application of the Act of 7 October 2022 on special solutions for protecting electricity buyers in 2023 in connection with the situation on the electricity market in the amount of PLN 368.3 million

(+) in Q4 2022, the use of a PLN 3.1 million portion of the provision and a remeasurement of the provision for a loss arising from the settlement of the distribution fee rebate of PLN 14.3 million regarding the electricity fed into the grid by prosumers by ENEA S.A. as the offtaker of last resort were recognized in expenses.

(-) result on other operating activities down by PLN 210 million:

(-) provisions for potential claims up by PLN 117 million

(-) change in impairment losses for overdue receivables and uncollectible receivables by PLN 82 million

**Material changes affecting net result:**

(-) impairment loss for non-financial non-current assets in the Generation segment up by PLN 2,370.6 million; the impact of the change results in a deterioration of the net profit by PLN 1,920.2 million

(-) impairment losses for non-financial non-current assets in the Mining segment up by PLN 477.5 million; this change resulted in a decrease of PLN 386.8 million in the net result, mainly as a result of the impairment loss of PLN 482.7 million recognized in 2023 following the estimation of the fair value of the Mining CGU from the ENEA Group's perspective

(-) movement in the result on currency derivatives not used in hedge accounting by PLN 255.9 million resulting from changes in the valuation of currency contracts and realized foreign exchange differences related to these contracts

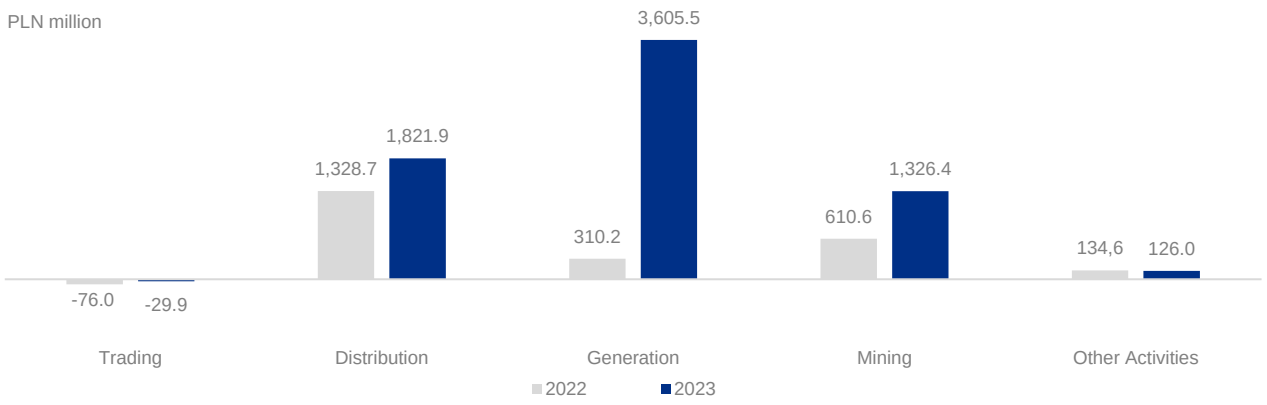
(-) in Q4 2022, an impairment loss was recognized for interest granted to Elektrownia Ostrołęka in the amount of PLN 38.3 million

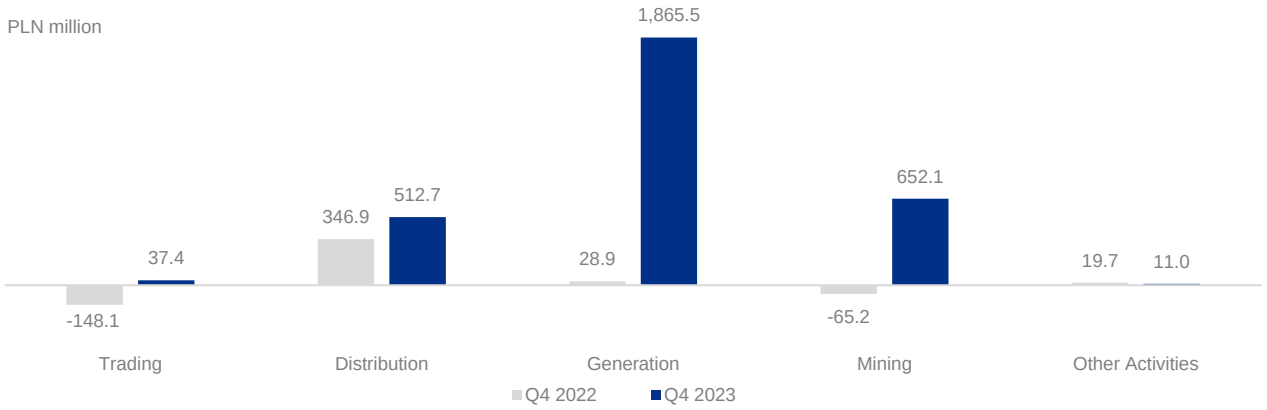
(-) in Q4 2022, partial reversal of the provision for future investment commitments to Elektrownia Ostrołęka in the amount of PLN 2.4 million

(+) in Q4 2023, reversal of the impairment loss for shares in Elektrownia Ostrołęka in the amount of PLN 42.0 million

### Financial results of the ENEA Group in 2023 and Q4 2023

| EBITDA [PLN 000s] | 2022 | 2023 | Change | % change | Q4 2022 | Q4 2023 | Change | % change |
|---|---|---|---|---|---|---|---|---|
| Trading | -76,000 | -29,850 | 46,150 | 60.7% | -148,070 | 37,390 | 185,460 | 125.3% |
| Distribution | 1,328,696 | 1,821,851 | 493,155 | 37.1% | 346,923 | 512,722 | 165,799 | 47.8% |
| Generation | 310,209 | 3,605,484 | 3,295,275 | 1,062.3% | 28,872 | 1,865,535 | 1,836,663 | 6,361.4% |
| Mining | 610,600 | 1,326,430 | 715,830 | 117.2% | -65,196 | 652,135 | 717,331 | 1,100.3% |
| Other Activities | 134,615 | 126,015 | -8,600 | -6.4% | 19,718 | 10,998 | -8,720 | -44.2% |
| Unassigned items and exclusions | -88,126 | -552,088 | -463,962 | -526.5% | -36,215 | -220,794 | -184,579 | -509.7% |
| **Total EBITDA** | **2,219,994** | **6,297,842** | **4,077,848** | **183.7%** | **146,032** | **2,857,986** | **2,711,954** | **1,857.1%** |





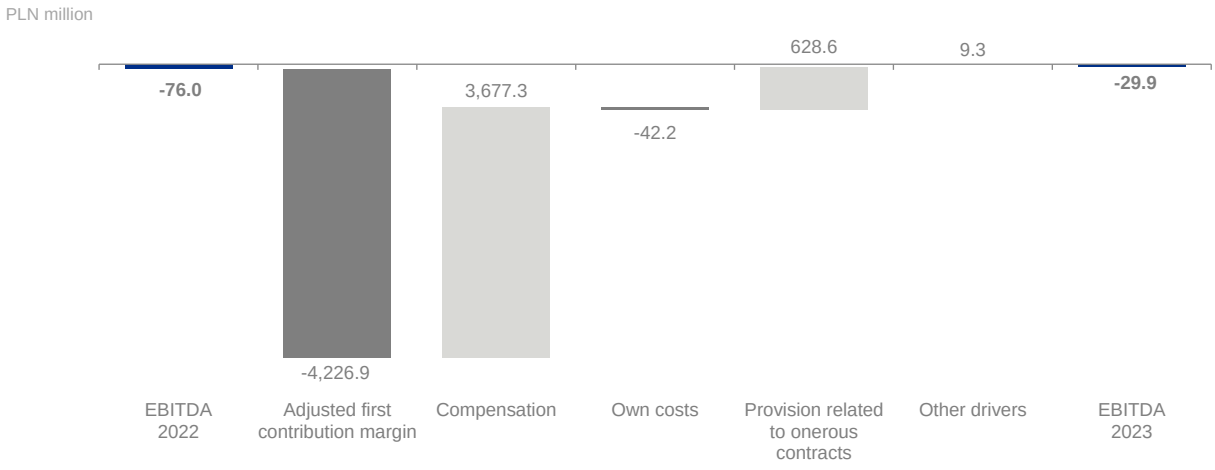

## Trading Area in 2023 and Q4 2023

Retail sales of electricity are carried out by ENEA S.A.

Moreover, the presentation of the Trading area contains financial data of ENEA Trading and ENEA Power&Gas Trading (on 3 April 2023, a demerger was effected through a spin-off and transfer of a portion of ENEA Trading business in the form of an organized part of an enterprise to ENEA Power&Gas Trading).

| [PLN 000s] | 2022 | 2023 | Change | % change | Q4 2022 | Q4 2023 | Change | % change |
|---|---|---|---|---|---|---|---|---|
| Net revenue from sales | 17,408,855 | 24,634,005 | 7,225,150 | 41.5% | 7,303,062 | 8,976,424 | 1,673,362 | 22.9% |
| Compensation | 28,588 | 3,705,902 | 3,677,314 | 12,863.1% | 28,142 | 1,017,717 | 989,575 | 3,516.4% |
| Revenue from sales and other income | 17,437,443 | 28,339,907 | 10,902,464 | 62.5% | 7,331,204 | 9,994,141 | 2,662,937 | 36.3% |
| EBIT | -78,712 | -32,313 | 46,399 | 58.9% | -148,768 | 36,521 | 185,289 | 124.5% |
| Amortization and depreciation | 2,712 | 2,463 | -249 | -9.2% | 698 | 869 | 171 | 24.5% |
| **EBITDA** | **-76,000** | **-29,850** | **46,150** | **60.7%** | **-148,070** | **37,390** | **185,460** | **125.3%** |
| CAPEX[1] | 1,375 | 429 | -946 | -68.8% | 0 | 367 | 367 | 100.0% |
| Segment's revenue from sales as % of the Group's revenue from sales | 45% | 44% | -1 p.p. | - | 60% | 50% | -10 p.p. | - |

[1] Without equity investments of ENEA S.A.



**Key EBITDA drivers in 2023 (up by PLN 46.1 million):**

**Adjusted first contribution margin (down by PLN 4,226.9 million)**

(-) average energy purchase price up by 88.9%

(-) energy sales volume down by 2.7%

(+) average energy sales price up by 36.9%

(+) costs of environmental obligations down by 42.8%

(+) higher result on trade in gaseous fuel

(+) remeasurement of $CO_2$ contracts, forward transactions for energy and gas

**Compensation (up by PLN 3,677.3 million)**

(+) the actual numbers for 2023 included the electricity price compensation amount of PLN 3,705.9 million in accordance with Article 12 of the Act of 7 October 2022 on Special Solutions for Protecting Electricity Buyers in 2023 in Connection with the Situation on the Electricity Market (Consumption Limits Act) and in Article 8 of the Act of 27 October 2022 on Emergency Measures to Reduce Electricity Prices and Support Certain Consumers in 2023 (Price Limits Act)

(-) actual numbers for 2022 included PLN 28.0 million of electricity price compensation (Price Limits Act) and additionally PLN 0.6 million of gaseous fuel compensation referred to in the Act of 26 January 2022 on special solutions for protecting gaseous fuels in connection with the situation on the gas market

**Own costs (up by PLN 42.2 million)**

(-) direct selling costs up by PLN 39.3 million

(-) costs of shared services up by PLN 4.8 million

(+) general and administrative expenses down by PLN 1.9 million

**Provisions related to onerous contracts (down by PLN 628.6 million)**

(+) in 2023, revenues included the utilization of the provision of PLN 368.3 million established in expenses in December 2022 for a possible loss on Tariff G resulting from the fact that the Tariff of 17 December 2022 approved by the ERO President did not take into account the incurred electricity purchase costs and from the application of the Act of 7 October 2022 on special solutions for protecting electricity buyers in 2023 in connection with the situation on the electricity market

(+) in 2022, expenses included the provision of PLN 368.3 million for a possible loss on Tariff G resulting from the fact that the Tariff of 17 December 2022 approved by the ERO President did not take into account the incurred electricity purchase costs and from the application of the Act of 7 October 2022 on special solutions for protecting electricity buyers in 2023 in connection with the situation on the electricity market

(+) in 2022, the use of a portion of the provision totaling PLN 21.5 million was recognized and the remeasurement of this provision was recognized in the expenses in the amount of PLN 67.9 million for the loss arising from the distribution fee rebate which was settled by ENEA S.A. acting as the offtaker of last resort in relation to electricity supplied to the grid by prosumers

(-) in 2023, expenses included the remeasurement of the provision of PLN 154.4 million for the loss arising from the distribution fee rebate which was settled by ENEA S.A. acting as the offtaker of last resort in relation to electricity supplied to the grid by prosumers. The increase in the provision is aimed at reflecting the impact of anticipated future losses to be incurred in connection with the performance of comprehensive contracts entered into with prosumers whose micro-installations were connected to the grid by 31 March 2022.

**Other factors (up by PLN 9.3 million)**

(+) litigation costs down by PLN 44.3 million

(+) revenue from sales of services up by PLN 28.7 million

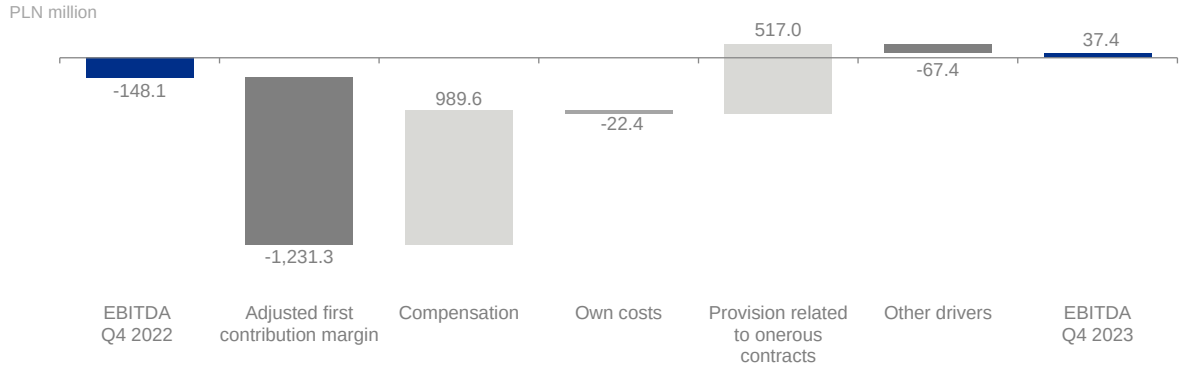
(+) costs of provisions for anticipated losses and potential claims down by PLN 10.1 million

(+) revenues from licenses linked to the ENEA brand up by PLN 8.8 million

(+) the actual numbers for 2023 included a gain on the sale of perpetual usufruct of land, sale of premises and other fixed assets of PLN 8.4 million

(-) costs of distribution services related to the existing model of settlements with prosumers up by PLN 67.2 million

(-) impairment losses for receivables up by PLN 18.7 million




**Key EBITDA drivers in Q4 2023 (up by PLN 185.5 million):**

**Adjusted first contribution margin (down by PLN 1,231.3 million)**

(-) average energy purchase price up by 66.0%

(+) energy sales volume up by 0.2%

(+) average energy sales price up by 16.3%

(+) costs of environmental obligations down by 54.2%

(+) higher result on trade in gaseous fuel

(-) remeasurement of $CO_2$ contracts, forward transactions for energy and gas

**Compensation (up by PLN 989.6 million)**

(+) actual numbers for Q4 2023 included the electricity price compensation amount of PLN 1,017.7 million in accordance with Article 12 of the Act of 7 October 2022 on Special Solutions for Protecting Electricity Buyers in 2023 in Connection with the Situation on the Electricity Market (Consumption Limits Act) and in Article 8 of the Act of 27 October 2022 on Emergency Measures to Reduce Electricity Prices and Support Certain Consumers in 2023 (Price Limits Act)

(-) actual numbers for Q4 2022 included PLN 28.0 million of electricity price compensation (Price Limits Act) and additionally PLN 0.1 million of gaseous fuel compensation referred to in the Act of 26 January 2022 on special solutions for protecting gaseous fuels in connection with the situation on the gas market

**Own costs (up by PLN 22.4 million)**

(-) direct selling costs up by PLN 13.8 million

(-) general and administrative expenses up by PLN 7.9 million

(-) costs of shared services up by PLN 0.7 million

**Provisions related to onerous contracts (down by PLN 517.0 million)**

(+) in Q4 2022, expenses included the provision of PLN 368.3 million for a possible loss on Tariff G resulting from the fact that the Tariff of 17 December 2022 approved by the ERO President did not take into account the incurred electricity purchase costs and from the application of the Act of 7 October 2022 on special solutions for protecting electricity buyers in 2023 in connection with the situation on the electricity market

(+) in Q4 2023, revenues included utilization of a PLN 264.0 million provision recognized in expenses in September for the loss on Tariff G resulting from lost revenues caused by the entry into force of the Regulation of the Minister of Climate and the Environment of 9 September 2023 introducing a mechanism for reducing the amounts payable by households to electricity trading companies for 2023

(+) in Q4 2023, revenues included the utilization of the provision of PLN 92.1 million established in expenses in December 2022 for a possible loss on Tariff G resulting from the fact that the Tariff of 17 December 2022 approved by the ERO President did not take into account the incurred electricity purchase costs and from the application of the Act of 7 October 2022 on special solutions for protecting electricity buyers in 2023 in connection with the situation on the electricity market in the amount of PLN 368.3 million

(+) in Q4 2022, the use of a PLN 3.1 million portion of the provision and a remeasurement of the provision for a loss arising from the settlement of the distribution fee rebate of PLN 14.3 million regarding the electricity fed into the grid by prosumers by ENEA S.A. as the offtaker of last resort were recognized in expenses

(-) in Q4 2023, expenses included the remeasurement of the provision of PLN 154.4 million for the loss arising from the distribution fee rebate which was settled by ENEA S.A. acting as the offtaker of last resort in relation to electricity supplied to the grid by

prosumers. The increase in the provision is aimed at reflecting the impact of anticipated future losses to be incurred in connection with the performance of comprehensive contracts entered into with prosumers whose micro-installations were connected to the grid by 31 March 2022.

(-) in Q4 2022, revenues included utilization of the provision recognized in June in the amount of PLN 64.2 million for the possible loss on Tariff G due to the increase in electricity purchase costs

**Other factors (down by PLN 67.4 million)**

(-) costs of provisions for anticipated losses and potential claims up by PLN 81.0 million

(-) costs of distribution services related to the existing model of settlements with prosumers up by PLN 23.4 million

(-) impairment losses for receivables up by PLN 5.6 million

(-) written off receivables recognized in expenses up by PLN 1.1 million

(+) litigation costs down by PLN 41.3 million

(+) gain on the sale of perpetual usufruct of land, sale of premises and other fixed assets of PLN 3.8 million recognized in Q4 2023

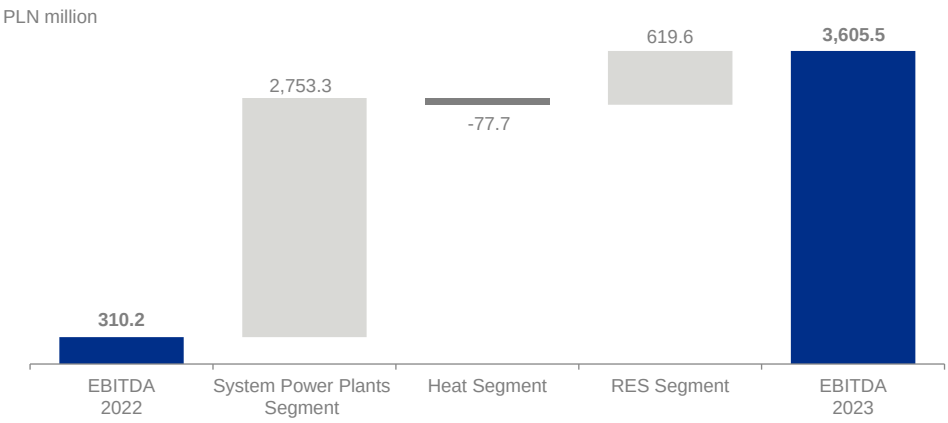
(+) revenues from licenses linked to the ENEA brand up by PLN 2.4 million

### Generation Area in 2023 and Q4 2023

In the Generation area, the financial data of ENEA Wytwarzanie, MEC Piła, PEC Oborniki, ENEA Nowa Energia, ENEA Ciepło, ENEA Ciepło Serwis, ENEA Elektrownia Połaniec, ENEA Połaniec Serwis, ENEA ELKOGAZ, ENEA Bioenergia, PV Genowefa, PRO-WIND, PV Tykocin and Farma Wiatrowa Bejsce are presented.

ENEA Połaniec Serwis was acquired by ENEA Elektrownia Połaniec on 16 January 2023. ENEA Ciepło Serwis was acquired by ENEA Ciepło on 3 October 2022.

| [PLN 000s] | 2022 | 2023 | Change | % change | Q4 2022 | Q4 2023 | Change | % change |
|---|---|---|---|---|---|---|---|---|
| Net revenue from sales | 14,647,879 | 26,165,187 | 11,517,308 | 78.6% | 3,287,980 | 6,883,982 | 3,596,002 | 109.4% |
| electricity | 12,837,755 | 24,190,000 | 11,352,245 | 88.4% | 2,860,385 | 6,384,158 | 3,523,773 | 123.2% |
| Capacity Market | 893,486 | 947,614 | 54,128 | 6.1% | 217,488 | 233,845 | 16,357 | 7.5% |
| certificates of origin | 364,505 | 342,412 | -22,093 | -6.1% | 64,452 | 38,451 | -26,001 | -40.3% |
| heat | 470,053 | 597,833 | 127,780 | 27.2% | 150,722 | 202,395 | 51,673 | 34.3% |
| other | 82,080 | 87,328 | 5,248 | 6.4% | -5,067 | 25,133 | 30,200 | 596.0% |
| Revenue from leases and operating subleases | 976 | 891 | -85 | -8.7% | 279 | 158 | -121 | -43.4% |
| Revenue from sales and other income | 14,648,855 | 26,166,078 | 11,517,223 | 78.6% | 3,288,259 | 6,884,140 | 3,595,881 | 109.4% |
| EBIT | -182,937 | 713,550 | 896,487 | 490.1% | -133,338 | -674,809 | -541,471 | -406.1% |
| Amortization and depreciation | 447,564 | 475,121 | 27,557 | 6.2% | 114,891 | 122,397 | 7,506 | 6.5% |
| Recognition / (reversal) of an impairment loss for non-financial non-current assets | 45,582 | 2,416,813 | 2,371,231 | 5,202.1% | 47,319 | 2,417,947 | 2,370,628 | 5,009.9% |
| **EBITDA** | **310,209** | **3,605,484** | **3,295,275** | **1,062.3%** | **28,872** | **1,865,535** | **1,836,663** | **6,361.4%** |
| CAPEX | 441,504 | 723,201 | 281,697 | 63.8% | 175,403 | 393,841 | 218,438 | 124.5% |
| Area's revenue from sales as % of the Group's revenue from sales | 38% | 40% | 2 p.p. | - | 27% | 35% | 8 p.p. | - |




**Key EBITDA drivers in 2023 (up by PLN 3,295.3 million[1]):**

**System Power Plants Segment (up by PLN 2,753.3 million)**

(+) concession result on electricity generation up by PLN 1,846.1 million (including: cost of the charge for the Price Difference Fund up by PLN -2,821.0 million)

(+) other drivers up by PLN 752.0 million, including remeasurement of $CO_2$ contracts, increase in fixed costs

(+) revenue from Regulatory System Services up by PLN 79.9 million

(+) revenue from the Capacity Market up by PLN 52.3 million

(+) loss of trading margin was PLN 23.0 million lower (including: cost of the charge for the Price Difference Fund up by PLN -84.3 million)

**Heat Segment (down by PLN 77.7 million)**

(-) fixed costs up by PLN 28.6 million

(-) heat margin down by PLN 23.5 million

(-) other drivers down by PLN 20.2 million, including the absence of revenue from gas balancing

(-) cost of the charge for the Price Difference Fund up by PLN 6.4 million

(+) revenue from the Capacity Market up by PLN 1.0 million

**RES Segment (up by PLN 619.6 million)**

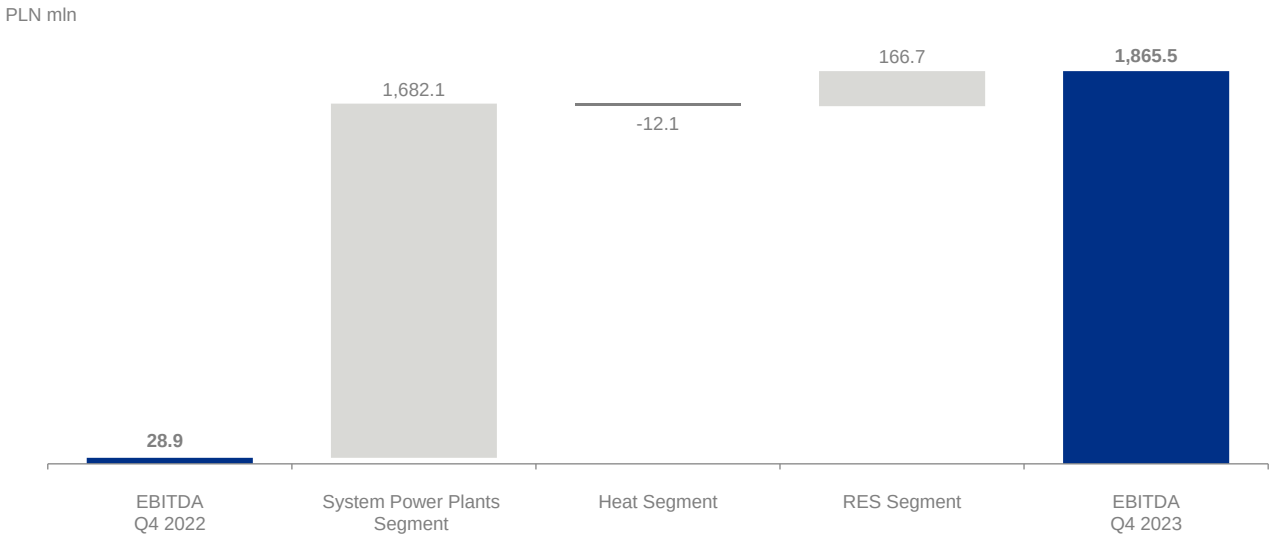
(+) Biomass - Green Unit Area: (PLN +641.5 million, of which PLN +0.6 million in ENEA Bioenergia): margin on renewable energy generation up by PLN +760.3 million, cost of the charge for the Price Difference Fund up by PLN -96.9 million, Green Unit's margin on sales of green certificates down by PLN -14.5 million, other variable costs up by PLN -5.5 million, fixed costs up by PLN -2.6 million

(+) Photovoltaics Area (PLN +4.3 million): the result on other operating activities of PLN +2.3 million, EBITDA of new photovoltaic farms PLN +2.2 million, energy sales revenues up by PLN +1.5 million, fixed costs up by PLN -1.7 million

(-) Hydro Area (PLN -15.2 million): cost of the charge for the Price Difference Fund up by PLN -87.0 million, fixed costs up by PLN -2.9 million, revenue from sales of energy up by PLN +73.0 million, result on other operating activities up by PLN +1.1 million, increase in revenue from the Capacity Market up by PLN +0.7 million

(-) Wind Area (PLN -6.2 million): cost of the charge for the Price Difference Fund up by PLN -101.5 million, revenue from certificates of origin down by PLN -10.0 million, costs of third-party services up by PLN -1.9 million, employee benefit costs up by PLN -0.7 million, revenue from sales of energy up by PLN +108.8 million

[1] Impact of the increased cost of the charge for the Price Difference Fund of PLN -3,198.2 million




**Key EBITDA drivers in Q4 2023 (up by PLN 1,836.7 million[1]):**

**System Power Plants Segment (up by PLN 1,682.1 million)**

(+) concession result on electricity generation up by PLN 2,002.3 million (including: cost of the charge for the Price Difference Fund up by PLN -927.0 million)

(+) other drivers up by PLN 897.7 million, including remeasurement of $CO_2$ contracts, increase in fixed costs

(+) revenue from Regulatory System Services up by PLN 18.3 million

(+) revenue from the Capacity Market up by PLN 15.6 million

(+) loss of trading margin down by 11.2 million (including: cost of the charge for the Price Difference Fund down by PLN +1.2 million)

(-) in Q4 2022, utilization of the provision related to onerous contracts in the amount of PLN 1,263.0 million

**Heat Segment (down by PLN 12.1 million)**

(-) heat margin down by PLN 14.6 million

(-) fixed costs up by PLN 8.9 million

(+) cost of the charge for the Price Difference Fund down by PLN 6.9 million

(+) other drivers up by PLN 4.0 million

(+) revenue from the Capacity Market up by PLN 0.5 million

**RES Segment (up by PLN 166.7 million)**

(+) Biomass - Green Unit Area, (PLN +162.1 million, of which PLN -1.3 million from ENEA Bioenergia): margin on renewable energy generation up by PLN +236.8 million, fixed costs down by PLN +2.6 million, utilization of a provision for onerous contracts in Q4 2022 of PLN -48.4 million, cost of charge for the Price Difference Fund up by PLN -25.9 million, increase in other variable costs by PLN -1.6 million

(+) Wind Area (PLN +3.0 million): cost of charge for the Price Difference Fund up by PLN -29.9 million, revenue from certificates of origin down by PLN -4.1 million, revenue from sales of energy up by PLN +37.2 million

(+) Photovoltaics Area (PLN +1.6 million), driven mainly by the acquisition of new photovoltaic farms

[1] Impact of the increased cost of the charge for the Price Difference Fund of PLN -995.5 million

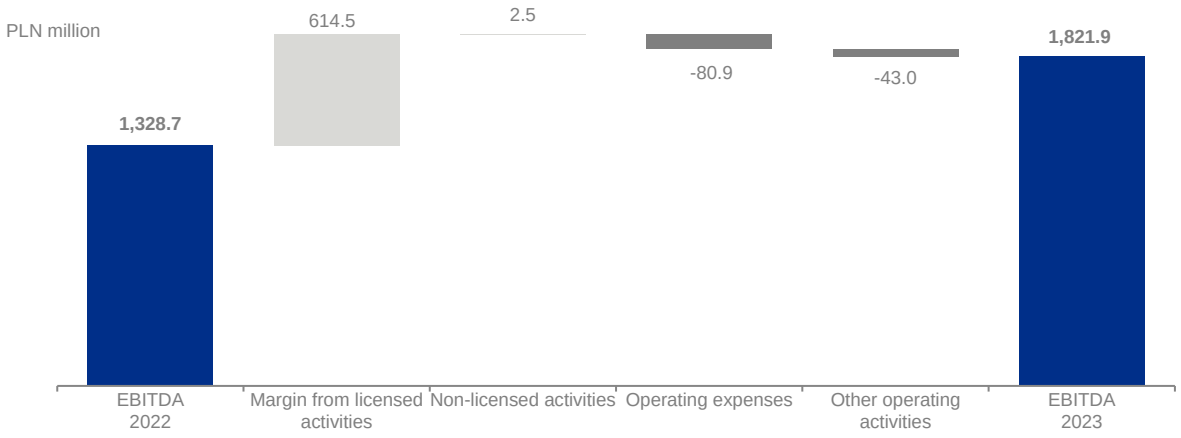
## Distribution Area in 2023 and Q4 2023

ENEA Operator is responsible for the distribution of electricity to 2.8 million Customers – in western and north-western Poland in the area of 58.2 thousand km$^2$. The key task of ENEA Operator is to provide energy in a continuous and reliable manner, while maintaining appropriate quality parameters.

The Distribution Area includes financial data of the following companies:

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

| [PLN 000s] | 2022 | 2023 | Change | % change | Q4 2022 | Q4 2023 | Change | % change |
|---|---|---|---|---|---|---|---|---|
| Net revenue from sales | 3,614,801 | 5,070,095 | 1,455,294 | 40.3% | 937,951 | 1,404,480 | 466,529 | 49.7% |
| distribution services to end users | 3,222,695 | 4,510,785 | 1,288,090 | 40.0% | 813,150 | 1,159,078 | 345,928 | 42.5% |
| grid connection fees | 90,883 | 148,347 | 57,464 | 63.2% | 29,833 | 46,125 | 16,292 | 54.6% |
| other | 301,223 | 410,963 | 109,740 | 36.4% | 94,968 | 199,277 | 104,309 | 109.8% |
| Compensation | 0 | 439,897 | 439,897 | 100.0% | 0 | 117,849 | 117,849 | 100.0% |
| Revenue from sales and other income | 3,614,801 | 5,509,992 | 1,895,191 | 52.4% | 937,951 | 1,522,329 | 584,378 | 62.3% |
| EBIT | 615,713 | 1,084,615 | 468,902 | 76.2% | 166,708 | 323,053 | 156,345 | 93.8% |
| Amortization and depreciation | 712,983 | 737,236 | 24,253 | 3.4% | 180,215 | 189,669 | 9,454 | 5.2% |
| **EBITDA** | **1,328,696** | **1,821,851** | **493,155** | **37.1%** | **346,923** | **512,722** | **165,799** | **47.8%** |
| CAPEX | 1,443,568 | 1,857,852 | 414,284 | 28.7% | 454,208 | 730,488 | 276,280 | 60.8% |
| Segment's revenue from sales as % of the Group's revenue from sales | 9% | 9% | - | - | 8% | 8% | - | - |




**Key EBITDA drivers in 2023 (up by PLN 493.2 million):**

**Margin on licensed activity (up by PLN 614.5 million)**

(+) revenue from sales of distribution services to end users up by PLN 1,728.0 million

(-) costs of purchasing transmission and distribution services (balance) up by PLN 181.0 million

(-) costs of purchasing electricity to cover the balancing difference (balance) up by PLN 994.1 million

(+) revenue from grid connection fees up by PLN 57.5 million

**Operating expenses (up by PLN 80.9 million)**

(-) employee benefit costs up by PLN 60.5 million

(-) costs of third-party services up by PLN 49.7 million

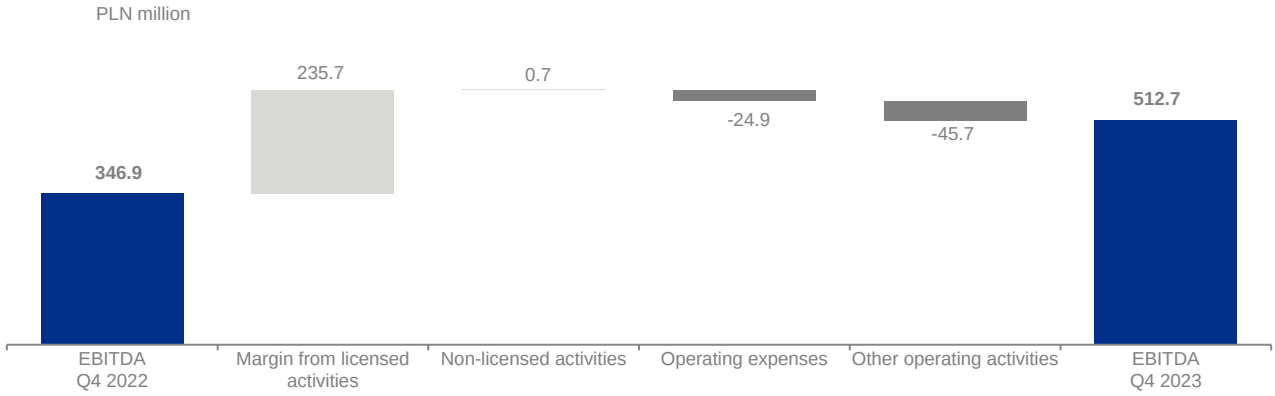
(+) costs of taxes and charges down by PLN 29.8 million

**Other operating activity (down by PLN 43.0 million)**

(-) change in provisions concerning grid assets by PLN 103.4 million

(+) revenues from the removal of infrastructure collisions up by PLN 53.3 million

(+) other income and expenses of PLN 7.1 million




**Key EBITDA drivers in Q4 2023 (up by PLN 165.8 million):**

**Margin on licensed activity (up by PLN 235.7 million)**

(+) revenue from sales of distribution services to end users up by PLN 463.8 million

(+) revenue from grid connection fees up by PLN 16.3 million

(-) costs of purchasing transmission and distribution services (balance) up by PLN 41.2 million

(-) costs of purchasing electricity to cover the balancing difference (balance) up by 203.9 million

**Operating expenses (up by PLN 24.9 million)**

(-) employee benefit costs up by PLN 20.3 million

(-) costs of third-party services up by PLN 15.8 million

(+) costs of taxes and charges down by PLN 3.4 million

(+) other costs down by PLN 7.8 million

**Other operating activity (down by PLN 45.7 million)**

(-) change in provisions concerning grid assets by PLN 42.7 million

(-) operating expenses related to the removal of accidental losses up by PLN 3.5 million

(-) change in other income and expenses by PLN 10.7 million

(+) revenues from the removal of infrastructure collisions up by PLN 11.2 million

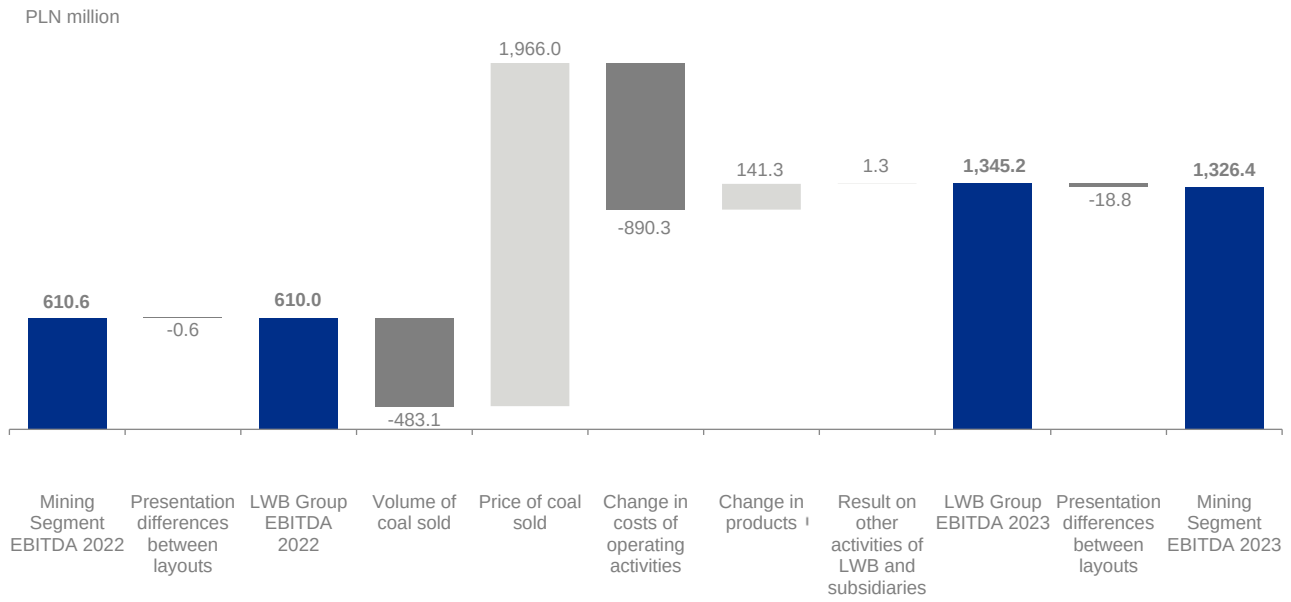
### Mining Area in 2023 and Q4 2023

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

LW Bogdanka breaks down its product range into fine steam coal, which accounts for 99% of its output, pea and nut coal.

The main buyers are commercial and industrial energy sectors.

| [PLN 000s] | 2022 | 2023 | Change | % change | Q4 2022 | Q4 2023 | Change | % change |
|---|---|---|---|---|---|---|---|---|
| Net revenue from sales | 2,443,868 | 3,928,954 | 1,485,086 | 60.8% | 419,651 | 1,248,206 | 828,555 | 197.4% |
| coal | 2,378,827 | 3,856,089 | 1,477,262 | 62.1% | 401,932 | 1,226,274 | 824,342 | 205.1% |
| other products and services | 44,541 | 59,854 | 15,313 | 34.4% | 14,874 | 17,705 | 2,831 | 19.0% |
| goods and materials | 20,500 | 13,011 | -7,489 | -36.5% | 2,845 | 4,227 | 1,382 | 48.6% |
| Revenue from leases and operating subleases | 7,816 | 10,335 | 2,519 | 32.2% | 1,949 | 2,208 | 259 | 13.3% |
| Revenue from sales and other income | 2,451,684 | 3,939,289 | 1,487,605 | 60.7% | 421,600 | 1,250,414 | 828,814 | 196.6% |
| EBIT | 230,810 | -334,341 | -565,151 | -244.9% | -166,134 | 66,490 | 232,624 | 140.0% |
| Amortization and depreciation | 368,609 | 387,341 | 18,732 | 5.1% | 94,248 | 101,433 | 7,185 | 7.6% |
| Recognition / (reversal) of the impairment loss for non-financial non-current assets | 11,181 | 1,273,430 | 1,262,249 | 11,289.2% | 6,690 | 484,212 | 477,522 | 7,137.8% |
| **EBITDA** | **610,600** | **1,326,430** | **715,830** | **117.2%** | **-65,196** | **652,135** | **717,331** | **1,100.3%** |
| CAPEX | 609,137 | 777,696 | 168,559 | 27.7% | 190,657 | 220,211 | 29,554 | 15.5% |
| Area's revenue from sales as % of the Group's revenue from sales | 6% | 6% | - | - | 3% | 6% | 3 p.p. | - |

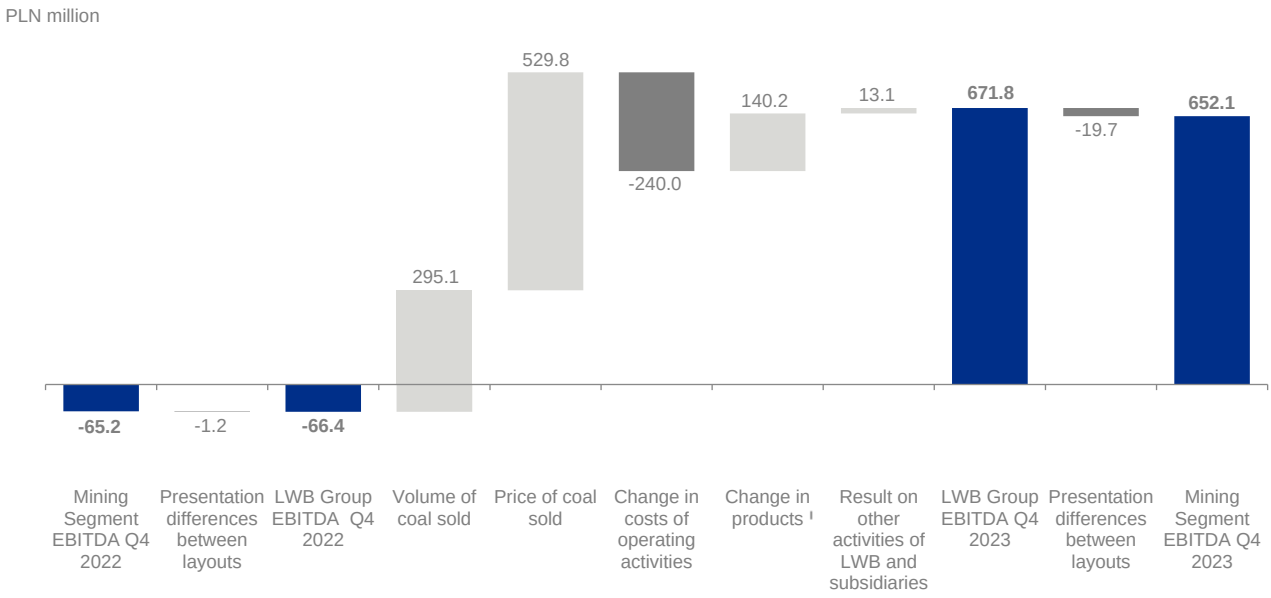



[1] impact on presented costs = technical coal production cost allocated according to the current structure * change of coal inventory volume in the analyzed period

**Key EBITDA drivers in 2023 (up by PLN 715.8 million):**

(+) higher revenue from sales of coal: lower volume of coal sales (-1,697 thousand tons) with concurrently higher contractual prices of coal
(+) higher revenue from sales of other products and services – increased revenue from coal transport operations and revenues of subsidiaries earned outside of the LWB Group
(-) lower revenue from sales of goods and materials – lower value and volume of scrap metal sales
(-) higher mining cash cost – increased employee costs, higher costs of third-party services; higher prices of energy and materials

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




[1] impact on presented costs = technical coal production cost allocated according to the current structure * change of coal inventory volume in the analyzed period

**Key EBITDA drivers in Q4 2023 (up by PLN 717.3 million):**

(+) higher revenue from sales of coal: higher volume of coal sales (+899 thousand tons) with concurrently higher coal sales prices
(+) higher revenue from sales of other products and services – increased revenue from coal transport operations
(+) higher revenue from sales of goods and materials – increased sales of scrap metal
(-) higher mining cash cost – higher costs of third-party services, higher prices of energy and materials, higher employee costs
(-) in Q4 2023, the value of inventories increased by PLN 139.7 million, or 353 thousand tons (decrease in the period's operating expenses), whereas in Q4 2022, the value of inventories decreased by PLN 0.5 million, or 5 thousand tons (increase in the period's operating expenses)

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

## Other Activities Area in 2023 and Q4 2023

| [PLN 000s] | 2022 | 2023 | Change | % change | Q4 2022 | Q4 2023 | Change | % change |
|---|---|---|---|---|---|---|---|---|
| Net revenue from sales | 598,127 | 648,389 | 50,262 | 8.4% | 155,246 | 162,938 | 7,692 | 5.0% |
| Revenue from leases and operating subleases | 4,371 | 5,740 | 1,369 | 31.3% | 1,512 | 2,785 | 1,273 | 84.2% |
| Revenue from sales and other income | 602,498 | 654,129 | 51,631 | 8.6% | 156,758 | 165,723 | 8,965 | 5.7% |
| EBIT | 59,084 | 51,145 | -7,939 | -13.4% | 161 | -8,689 | -8,850 | -5,496.9% |
| Amortization and depreciation | 75,530 | 74,870 | -660 | -0.9% | 19,556 | 19,688 | 132 | 0.7% |
| **EBITDA** | **134,615** | **126,015** | **-8,600** | **-6.4%** | **19,718** | **10,998** | **-8,720** | **-44.2%** |
| CAPEX | 79,098 | 80,460 | 1,362 | 1.7% | 30,424 | 37,013 | 6,589 | 21.7% |
| Segment's revenue from sales as % of the Group's revenue from sales | 2% | 1% | -1 p.p. | - | 1% | 1% | - | - |

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

- activities supporting other ENEA Group companies:

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

  ENEA Innowacje – deals with ventures that offer a chance to become, in the future, innovative and modern products offered by the Group
- accompanying activities:

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

## Ratio analysis in the ENEA Group

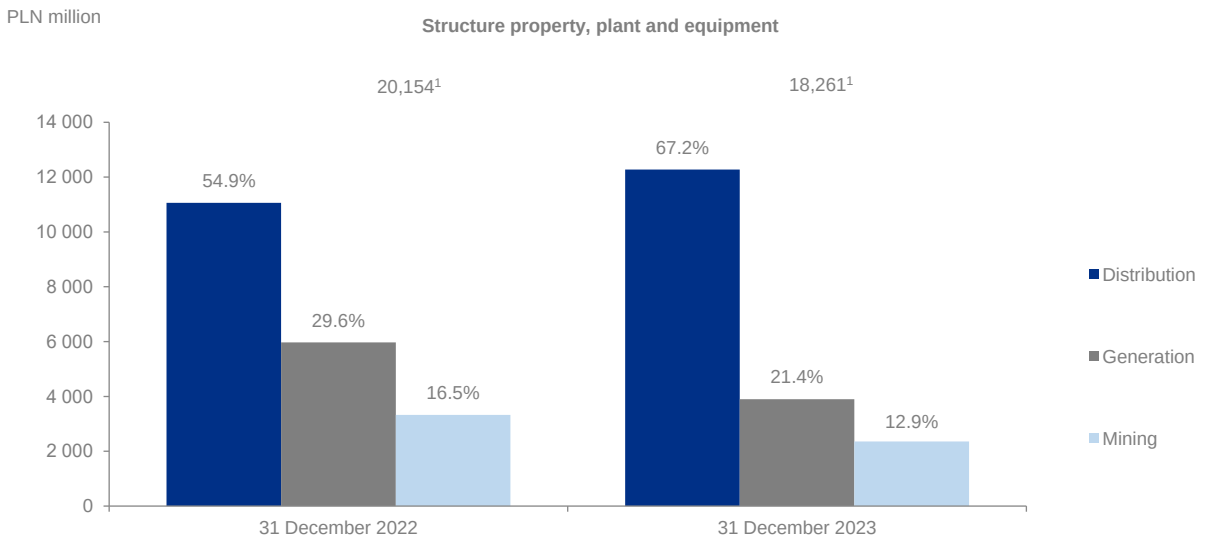
Definitions of the ratios are presented in section 14 entitled: "Glossary of terms and abbreviations"

| | 2022 | 2023 | Q4 2022 | Q4 2023 |
|---|---|---|---|---|
| **Profitability ratios** | | | | |
| ROE – return on equity[1] | 0.7% | -2.9% | -19.5% | -28.6% |
| ROA – return on assets[1] | 0.3% | -1.1% | -8.4% | -11.3% |
| Net profitability | 0.4% | -0.9% | -10.7% | -9.0% |
| Operating profitability | 1.9% | 2.0% | -4.2% | -3.8% |
| EBITDA profitability | 7.4% | 13.1% | 2.0% | 23.3% |
| **Liquidity and financial structure ratios** | | | | |
| Current liquidity ratio | 1.1 | 1.2 | 1.1 | 1.2 |
| Coverage of non-current assets with equity | 69.7% | 71.4% | 69.7% | 71.4% |
| Total debt ratio | 56.9% | 60.5% | 56.9% | 60.5% |
| Net debt / EBITDA | 1.73 | 0.85 | 1.73 | 0.85 |
| **Economic activity ratios** | | | | |
| Current receivables turnover in days[2] | 58 | 49 | 59 | 48 |
| Trade and other payables turnover in days[3] | 75 | 43 | 61 | 49 |
| Inventory turnover in days | 22 | 18 | 18 | 20 |

[1] The ratio numerator, i.e. net profit / (loss) for the reporting period, is annualized.
[2] Trade receivables – trade receivables, assets arising from contracts with customers and contract preparation expenses
[3] Trade payables – trade payables, liabilities under contracts with customers

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

| Assets [PLN 000s] | As at | | | |
|---|---|---|---|---|
| | 31 December 2022 | 31 December 2023 | Change | % change |
| **Non-current assets** | **23,161,620** | **21,636,978** | **-1,524,642** | **-6.6%** |
| Property, plant and equipment | 20,154,134 | 18,261,023 | -1,893,111 | -9.4% |
| Right-of-use asset | 827,430 | 840,307 | 12,877 | 1.6% |
| Intangible assets | 351,922 | 337,662 | -14,260 | -4.1% |
| Investment property | 18,042 | 21,279 | 3,237 | 17.9% |
| Investments in associates and jointly controlled entities | 163,317 | 216,140 | 52,823 | 32.3% |
| Deferred tax assets | 1,315,108 | 1,703,670 | 388,562 | 29.5% |
| Financial assets at fair value | 161,391 | 75,032 | -86,359 | -53.5% |
| Trade and other receivables | 12,213 | 6,647 | -5,566 | -45.6% |
| Costs related to the execution of contracts | 8,970 | 8,991 | 21 | 0.2% |
| Receivables under leases and finance subleases | 1,168 | 979 | -189 | -16.2% |
| Cash in the Mine Closure Fund | 147,925 | 165,248 | 17,323 | 11.7% |
| **Current assets** | **14,273,352** | **17,473,767** | **3,200,415** | **22.4%** |
| $CO_2$ emission allowances | 4,093,130 | 3,731,418 | -361,712 | -8.8% |
| Inventories | 1,979,850 | 1,954,315 | -25,535 | -1.3% |
| Trade and other receivables | 5,260,383 | 6,776,525 | 1,516,142 | 28.8% |
| Costs related to the execution of contracts | 11,006 | 15,762 | 4,756 | 43.2% |
| Assets arising from contracts with customers | 623,900 | 528,106 | -95,794 | -15.4% |
| Receivables under leases and finance subleases | 1,304 | 1,303 | -1 | -0.1% |
| Current income tax receivables | 315,513 | 1,295,694 | 980,181 | 310.7% |
| Financial assets at fair value | 382,546 | 144,511 | -238,035 | -62.2% |
| Debt financial assets measured at amortized cost | 42,004 | 0 | -42,004 | -100.0% |
| Cash and cash equivalents | 1,563,716 | 3,026,133 | 1,462,417 | 93.5% |
| **Total Assets** | **37,434,972** | **39,110,745** | **1,675,773** | **4.5%** |




[1] net of excluded items

**Key drivers of non-current assets (down by PLN 1,525 million):**

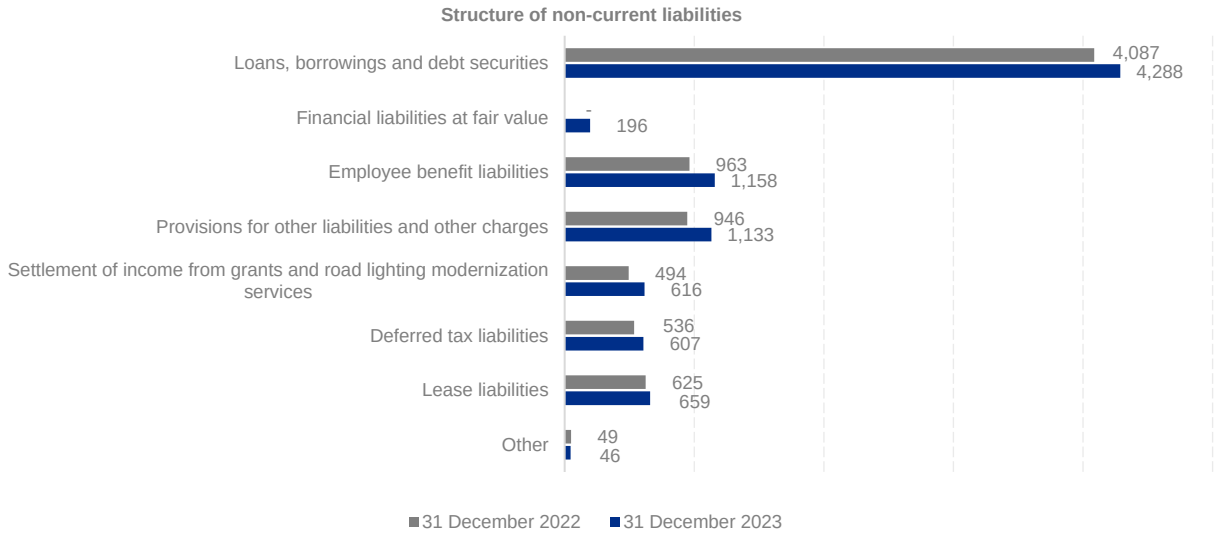
- PLN 1,893 million decrease in property, plant and equipment, of which: PLN 3,057 million increase in fixed assets with a concurrent 4,950 million increase in accumulated depreciation and impairments
- PLN 86 million decrease in financial assets at fair value – mainly due to a lower valuation of IRS financial instruments and a concurrent increase in the value of shares
- PLN 389 million increase in deferred tax assets – mainly the effect of the movement in the charge for the Price Difference Fund, the impairment loss for non-financial non-current assets, measurement of currency instruments not used in hedge accounting, provisions for $CO_2$ emission allowances
- PLN 53 million increase in investments in subsidiaries, associates and jointly controlled entities – mainly as a result of the PLN 42 million reversal of impairment losses for shares in Elektrownia Ostrołęka

**Key drivers of current assets (up by PLN 3,200 million):**

- PLN 1,516 million increase in trade and other receivables – mainly in the value of trade receivables and recognition in 2023 of receivables from compensation payments, with a concurrent decline in the value of collateral margins securing $CO_2$ emission allowance futures contracts and drop in tax receivables (excluding income tax)
- PLN 1,462 million increase in cash and cash equivalents – a change in the amount of funds earmarked for trading in $CO_2$ emission allowances, electricity price compensation payments received in accordance with the Price Limits Act, an increase in collateral margins securing IRGiT's clearing operations and an increase in funds from current activities
- PLN 980 million increase in current income tax receivables – in 2022 the tax was settled through Tax Group structures
- PLN 362 million decrease in the value of $CO_2$ emission allowances, including: PLN 5,257 million purchase of allowances in 2023, PLN -5,619 million redemption of rights
- PLN 238 million decrease in the value financial assets at fair value – mainly as a result of remeasurement of forward contracts for the purchase of electricity and gas and remeasurement of IRS financial instruments hedging against an increase in costs caused by changes in interest rates
- PLN 96 million decrease in the item of assets arising from contracts with customers – largely due to a lower volume of non-invoiced electricity sales
- PLN 42 million decrease in debt financial assets measured at amortized cost – value of the loan granted to Elektrownia Ostrołęka
- PLN 26 million decrease in the value of inventories – including mainly a decrease in inventories of coal and certificates of origin for energy, with a simultaneous increase in the value of biomass inventories

| Equity and liabilities [PLN 000s] | As at | | | |
|---|---|---|---|---|
| | 31 December 2022 | 31 December 2023 | Change | % change |
| **Total equity** | **16,146,111** | **15,439,599** | **-706,512** | **-4.4%** |
| Share capital | 676,306 | 676,306 | - | - |
| Share premium | 3,348,670 | 3,348,670 | - | - |
| Revaluation reserve – measurement of hedging instruments | 185,744 | 55,249 | -130,495 | -70.3% |
| Retained earnings | 10,663,950 | 9,858,705 | -805,245 | -7.6% |
| Non-controlling interests | 1,271,441 | 1,500,669 | 229,228 | 18.0% |
| **Total liabilities** | **21,288,861** | **23,671,146** | **2,382,285** | **11.2%** |
| Non-current liabilities | 7,699,793 | 8,703,088 | 1,003,295 | 13.0% |
| Current liabilities | 13,589,068 | 14,968,058 | 1,378,990 | 10.1% |
| **Total equity and liabilities** | **37,434,972** | **39,110,745** | **1,675,773** | **4.5%** |

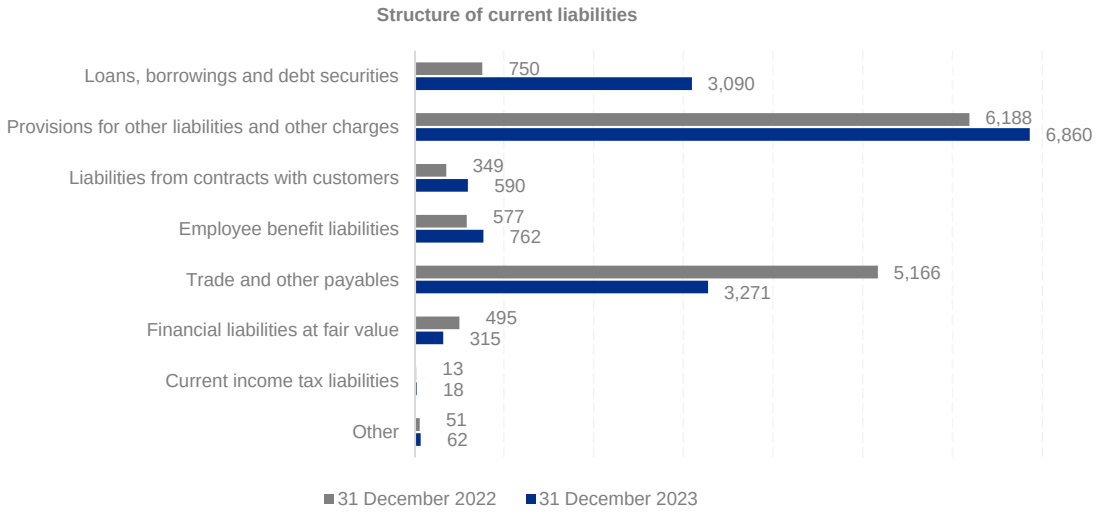
PLN million




## Key drivers of non-current liabilities (up by PLN 1,003 million)

- PLN 201 million increase in loans, borrowings and other debt securities – mainly obtaining financing in the form of a syndicated loan with a simultaneous reclassification of certain non-current liabilities to current liabilities
- PLN 196 million increase in financial liabilities measured at fair value – mainly due to a revaluation of forward contracts for the purchase of electricity, gas and property rights
- PLN 196 million increase in employee benefit liabilities – mainly actuarial provisions
- PLN 186 million increase in provisions for other liabilities and other charges – higher long-term provision for a loss arising from the settlement of the distribution fee rebate regarding the electricity fed into the grid by prosumers, and a higher level of provisions for non-contractual use of land
- PLN 122 million increase in settlement of income from grants and road lighting modernization services
- PLN 103 million increase in other non-current liabilities, mainly an increase in deferred tax liabilities, an increase in lease liabilities

PLN million



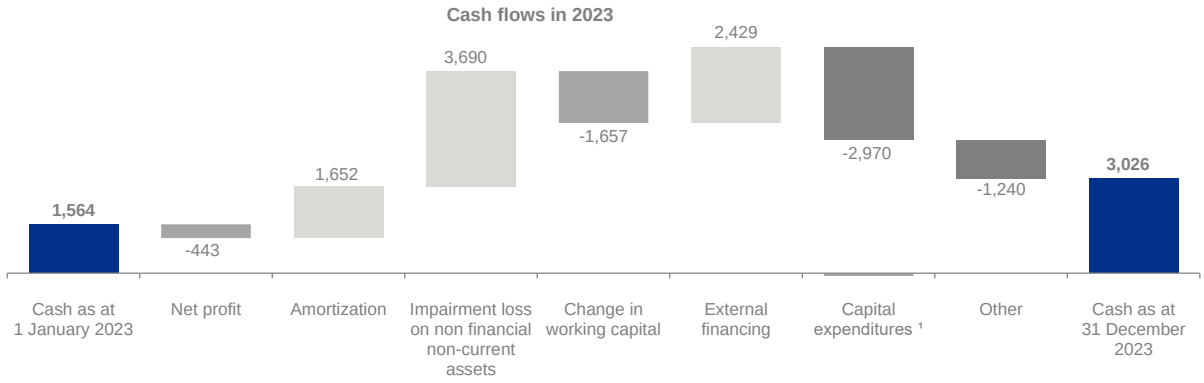

## Key drivers of current liabilities (up by PLN 1,379 million)

- PLN 2,340 million increase in loans, borrowings and other debt securities – mainly reclassification of non-current to current liabilities with a simultaneous redemption of bonds and repayment of loan installments
- PLN 672 million increase in provisions for other liabilities and other charges, including: an increase in the provision for the purchase of $CO_2$ emission allowances by PLN 1,037 million, utilization of the provision recognized in 2022 for the loss on Tariff G of PLN 368 million and recognition of a short-term provision in 2023 for the settlement of a rebate for energy fed by prosumers into the grid in the amount of PLN 68 million, a reduction in provisions for certificates of origin of energy in the amount of PLN 45 million
- PLN 241 million increase in liabilities from contracts with customers – mainly advances received for connection fees
- PLN 185 million increase in employee benefit liabilities – mainly an increase in payroll liabilities
- PLN 1,895 million increase in trade and other payables – a decrease in liabilities related to deposits for futures transactions for $CO_2$ emission allowances, a decrease in trade payables, absence of liabilities in 2023 related to in-court settlements of disputes relating to terminated agreements to purchase property rights, absence of liabilities on account of advances for the compensation for reduction of revenues (under Act of 27 October 2022 on emergency measures to reduce electricity prices and support certain consumers in 2023), with a concurrent increase in tax liabilities and an increase in investment commitments
- PLN 180 million decrease in financial liabilities measured at fair value – mainly due to a remeasurement of forward contracts for the purchase of electricity, gas and property rights and a change in the valuation of FX Forward contracts

## Cash position of the ENEA Group

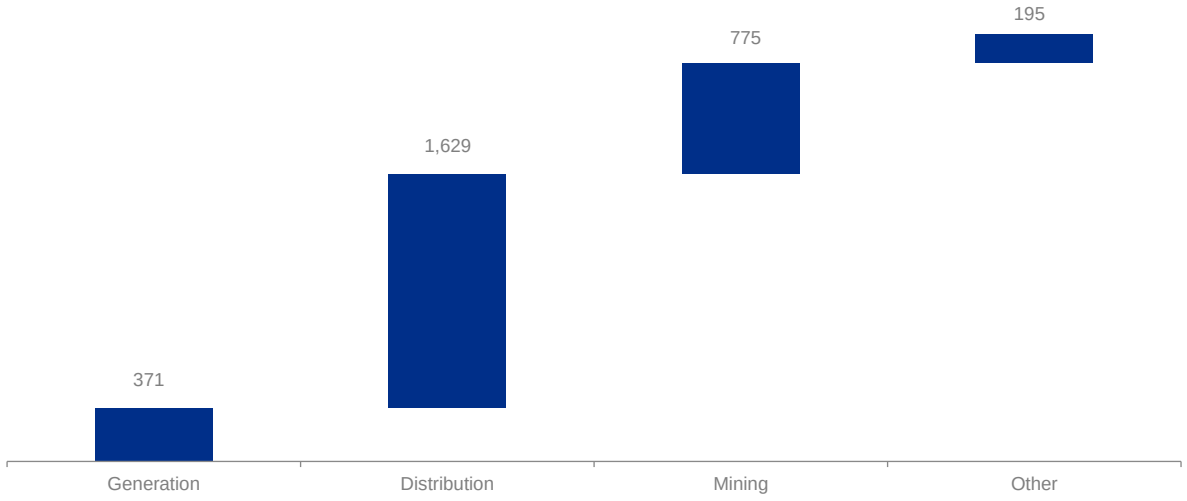
| Statement of cash flows [PLN 000s] | 2022 | 2023 | Change | % change |
|---|---|---|---|---|
| Net cash flows from operating activities | 1,226,169 | 2,246,404 | 1,020,235 | 83.2% |
| Net cash flows from investing activities | (2,485,638) | (2,855,972) | -370,334 | -14.9% |
| Net cash flows from financing activities | (1,330,368) | 2,071,985 | 3,402,353 | 255.7% |
| Increase / (decrease) in net cash | (2,589,837) | 1,462,417 | 4,052,254 | 156.5% |
| Cash at the beginning of reporting period | 4,153,553 | 1,563,716 | -2,589,837 | -62.4% |
| **Cash at the end of reporting period** | **1,563,716** | **3,026,133** | **1,462,417** | **93.5%** |

PLN million




**Capital expenditures[1] of the ENEA Group in 2023**

PLN million




[1] Purchase / disposal of property, plant and equipment and intangible assets and purchase / disposal of subsidiaries, associates and jointly controlled entities

## 7.5. Financial results of ENEA S.A. in 2023 and Q4 2023

### Statement of profit and loss of ENEA S.A. in 2023

| [PLN 000s] | 2022 | 2023 | Change | % change |
|---|---|---|---|---|
| Sales of electricity to retail customers | 11,599,586 | 15,459,756 | 3,860,170 | 33.3% |
| Sales of gaseous fuel to retail customers | 266,082 | 169,414 | -96,668 | -36.3% |
| Sales of energy and gaseous fuel to other entities | 532,337 | 228,138 | -304,199 | -57.1% |
| Sales of services | 52,913 | 24,064 | -28,849 | -54.5% |
| Sales of goods and materials | 507 | 1,297 | 790 | 155.8% |
| Other revenue | -3,914 | -6,988 | -3,074 | -78.5% |
| Excise duty | 51,805 | 81,998 | 30,193 | 58.3% |
| **Net revenue from sales** | **12,395,706** | **15,793,683** | **3,397,977** | **27.4%** |
| Compensation | 28,588 | 3,705,902 | 3,677,314 | 12,863.1% |
| Revenue from leases | 236 | 2,058 | 1,822 | 772.0% |
| **Revenue from sales and other income** | **12,424,530** | **19,501,643** | **7,077,113** | **57.0%** |
| Amortization and depreciation | 6,217 | 5,817 | -400 | -6.4% |
| Employee benefit costs | 94,849 | 115,892 | 21,043 | 22.2% |
| Consumption of materials and supplies and cost of goods sold | 4,446 | 5,252 | 806 | 18.1% |
| Purchase of energy and gas for subsequent sale | 11,537,798 | 19,374,400 | 7,836,602 | 67.9% |
| Transmission and distribution services | 79,634 | 146,799 | 67,165 | 84.3% |
| Other third-party services | 265,796 | 320,346 | 54,550 | 20.5% |
| Taxes and charges | 4,388 | 4,811 | 423 | 9.6% |
| **Tax-deductible expense** | **11,993,128** | **19,973,317** | **7,980,189** | **66.5%** |
| Other operating revenue | 19,008 | 34,297 | 15,289 | 80.4% |
| Other operating costs | 103,153 | 69,395 | -33,758 | -32.7% |
| Change in provision related to onerous contracts | -414,715 | -255,377 | 159,338 | 38.4% |
| **Operating profit / (loss)** | **(67,458)** | **(762,149)** | **-694,691** | **-1,029.8%** |
| Finance costs | 286,239 | 430,895 | 144,656 | 50.5% |
| Finance income | 540,219 | 720,588 | 180,369 | 33.4% |
| Dividend income | 995,713 | 490,262 | -505,451 | -50.8% |
| Change in impairment loss on investments in subsidiaries, associates and jointly controlled entities | 1,066,793 | (1,654,666) | -2,721,459 | -255.1% |
| Change in impairment losses for financial assets measured at amortized cost | 27,274 | (82) | -27,356 | -100.3% |
| **Profit / (loss) before tax** | **2,276,302** | **(1,636,942)** | **-3,913,244** | **-171.9%** |
| Income tax | -171,722 | -34,002 | 137,720 | 80.2% |
| **Net profit / (loss) for the reporting period** | **2,448,024** | **(1,602,940)** | **-4,050,964** | **-165.5%** |
| **EBITDA** | **-61,241** | **-756,332** | **-695,091** | **-1,135.0%** |

**ENEA S.A. – key EBITDA drivers in 2023 (down by PLN 695.1 million):**

(-) first contribution margin down by PLN 4,409.2 million:

- (-) average energy purchase price up by 90.6%
- (-) energy sales volume down by 2.7%
- (+) average energy sales price up by 36.9%
- (+) costs of environmental obligations down by 42.8%
- (+) higher result on trade in gaseous fuel

(+) an increase in the revenue from compensation payments by PLN 3,677.3 million

- (+) in 2023, the electricity price compensation amount of PLN 3,705.9 million was recognized in accordance with Article 12 of the Act of 7 October 2022 on Special Solutions for Protecting Electricity Buyers in 2023 in Connection with the Situation on the Electricity Market (Consumption Limits Act) and in Article 8 of the Act of 27 October 2022 on Emergency Measures to Reduce Electricity Prices and Support Certain Consumers in 2023 (Price Limits Act)
- (-) The numbers for 2022 included PLN 28.0 million of electricity price compensation (Price Limits Act) and additionally PLN 0.6 million of gaseous fuel compensation referred to in the Act of 26 January 2022 on special solutions for protecting gaseous fuels in connection with the situation on the gas market

(-) employee benefit costs up by PLN 21.0 million

(-) costs of third-party services up by PLN 54.6 million, including mainly:

- (-) selling costs and customer service costs up by PLN 41.8 million
- (-) costs of advertising and representation up by PLN 9.6 million
- (-) costs of shared services up by PLN 4.2 million
- (-) costs of rents and other fees related to rental or lease up by PLN 0.7 million
- (+) costs of advisory services down by PLN 2.9 million

(-) costs of distribution services related to the existing model of settlements with prosumers up by PLN 67.2 million

(+) change in provisions related to onerous contracts (down by PLN 159.3 million)

- (+) in 2023, revenues included the utilization of the provision of PLN 368.3 million established in expenses in December 2022 for a possible loss on Tariff G resulting from the fact that the Tariff of 17 December 2022 approved by the ERO President did not take into account the incurred electricity purchase costs and from the application of the Act of 7 October 2022 on special solutions for protecting electricity buyers in 2023 in connection with the situation on the electricity market
- (+) in 2022, expenses included the provision of PLN 368.3 million for a possible loss on Tariff G resulting from the fact that the Tariff of 17 December 2022 approved by the ERO President did not take into account the incurred electricity purchase costs and from the application of the Act of 7 October 2022 on special solutions for protecting electricity buyers in 2023 in connection with the situation on the electricity market
- (+) in 2022, the use of a portion of the provision totaling PLN 21.5 million was recognized and the remeasurement of this provision was recognized in the expenses in the amount of PLN 67.9 million for the loss arising from the distribution fee rebate which was settled by ENEA S.A. acting as the offtaker of last resort in relation to electricity supplied to the grid by prosumers
- (-) in 2023, expenses included the restatement of the provision of PLN 623.7 million for the loss arising from the distribution fee rebate which was settled by ENEA S.A. acting as the offtaker of last resort in relation to electricity supplied to the grid by prosumers. The increase in the provision is aimed at reflecting the impact of anticipated future losses to be incurred in connection with the performance of comprehensive contracts entered into with prosumers whose micro-installations were connected to the grid by 31 March 2022

(+) result on other operating activities up by PLN 49.0 million, including mainly:

- (+) litigation costs down by PLN 44.3 million
- (+) costs of provisions for anticipated losses and potential claims down by PLN 10.1 million
- (+) revenues from licenses linked to the ENEA brand up by PLN 8.8 million
- (+) actual numbers for 2023 included a gain on the sale of perpetual usufruct of land, sale of premises and other fixed assets of PLN 8.4 million
- (-) impairment losses for receivables up by PLN 18.7 million
- (-) donation costs up by PLN 10.5 million

**Material changes affecting net result:**

(-) higher impairment losses recognized for investments in subsidiaries, associates and jointly controlled entities and impairment losses recognized for financial assets measured at amortized cost by a total of PLN 2,748.8 million, including:

- (-) result of changes in impairment losses for investments in subsidiaries, associates and jointly controlled entities down by PLN 2,721.5 million:
  - (-) in 2023, an impairment loss recognized for shares in ENEA Elektrownia Połaniec in the amount of PLN 636.1 million
  - (-) in 2023 a change in impairment losses for shares in ENEA Wytwarzanie was recognized in the amount of PLN 904.8 million, while in 2022, PLN 1,020.3 million of impairment losses for shares in ENEA Wytwarzanie was reversed
  - (-) In 2023, an impairment loss was recognized for shares in ENEA Innowacje in the amount of PLN 50.7 million
  - (-) In 2023, an impairment loss was recognized for shares in ENEA Ciepło in the amount of PLN 23.5 million
  - (-) In 2023, an impairment loss was recognized for shares held in LW Bogdanka in the amount of PLN 77.1 million
  - (+) in 2023, the impairment loss for shares in Elektrownia Ostrołęka was reversed in the amount of PLN 42.0 million
  - (-) in 2022, partial reversal of the provision for future investment commitments to Elektrownia Ostrołęka in the amount of PLN 46.5 million
- (-) PLN 27.4 million increase in impairment losses for financial assets measured at amortized cost - in 2022, an impairment loss was recognized for interest granted to Elektrownia Ostrołęka in the amount of PLN 27.3 million

## Statement of profit and loss of ENEA S.A. in Q4 2023

| [PLN 000s] | Q4 2022 | Q4 2023 | Change | % change |
|---|---|---|---|---|
| Sales of electricity to retail customers | 3,104,277 | 3,615,609 | 511,332 | 16.5% |
| Sales of gaseous fuel to retail customers | 78,789 | 50,708 | -28,081 | -35.6% |
| Sales of energy and gaseous fuel to other entities | 124,959 | 41,848 | -83,111 | -66.5% |
| Sales of services | 3,532 | 3,028 | -504 | -14.3% |
| Other revenue | -1,344 | -1,991 | -647 | -48.1% |
| Excise duty | 12,637 | 21,970 | 9,333 | 73.9% |
| **Net revenue from sales** | **3,297,576** | **3,687,232** | **389,656** | **11.8%** |
| Compensation | 28,142 | 1,017,717 | 989,575 | 3,516.4% |
| Revenue from leases | 79 | 546 | 467 | 591.1% |
| **Revenue from sales and other income** | **3,325,797** | **4,705,495** | **1,379,698** | **41.5%** |
| Amortization and depreciation | 1,564 | 1,667 | 103 | 6.6% |
| Employee benefit costs | 28,706 | 34,212 | 5,506 | 19.2% |
| Consumption of materials and supplies and cost of goods sold | 1,517 | 1,140 | -377 | -24.9% |
| Purchase of energy and gas for subsequent sale | 3,062,951 | 4,702,876 | 1,639,925 | 53.5% |
| Transmission and distribution services | 26,147 | 49,538 | 23,391 | 89.5% |
| Other third-party services | 76,272 | 87,922 | 11,650 | 15.3% |
| Taxes and charges | 478 | 563 | 85 | 17.8% |
| **Tax-deductible expense** | **3,197,635** | **4,877,918** | **1,680,283** | **52.5%** |
| Other operating revenue | 1,697 | 11,433 | 9,736 | 573.7% |
| Other operating costs[1] | -27,025 | 21,419 | 48,444 | 179.3% |
| Change in provision related to onerous contracts | -315,319 | -267,600 | 47,719 | 15.1% |
| **Operating profit / (loss)** | **(158,435)** | **(450,009)** | **-291,574** | **-184.0%** |
| Finance costs | 69,051 | 110,487 | 41,436 | 60.0% |
| Finance income | 195,848 | 197,763 | 1,915 | 1.0% |
| Change in impairment loss on investments in subsidiaries, associates and jointly controlled entities | 1,022,677 | (1,533,516) | -2,556,193 | -250.0% |
| Change in impairment losses for financial assets measured at amortized cost | 38,236 | (82) | -38,318 | -100.2% |
| **Profit / (loss) before tax** | **1,029,275** | **(1,896,331)** | **-2,925,606** | **-284.2%** |
| Income tax | -214,401 | -4,603 | 209,798 | 97.9% |
| **Net profit / (loss) for the reporting period** | **1,243,676** | **(1,891,728)** | **-3,135,404** | **-252.1%** |
| **EBITDA** | **-156,871** | **-448,342** | **-291,471** | **-185.8%** |

[1] Actual figures for Q4 2022 included a presentation adjustment related to an in-court settlement with PGE group companies, which was presented on a net basis during the 12 months of 2022 as costs of court settlements, as compared to a release of provisions

**ENEA S.A. – key EBITDA drivers in Q4 2023 (down by PLN 291.5 million):**

(-) a decrease in the first contribution margin by PLN 1,249.1 million:

- (-) average energy purchase price up by 66.7%
- (+) energy sales volume up by 0.2%
- (+) average energy sales price up by 16.3%
- (+) costs of environmental obligations down by 54.2%
- (+) higher result on trade in gaseous fuel

(+) revenue from compensation payments up by PLN 989.6 million

(+) actual numbers for Q4 2023 included the electricity price compensation amount of PLN 1,017.7 million in accordance with Article 12 of the Act of 7 October 2022 on Special Solutions for Protecting Electricity Buyers in 2023 in Connection with the Situation on the Electricity Market (Consumption Limits Act) and in Article 8 of the Act of 27 October 2022 on Emergency Measures to Reduce Electricity Prices and Support Certain Consumers in 2023 (Price Limits Act)

(-) actual numbers for Q4 2022 included PLN 28.0 million of electricity price compensation (Price Limits Act) and additionally PLN 0.1 million of gaseous fuel compensation referred to in the Act of 26 January 2022 on special solutions for protecting gaseous fuels in connection with the situation on the gas market

(-) employee benefit costs up by PLN 5.5 million

(-) costs of third-party services up by PLN 11.7 million, including mainly:

(-) selling costs and customer service costs up by PLN 11.9 million

(-) costs of advertising and representation up by PLN 1.9 million

(-) costs of shared services up by PLN 0.3 million

(+) costs of advisory and legal services down by PLN 2.7 million

(-) costs of distribution services related to the existing model of settlements with prosumers up by PLN 23.4 million

(+) change in provisions related to onerous contracts (down by PLN 47.7 million)

(+) in Q4 2022, expenses included the provision of PLN 368.3 million for a possible loss on Tariff G resulting from the fact that the Tariff of 17 December 2022 approved by the ERO President did not take into account the incurred electricity purchase costs and from the application of the Act of 7 October 2022 on special solutions for protecting electricity buyers in 2023 in connection with the situation on the electricity market

(+) in Q4 2023, revenues included the utilization of a PLN 264.0 million provision recognized in expenses in September for the loss on Tariff G resulting from lost revenues caused by the entry into force of the Regulation of the Minister of Climate and the Environment of 9 September 2023 introducing a mechanism for reducing the amounts payable by households to electricity trading companies for 2023

(+) in Q4 2023, revenues included the utilization of the provision of PLN 92.1 million established in expenses in December 2022 for a possible loss on Tariff G resulting from the fact that the Tariff of 17 December 2022 approved by the ERO President did not take into account the incurred electricity purchase costs and from the application of the Act of 7 October 2022 on special solutions for protecting electricity buyers in 2023 in connection with the situation on the electricity market in the amount of PLN 368.3 million

(+) in Q4 2022, the use of a PLN 3.1 million portion of the provision and an update of the provision for a loss arising from the settlement of the distribution fee rebate of PLN 14.3 million regarding the electricity fed into the grid by prosumers by ENEA S.A. as the offtaker of last resort were recognized in expenses.

(-) in Q4 2023, expenses included a remeasurement of the provision of PLN 623.7 million for the loss arising from the settlement, by ENEA S.A., as the offtaker of last resort, of the distribution fee rebate for electricity supplied to the grid by prosumers. The increase in the provision is aimed at reflecting the impact of anticipated future losses to be incurred in connection with the performance of comprehensive contracts entered into with prosumers whose micro-installations were connected to the grid by 31 March 2022.

(-) in Q4 2022, revenues included utilization of the provision recognized in June in the amount of PLN 64.2 million for the possible loss on Tariff G due to the increase in electricity purchase costs

(-) result on other operating activities down by PLN 38.7 million, including mainly:

(-) costs of provisions for anticipated losses and potential claims up by PLN 81.0 million

(-) impairment losses for receivables up by PLN 5.6 million

(+) litigation costs down by PLN 41.3 million

(+) gain on the sale of perpetual usufruct of land, sale of premises and other fixed assets of PLN 3.8 million recognized in Q4 2023

(+) revenues from licenses linked to the ENEA brand up by PLN 2.4 million

**Material changes affecting net result:**

(-) higher impairment losses recognized for investments in subsidiaries, associates and jointly controlled entities and impairment losses recognized for financial assets measured at amortized cost by a total of PLN 2,594.5 million, including:

(-) result of changes in impairment losses for investments in subsidiaries, associates and jointly controlled entities down by PLN 2,556.2 million:

(-) in Q4 2023 a change in impairment losses for shares in ENEA Wytwarzanie was recognized in the amount of PLN 1,424.2 million, while in Q4 2022, PLN 1,020.3 million of impairment losses for shares in ENEA Wytwarzanie was reversed

(-) In Q4 2023, an impairment loss was recognized for shares in ENEA Innowacje in the amount of PLN 50.7 million

(-) In Q4 2023, an impairment loss was recognized for shares in ENEA Ciepło in the amount of PLN 23.5 million

(-) In Q4 2023, an impairment loss was recognized for shares held in LW Bogdanka in the amount of PLN 77.1 million

(+) in Q4 2023, reversal of an impairment loss for shares in Elektrownia Ostrołęka in the amount of PLN 42.0 million

(-) in Q4 2022, partial reversal of the provision for future investment commitments to Elektrownia Ostrołęka in the amount of PLN 2.4 million

(-) PLN 38.3 million increase in impairment losses for financial assets measured at amortized cost – in Q4 2022, a reversal of impairment losses for the loan granted to Elektrownia Ostrołęka was recognized in the amount of PLN 42.0 million

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

| Assets [PLN 000s] | As at | | | |
|---|---|---|---|---|
| | 31 December 2022 | 31 December 2023 | Change | % change |
| **Non-current assets** | **17,254,773** | **16,698,431** | **-556,342** | **-3.2%** |
| Property, plant and equipment | 25,330 | 32,751 | 7,421 | 29.3% |
| Right-of-use asset | 35,800 | 55,154 | 19,354 | 54.1% |
| Intangible assets | 2,457 | 1,651 | -806 | -32.8% |
| Investment property | 12,106 | 4,717 | -7,389 | -61.0% |
| Investments in subsidiaries, associates and jointly controlled entities | 10,603,939 | 9,207,992 | -1,395,947 | -13.2% |
| Deferred tax assets | 161,272 | 95,792 | -65,480 | -40.6% |
| Financial assets at fair value | 156,482 | 68,657 | -87,825 | -56.1% |
| Debt financial assets at amortized cost | 6,247,346 | 7,221,701 | 974,355 | 15.6% |
| Costs related to the execution of contracts | 8,970 | 8,991 | 21 | 0.2% |
| Receivables under leases and finance subleases | 1,071 | 1,025 | -46 | -4.3% |
| **Current assets** | **4,294,178** | **5,875,672** | **1,581,494** | **36.8%** |
| Inventories | 67,428 | 18,638 | -48,790 | -72.4% |
| Trade and other receivables | 2,658,515 | 4,125,600 | 1,467,085 | 55.2% |
| Costs related to the execution of contracts | 11,006 | 15,762 | 4,756 | 43.2% |
| Assets arising from contracts with customers | 447,424 | 420,605 | -26,819 | -6.0% |
| Receivables under leases and finance subleases | 1,225 | 1,328 | 103 | 8.4% |
| Current income tax receivables | 251,412 | 54,856 | -196,556 | -78.2% |
| Debt financial assets at amortized cost | 314,124 | 957,091 | 642,967 | 204.7% |
| Financial assets at fair value | 154,314 | 68,437 | -85,877 | -55.7% |
| Cash and cash equivalents | 388,730 | 213,355 | -175,375 | -45.1% |
| **Total Assets** | **21,548,951** | **22,574,103** | **1,025,152** | **4.8%** |

**Key drivers of non-current assets (down by PLN 556 million):**

- PLN 1,396 million decrease in investments in subsidiaries, associates and jointly controlled entities – mainly as a result of: recognition of a change in impairment losses for shares in ENEA Wytwarzanie in the amount of PLN 905 million, ENEA Ciepło in the amount of PLN 24 million, an impairment loss recognized for shares in ENEA Elektrownia Połaniec in the amount of PLN 636 million, an impairment loss recognized for shares in LW Bogdanka in the amount of PLN 77 million, a reversal of impairment losses for shares in Elektrownia Ostrołęka in the amount of PLN 42 million, recapitalization of ENEA Nowa Energia in the amount of PLN 119 million, a capital increase in ENEA ELKOGAZ in the amount of PLN 35 million, the purchase of shares in PRO-WIND in the amount of PLN 25 million
- PLN 88 million decrease in financial assets at fair value – mainly due to a lower valuation of IRS and a concurrent increase in the value of shares
- PLN 65 million decrease in deferred tax assets – mainly due to changes in compensation revenues and changes in provisions for onerous contracts
- PLN 974 million increase in debt financial assets measured at amortized cost – mainly due to granting of loans and the concurrent reclassification of some of the bonds and loans with interest from non-current assets to current assets
- PLN 19 million increase in the right-of-use asset – mainly the purchase of the right of perpetual usufruct of land from ENEA Elektrownia Połaniec and ENEA Wytwarzanie

**Key drivers of current assets (up by PLN 1,582 million):**

- PLN 998 million increase in trade receivables – mainly electricity receivables
- PLN 643 million increase in debt financial assets measured at amortized cost – due to redemption of bonds and the concurrent reclassification of bonds and loans with interest from non-current to current assets,
- PLN 469 million increase in other receivables, including mainly recognition of compensation receivables in 2023 with a concurrent decrease in receivables on account of advances for the purchase of electricity
- PLN 197 million decrease in current income tax receivables, mainly due to receivables recognized in 2022 resulting from the difference between the actual tax payable by companies in the ENEA Tax Group and advances paid by the ENEA Tax Group to the Tax Office, while taking the tax benefit into account
- PLN 175 million decrease in cash and cash equivalents – mainly due to a change in cash balances owned by other ENEA Group companies consolidated in the Cash Pooling service, where ENEA S.A. acts as the Pool Leader for these companies, a change in cash balances owned by ENEA S.A. mainly due to intragroup loans granted and a change in the balance of cash on VAT accounts
- PLN 86 million decrease in financial assets at fair value – mainly as a result of remeasurement of IRS financial instruments hedging against an increase in costs caused by changes in interest rates
- PLN 49 million decrease in inventories – pertains to certificates of origin of electricity
- PLN 27 million decrease in assets arising from contracts with customers – largely due to a lower volume of non-invoiced electricity sales

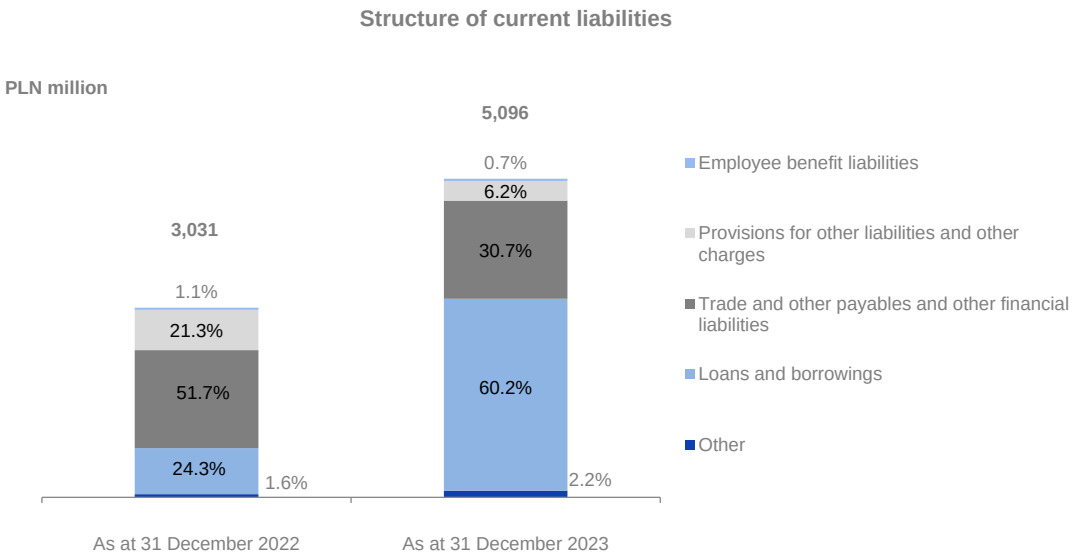
| Equity and liabilities [PLN 000s] | As at: | | | |
|---|---|---|---|---|
| | 31 December 2022 | 31 December 2023 | Change | % change |
| **Total equity** | **14,070,759** | **12,331,484** | **-1,739,275** | **-12.4%** |
| Share capital | 676,306 | 676,306 | - | - |
| Share premium | 4,343,879 | 4,343,879 | - | - |
| Revaluation reserve – measurement of hedging instruments | 186,075 | 55,249 | -130,826 | -70.3% |
| Reserve capital | 6,416,141 | 8,864,165 | 2,448,024 | 38.2% |
| Retained earnings | 2,448,358 | -1,608,115 | -4,056,473 | -165.7% |
| **Total liabilities** | **7,478,192** | **10,242,619** | **2,764,427** | **37.0%** |
| Non-current liabilities | 4,446,771 | 5,146,708 | 699,937 | 15.7% |
| Current liabilities | 3,031,421 | 5,095,911 | 2,064,490 | 68.1% |
| **Total equity and liabilities** | **21,548,951** | **22,574,103** | **1,025,152** | **4.8%** |

**Key drivers of non-current liabilities (up by PLN 700 million)**

- PLN 556 million increase in provisions for other liabilities and other charges – higher long-term provision for a loss arising from the settlement of the distribution fee rebate regarding the electricity fed into the grid by prosumers
- PLN 133 million increase in loans, borrowings and other debt securities – mainly obtaining financing in the form of a syndicated loan with a simultaneous reclassification of certain non-current liabilities to current liabilities

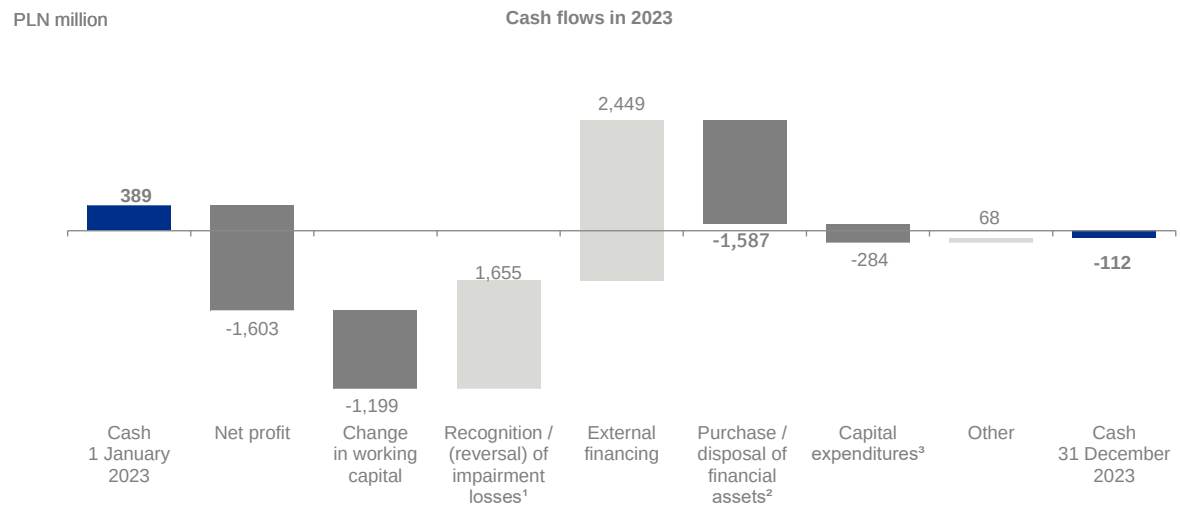
**Key drivers of current liabilities (up by PLN 2,064 million)**

- PLN 2,332 million increase in loans, borrowings and other debt securities – mainly reclassification of non-current to current liabilities with a simultaneous redemption of bonds and repayment of loan installments
- PLN 325 million other financial liabilities – cash pooling liabilities in 2023
- PLN 57 million increase in liabilities from contracts with customers - mainly due to the recognition of liabilities on account of the "electricity bonus" *(Polish: premia prądowa)* in 2023
- PLN 330 million decrease in provisions for other liabilities and other charges - mainly due to the PLN 368 million utilization of the provision established in 2022 for the loss on Tariff G and the PLN 68 million remeasurement of a short-term provision in 2023 established for the loss following from the settlement of a distribution fee rebate for energy fed by prosumers into the grid
- PLN 326 million decrease in trade and other payables – a in 2023 there were no Tax Group CIT settlements, no liabilities related to in-court settlements of disputes relating to terminated PM OZE agreements, no liabilities on account of advances for the compensation for reduction of revenues (under Act of 27 October 2022 on emergency measures to reduce electricity prices and support certain consumers in 2023), with a concurrent increase in trading liabilities




**Cash position of ENEA S.A.**

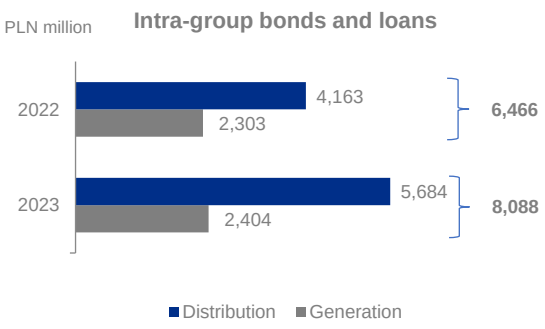
| Statement of cash flows [PLN 000s] | 2022 | 2023 | Change | % change |
|---|---|---|---|---|
| Net cash flows from operating activities | (102,088) | (1,797,690) | -1,695,602 | -1,660.9% |
| Net cash flows from investing activities | 1,848,692 | (858,637) | -2,707,329 | -146.4% |
| Net cash flows from financing activities | (1,258,104) | 2,155,984 | 3,414,088 | 271.4% |
| Increase / (decrease) in net cash | 488,500 | (500,343) | -988,843 | -202.4% |
| Cash at the beginning of reporting period | (99,770) | 388,730 | 488,500 | 489.6% |
| **Cash at the end of reporting period** | **388,730** | **(111,613)** | **-500,343** | **-128.7%** |

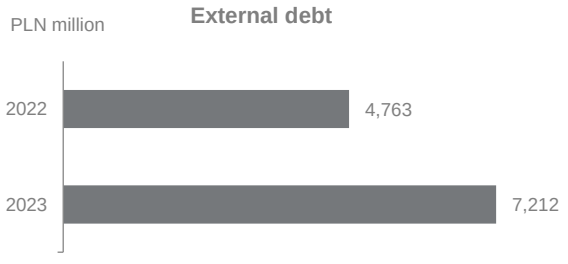



[1] Impairment losses recognized / (reversed) for shares and impairment losses recognized for financial assets measured at amortized cost
[2] Inflows / outflows under loans / bonds
[3] Purchase / disposal of property, plant and equipment and intangible assets and purchase / disposal of subsidiaries, associates and jointly controlled entities

## ENEA S.A. ratio analysis

| | 2022 | 2023 | Q4 2022 | Q4 2023 |
|---|---|---|---|---|
| **Profitability ratios** | | | | |
| ROE – return on equity | 17.4% | -13.0% | 35.4% | -61.4% |
| ROA – return on assets | 11.4% | -7.1% | 23.1% | -33.5% |
| Net profitability | 19.7% | -8.2% | 37.4% | -40.2% |
| Operating profitability | -0.5% | -3.9% | -4.8% | -9.6% |
| EBITDA profitability | -0.5% | -3.9% | -4.7% | -9.5% |
| **Liquidity and financial structure ratios** | | | | |
| Current liquidity ratio | 1.4 | 1.2 | 1.4 | 1.2 |
| Coverage of non-current assets with equity | 81.5% | 73.8% | 81.5% | 73.8% |
| Total debt ratio | 34.7% | 45.4% | 34.7% | 45.4% |
| **Economic activity ratios** | | | | |
| Current receivables turnover in days | 79 | 71 | 83 | 82 |
| Trade and other payables turnover in days | 37 | 27 | 39 | 26 |
| Inventory turnover in days | 3 | 1 | 4 | 1 |



# 8. Shares and shareholding structure

## 8.1. Equity and shareholding structure

As at 31 December 2023 and as at the publication date of this report, the share capital of ENEA S.A. is PLN 529,731,093 and is divided into 529,731,093 ordinary bearer shares with a par value of PLN 1.00 each. The total number of votes resulting from all outstanding shares of the Issuer corresponds to the number of shares, translating into 529,731,093 votes. All shares in the Company are book-entry bearer shares registered in the Central Securities Depository of Poland.

The Company's share capital is PLN 529,731,093 and consists of:

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

Since the date of publication of the previous periodic report, i.e. the report for Q3 2023, ENEA S.A. has not received any other notices regarding a change in the Issuer's shareholding structure.

The table below presents the shareholding structure of ENEA S.A. as at the date of the periodic report for 2023.

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

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

ENEA S.A. stock has been listed on the Warsaw Stock Exchange (WSE) since 17 November 2008. In 2023, the ENEA S.A. stock price rose from PLN 6.00 to PLN 9.17, that is by PLN 3.17, or 52.8%. The highest closing price of ENEA S.A. stock in 2023 was recorded on 7 December 2023 (PLN 9.38), while the lowest price was recorded on 10 January 2023 (PLN 5.82).

Share of the Company's stock in stock exchange indices as at 31 December 2023:

| WIG30 | mWIG40 | WIG energia | WIG Poland |
|---|---|---|---|
| 0.6 | 2.6 | 14.0 | 0.6 |

| Data | 2023 |
|---|---|
| Number of shares | 529,731,093 |
| Closing price – minimum [PLN] | 5.82 |
| Closing price – maximum [PLN] | 9.38 |
| Stock price at the end of the period [PLN] | 9.17 |
| Stock price at the end of the previous period [PLN] | 6.00 |
| Average volume | 664,420 |

## 8.3. Potential changes in the shareholding structure

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

## 8.4. Treasury shares

Neither ENEA S.A. nor ENEA Group companies purchased the Company's treasury shares in 2023.

## 8.5. Employee shares control system

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

The right to acquire ENEA S.A.'s shares free of charge by eligible persons from the State Treasury expired on 16 May 2012. After that date, only the heirs of the beneficiaries may sign the agreements in the specific instances provided for in the Act of 30 August 1996 on *Commercialization and Certain Employee Rights* (Journal of Laws 1996 No. 118, item 561; consolidated text: Journal of Laws 2023, item 343). In 2023, ENEA S.A. did not launch the standard control systems of employee share programs.

# 9. Company authorities

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

| As at 1 January 2023 | |
|---|---|
| **Name** | **Position** |
| **Paweł Majewski** | **President of the Management Board** |
| Dariusz Szymczak | Management Board Member for Corporate Matters |
| Marcin Pawlicki | Management Board Member for Operational Matters |
| Rafał Mucha | Management Board Member for Financial Matters |
| Lech Żak | Management Board Member for Strategy and Development |

| As at the date of this report | |
|---|---|
| **Name** | **Position** |
| **Grzegorz Kinelski** | **President of the Management Board** |
| Monika Starecka | Acting Management Board Member for Corporate Matters |
| Bartosz Krysta | Management Board Member for Commercial Matters |
| Marek Lelątko | Management Board Member for Financial Matters |

On 6 July 2023 the Company's Supervisory Board adopted a resolution to appoint Mr. Jakub Kowaleczko, effective as of 17 July 2023, to the position of ENEA S.A. Management Board Member for Commercial Matters for the joint term of office commenced on the day following the date of holding the Ordinary General Meeting of ENEA S.A. which approved the financial statements for 2021.

On 21 November 2023, the ENEA S.A. Supervisory Board adopted a resolution to dismiss Mr. Rafał Mucha, Management Board Member for Financial Matters, from the ENEA S.A. Management Board, effective as of 30 November 2023.

On 2 February 2024, the ENEA S.A. Supervisory Board adopted resolutions to dismiss Mr. Paweł Majewski, President of the ENEA S.A. Management Board, Mr. Jakub Kowaleczko, ENEA S.A. Management Board Member for Commercial Matters, and Mr. Dariusz Szymczak, ENEA S.A. Management Board Member for Corporate Matters, from ENEA SA.'s Management Board. On 2 February 2024, the ENEA S.A. Supervisory Board adopted a resolution to second, as of 2 February 2024, Ms. Monika Starecka, ENEA S.A. Supervisory Board Deputy Chairwoman, to temporarily perform the duties of President of the ENEA S.A. Management Board for a period not longer than three months from the date of her secondment.

On 23 February 2024, the ENEA S.A. Supervisory Board adopted resolutions to appoint the following persons for a joint term of office, effective as of the date immediately following the date of holding the ENEA S.A. Ordinary General Meeting approving the financial statements for 2021:

- Mr. Grzegorz Kinelski to the position of President of the ENEA S.A. Management Board as of 1 March 2024,
- Mr. Bartosz Krysta to the position of ENEA S.A. Management Board Member for Commercial Matters as of 1 March 2024,
- Mr. Marek Lelątko to the position of ENEA S.A. Management Board Member for Financial Matters as of 1 March 2024,
- Ms. Dalida Gepfert to the position of ENEA S.A. Management Board Member for Corporate Matters as of 1 May 2024,

On 23 February 2024, the ENEA S.A. Supervisory Board adopted a resolution to second, as of 1 March 2024, Ms. Monika Starecka, ENEA S.A. Supervisory Board Deputy Chairwoman, to temporarily perform the duties of ENEA S.A. Management Board Member for Corporate Matters until 30 April 2024 at the latest.

At the same time, the Supervisory Board decided to rescind, effective as of 29 February 2024, the resolution of 2 February 2024 to second an ENEA S.A. Supervisory Board Member to temporarily perform the duties of President of the ENEA S.A. Management Board.

On 23 February 2024, the ENEA S.A. Supervisory Board adopted resolutions to dismiss, effective as of 29 February 2024, Mr. Marcin Pawlicki, ENEA S.A. Management Board Member for Operational Matters, and Mr. Lech Żak, ENEA S.A. Management Board Member for Strategy and Development.

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

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

| As at 1 January 2023 | |
|---|---|
| **Name** | **Position** |
| **Rafał Włodarski** | **Supervisory Board Chairman** |
| Roman Stryjski | Supervisory Board Deputy Chairman |
| Mariusz Pliszka | Supervisory Board Secretary |
| Łukasz Ciołko | Supervisory Board Member |
| Mariusz Damasiewicz | Supervisory Board Member |
| Aneta Kordowska | Supervisory Board Member |
| Tomasz Lis | Supervisory Board Member |
| Paweł Łącki | Supervisory Board Member |
| Mariusz Romańczuk | Supervisory Board Member |
| Piotr Zborowski | Supervisory Board Member |

| As at the date of this report | |
|---|---|
| **Name** | **Position** |
| **Ewa Bagińska** | **Supervisory Board Chairwoman** |
| Monika Starecka | Supervisory Board Deputy Chairwoman |
| Mariusz Pliszka | Supervisory Board Secretary |
| Mariusz Damasiewicz | Supervisory Board Member |
| Michał Gniatkowski | Supervisory Board Member |
| Tomasz Lis | Supervisory Board Member |
| Agata Ewa Michalska-Olek | Supervisory Board Member |
| Mariusz Romańczuk | Supervisory Board Member |
| Piotr Szymanek | Supervisory Board Member |
| Zbigniew Szymczak | Supervisory Board Member |

On 4 January 2023, the Company received Mr. Rafał Włodarski's resignation from the position of an ENEA S.A. Supervisory Board Member, including the function of the Company's Supervisory Board Chairman, effective as of 4 January 2023. On 13 March 2023, the Company's Extraordinary General Meeting adopted a resolution by the power of which Ms. Aleksandra Agatowska, as of that date, was appointed to the ENEA S.A. Supervisory Board of the 11th term of office. On 13 March 2023, the Extraordinary General Meeting of ENEA S.A. elected Mr. Łukasz Ciołko as Chairman of the ENEA S.A. Supervisory Board.

On 4 July 2023, the Company received Mr. Piotr Zborowski's resignation from the position of an ENEA S.A. Supervisory Board Member, effective as of 4 July 2023.

On 31 July 2023, the Company received Ms. Aleksandra Agatowska's resignation from the position of an ENEA S.A. Supervisory Board Member, effective as of 31 July 2023.

On 29 January 2024, the Company received a statement from the Minister of State Assets that the Minister of State Assets exercised his power to dismiss a member of the ENEA S.A. Supervisory Board pursuant to § 24 sec. 1 of the *Company's Statute.* According to the statement, the Minister of State Assets, in the exercise of the powers conferred on him, dismissed, effective as of 29 January 2024, Mr. Łukasz Ciołko from the Company's Supervisory Board.

On 29 January 2024, the Company received a statement from the Minister of State Assets that the Minister of State Assets exercised his power to appoint a member of the ENEA S.A. Supervisory Board pursuant to § 24 sec. 1 of the *Company's Statute.*

According to the statement, the Minister of State Assets, in the exercise of the powers conferred on him, appointed, effective as of 30 January 2024, Ms. Agata Ewa Michalska-Olek to the Company's Supervisory Board.

On 30 January 2024, the Extraordinary General Meeting of ENEA S.A. adopted resolutions by the power of which the following changes were made in the composition of the Company's Supervisory Board of the 11th term of office.

dismissed:

- Mr. Roman Stryjski,
- Mr. Paweł Łącki,
- Ms. Aneta Kordowska,

appointed:

- Ms. Ewa Bagińska,
- Ms. Monika Starecka.
- Mr. Michał Gniatkowski,
- Mr. Zbigniew Szymczak,
- Mr. Piotr Szymanek,

On 30 January 2024, the Extraordinary General Meeting of ENEA S.A. elected Ms. Ewa Bagińska as Chairwoman of the ENEA S.A. Supervisory Board.

On 2 February 2024,the Company's Supervisory Board elected Ms. Monika Starecka to serve as Deputy Chairwoman of the ENEA S.A. Supervisory Board.

On 2 February 2024, the ENEA S.A. Supervisory Board adopted a resolution to second, as of 2 February 2024, Ms. Monika Starecka, ENEA S.A. Supervisory Board Deputy Chairwoman, to temporarily perform the duties of President of the ENEA S.A. Management Board for a period not longer than three months from the date of her secondment.

On 23 February 2024, the ENEA S.A. Supervisory Board adopted a resolution to second, as of 1 March 2024, Ms. Monika Starecka, ENEA S.A. Supervisory Board Deputy Chairwoman, to temporarily perform the duties of ENEA S.A. Management Board Member for Corporate Matters until 30 April 2024 at the latest.

At the same time, the Supervisory Board decided to rescind, effective as of 29 February 2024, the resolution of 2 February 2024 to second an ENEA S.A. Supervisory Board Member to temporarily perform the duties of President of the ENEA S.A. Management Board.

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

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

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

| Audit Committee | |
|---|---|
| **Name** | **Position** |
| **Tomasz Lis** [1 2 3] | **Chairman** |
| Mariusz Damasiewicz [1 3] | Member |
| Michał Gniatkowski [1] | Member |
| Agata Michalska-Olek [1] | Member |
| Mariusz Pliszka [1 3] | Member |

[1] *An independent member within the meaning of Article 129 sec. 3 of the Act of 11 May 2017 on Certified Auditors and Public Supervision and within the meaning of Corporate Governance principles included in the Best Practice for WSE Listed Companies 2021.*
[2] A member with knowledge and skills in accounting or audit of financial statements, based on his/her education and previous professional experience.
[3] A member with knowledge and skills in the industry in which the issuer operates, based on his/her education and previous professional experience.

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

| Nominations and Remuneration Committee | |
|---|---|
| **Name** | **Position** |
| **Ewa Bagińska**[1] | **Chairwoman** |
| Michał Gniatkowski[1] | Member |
| Agata Michalska-Olek[1] | Member |
| Mariusz Romańczuk[1] | Member |
| Monika Starecka[1] | Member |
| Zbigniew Szymczak[1] | Member |

[1] An independent member within the meaning of the Corporate Governance Principles included in the Best Practice for WSE Listed Companies 2021.

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

| Strategy and Investment Committee | |
|---|---|
| **Name** | **Position** |
| **Tomasz Lis** | **Chairman** |
| Mariusz Damasiewicz | Member |
| Mariusz Pliszka | Member |
| Mariusz Romańczuk | Member |
| Piotr Szymanek | Member |
| Zbigniew Szymczak | Member |

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

| Name | Position | Number of ENEA S.A. shares as at 22 November 2023 par value (PLN) | Number of ENEA S.A. shares as at 17 April 2024 par value (PLN) |
|---|---|---|---|
| Mariusz Pliszka | Supervisory Board Member | 3,880 | 3,880 |

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

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

The rules for remunerating Members of the ENEA S.A. Management Board applicable in 2023 were based on a resolution adopted by the Extraordinary General Meeting of ENEA S.A. on 19 December 2019 on the rules for shaping the remuneration of Management Board Members, at the same time repealing the previous resolution on the rules for shaping the remuneration of Management Board Members of 15 December 2016 and subsequent resolutions of the Extraordinary General Meeting of ENEA S.A. on the rules for setting the remuneration of Management Board Members, including the resolution of the Extraordinary General Meeting of 7 November 2022.

The rules for remunerating Members of the ENEA S.A. Management Board, as adopted by the Extraordinary General Meeting on 19 December 2019 and amended by subsequent resolutions of the ENEA S.A. Extraordinary General Meeting, provide that an

agreement for the provision of management services for the duration of the function (Agreement) must be entered into with the respective Management Board Member following the formulation of its wording by the Supervisory Board:

a. during the term of the Agreement, Management Board Members are entitled to:

- fixed monthly remuneration, set as an amount within the range from 7 to 15 times the base amount referred to in Article 1(3)(11) of the Act of 9 June 2016 on Rules for Setting Remuneration of Persons Managing Certain Companies,
- variable remuneration, depending on the level of fulfillment of the management objectives, which may not exceed 100% of the fixed remuneration amount in the previous financial year.

b. The Supervisory Board may sign with a Management Board Member a no-compete agreement effective after he/she ceases to perform the function, however it may be signed only if the Management Board member has performed the function for at least six (6) months and the compensation amount for each month of the no-compete undertaking may not exceed 100% of the monthly fixed remuneration received by the Management Board Member before he/she ceased to perform the function. The no-compete period may not exceed 6 months after the Management Board Member ceases to perform the function. In the event of non-performance or improper performance of the no-compete agreement by a Management Board Member he/she will pay the Company a contractual penalty, which will not be lower than the compensation amount payable for the entire no-compete period.

   If the agreement is dissolved or terminated, a severance pay may be awarded to the Management Board Member in an amount no higher than three times the fixed component of remuneration, provided that he/she has performed the function for at least twelve months prior to the termination of the agreement.

   The severance pay will not be awarded to the Management Board Member in the event of:

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

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

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

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

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

The remuneration rules for Members of Supervisory Board of ENEA S.A. in effect in 2023 have been implemented by virtue of a resolution of the Company's Extraordinary General Meeting of 15 December 2016. Pursuant to the provisions of the abovementioned resolution of the EGM, the monthly remuneration of the Supervisory Board Members was determined as the product of the average monthly remuneration in the enterprise sector, exclusive of distribution of profit in Q4 of the preceding year, published by the President of Statistics Poland (GUS) and the following multiplier:

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

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

a) the Supervisory Board Members are entitled to the abovementioned remuneration regardless of the number of meetings convened,

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

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

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

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

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

## 9.6. Amount of remuneration

The remuneration received from 1 January 2023 to 31 December 2023 by members of the ENEA S.A. Management Board who signed Management Services Agreements with the Company is presented in the table below:

| Name | Position | Remuneration under contract in PLN (without VAT) [1] | Additional benefits | Remarks |
|---|---|---|---|---|
| Paweł Majewski | President of the Management Board | 1,313,000.00 | - | - |
| Jakub Kowaleczko | Management Board Member | 302,500.00 | - | function held as of 17 July 2023 |
| Dariusz Szymczak | Management Board Member | 1,001,000.00 | - | - |
| Marcin Pawlicki | Management Board Member | 1,320,000.00 | - | - |
| Rafał Mucha | Management Board Member | 1,489,666.67 | - | function held until 30 November 2023 |
| Lech Żak | Management Board Member | 1,320,000.00 | - | - |
| Paweł Szczeszek | President of the Management Board | 216,666.67 | - | function held until 10 April 2022 |
| Tomasz Siwak | Management Board Member | 1,134,833.34 | - | function held until 19 December 2022 |
| Tomasz Szczegielniak | Management Board Member | 319,000.00 | - | function held until 24 June 2022 |

[1] The remuneration also includes a non-compete and bonuses for 2022 for former and current Management Board Members.

In the period of performing managerial functions in 2023, Members of the ENEA S.A. Management Board did not receive remuneration for performing during this time any functions in subsidiaries of ENEA S.A. The remuneration did not include any non-financial components.

In accordance with the *Remuneration policy for members of the supervisory body and management body at ENEA Spółka Akcyjna* the Supervisory Board may define the scope and rules for providing Management Board Members with technical devices and resources constituting the Company's property, which are required to perform the function and may set the limits or adopt a method to set the limits of costs that the Company incurs in connection with provision and use of the devices and resources by the Management Board Member for business purposes.

In 2023, the ENEA S.A. Management Board Members were eligible, in specific circumstances, to use individual training and accommodation in the city of the Company's registered office, financed by ENEA S.A., which is in conformity with the regulation included in the Resolution of the Supervisory Board on setting remuneration of ENEA S.A. Management Board Members and with the Contract signed by the Supervisory Board with each of the ENEA S.A. Management Board Members. The table below presents the remuneration of members of the ENEA S.A. Supervisory Board in the financial year 2023:

| Name | Remuneration [PLN] | Remarks |
|---|---|---|
| Rafał Włodarski | 748.65 | function held until 4 January 2023 |
| Roman Stryjski | 79,268.04 | - |
| Łukasz Ciołko | 87,734.79 | until 12 March 2023 the function held: Supervisory Board Member, from 13 March 2023 function held: Supervisory Board Chairman |
| Mariusz Damasiewicz | 79,268.04 | - |
| Aneta Kordowska | 79,268.04 | - |
| Tomasz Lis | 79,268.04 | - |
| Paweł Łącki | 79,268.04 | - |
| Mariusz Pliszka | 79,268.04 | - |
| Mariusz Romańczuk | 79,268.04 | - |
| Piotr Zborowski | 40,486.36 | function held until 4 July 2023 |
| Aleksandra Agatowska | 30,471.39 | function held until 31 July 2023 |

In the financial year 2023, Members of the ENEA S.A. Supervisory Board were remunerated for performing their functions in the Supervisory Board in the amounts resulting from the applicable regulations.

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

## 10.1. Regulatory environment

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

### 10.1.1. European Union's internal electricity market

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

#### 10.1.1.1. Financial markets (EMIR Refit)

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

On 29 April 2024 (after an 18-month grace period) a technically new reporting manner will start to prevail based on the Regulations, published on 7 October 2022, amending or supplementing the Regulatory Technical Standards as defined in previous Regulations. In the grace period, any transactions and items not settled by 29 April 2024 will have to be updated to the newest standards within 180 days.

#### 10.1.1.2. REMIT

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

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

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

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

### 10.1.1.3. European EU ETS/MSR/CBAM scheme

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

On 16 May 2023, in the Official Journal of the EU (L 130), legislative amendments within the *Fit for 55* package were published, i.e.:

1. Directive (EU) 2023/959 of the European Parliament and of the Council of 10 May 2023, amending Directive 2003/87/EC establishing a scheme for greenhouse gas emission allowance trading within the Union and Decision (EU) 2015/1814 on the establishment and operation of a market stability reserve for the EU Emissions Trading Scheme (EU ETS and MSR), which entered into force on 5 June 2023,
2. Regulation (EU) 2023/956 of the European Parliament and of the Council of 10 May 2023 establishing a carbon border adjustment mechanism (CBAM).

The revision of the EU ETS Directive and the MSR Decision increased the linear reduction factor (LRF -the annual reduction in the number of emission allowances available in the system) from the present 2.2% through 4.3% from 2024 and 4.4% from 2028. The increase in the LRF factor from 2.2% to 4.3% means that each year from 2024 to 2028 about 86 million EUAs will be deducted from the total EU ETS allowance pool instead of 43 million EUAs. At the same time, from 2024, the number of allowances across the Union is increased by 78.4 million allowances for maritime shipping. In addition, there is provision for one-off 'rebasing' of the cap, or reducing the number of allowances in the EU ETS once. In 2024, the number of allowances in the whole European Union will be reduced by 90 million. In 2026, the number of allowances in the whole European Union will be lower by 27 million. The reduction amount is expected to reflect a reduction in emissions on a linear basis from 2021 with a new LRF of 4.3%. Until the end of 2030, a doubled intake rate (up to 24%) was retained, i.e. the rate of transfer/placement of surplus allowances in the Market Stability Reserve (MSR) (the intake rate was to fall to 12% from 2023 onwards)

At the same time, amendments were introduced in the mechanism of allocating free allowances in accordance with the following principles:

a) with regard to the modernization of the energy sector – the Member States concerned may allocate temporary free allowances to installations only for investments completed by 31 December 2024,

b) allocation only to support breakthrough/innovative technologies,

c) in a Member State where, in 2014-2018, the average share of emissions from heating networks across the Union divided by the Member State's share of the Union's total GDP is greater than five, the heating networks shall be allocated additional free allowances of 30%, provided that investments corresponding to the value of this additional free allowance allocation are made in order to significantly reduce emissions before 2030 in accordance with climate neutrality plans. From 1 May 2024, operators of a heating network will prepare a plan for achieving climate neutrality for the systems for which they apply for allocation of free allowances,

d) no free allowances will be allocated to the systems which discontinued operation. Installations whose greenhouse gas emissions permit has expired or been revoked and those which cannot operate or resume operations for technical reasons are considered as installations which have ceased operations.

Auction income generated from allowance trading is to be used in total for climate objectives as long as the income is not part of the EU budget. At the same time, 2.5% of the total number of allowances in 2024-2030 will be sold in auctions for the Modernization Fund (in order to finance energy climate transition of the Member States whose GDP per resident is under 75% of the EU average in 2016–2018). In addition, at least 80% of the income from 2% of the total number of allowances auctioned in 2021-2030 will be transferred to establish a fund for improving energy efficiency and modernizing energy systems using allowances.

Accordingly, the rules of the Modernization Fund have been adjusted – investments should be in line with the goals of the *European Green Deal and European climate law*: eliminating support for investments related to all fossil fuels, not just solid fossil fuels; increasing the percentage of the fund that must be allocated to priority investments; increasing the emphasis on renewable energy sources and energy efficiency investments in the transport, construction, waste and agricultural sectors; and supporting households to address the problem of energy poverty.

An additional supporting instrument was also introduced (contracts for differences relating to carbon dioxide) from the Innovation Fund for climate-friendly investments and the Innovation Fund itself was increased. A carbon contract for differences, or CfD, means a contract between the Commission and a producer of a low- or no-carbon product selected through a competitive bidding process, such as an auction, and under which the producer receives support from the Innovation Fund covering the difference between the winning price (also called the effective price) and a reference price derived from the average allowance price.

The EU ETS was extended to include new sectors: road transport and construction (for commercial buildings) starting in 2027 and maritime shipping (gradual imposition of the obligation to surrender allowances by shipping companies: 40% for verified emissions from 2024, 70% – from 2025 and 100% – from 2026). Non-$CO_2$ emissions (methane and $N_2O$) will be subject to a monitoring, reporting and verification system from 2024, and to the EU ETS from 2026. The Commission is to assess the possibility of including the municipal waste incineration sector in the EU ETS (by July 2026) with a view to including it from 2028, and to assess the potential need to allow Member States to opt out of such an inclusion (taking into account the importance of all sectors contributing to reducing emissions). EU ETS was also extended to cover maritime shipping and aviation.

With regard to the Market Stability Reserve (MSR), an intake rate was additionally introduced – to apply a buffer for placing allowances in the Market Stability Reserve if the Total Number of Allowances in Circulation (TNAC) is between 833 million and 1,096 million. In such a case, the intake will be the difference between the TNAC and the threshold of 833 million. At the same time, a cancellation mechanism was introduced, starting from 2023, surplus allowances placed in the Market Stability Reserve over the volume threshold for allowances that were to be auctioned last year will become invalid. The volume of allowances which were to be auctioned in the previous year may, however, depend on various factors, such as the threshold and the operation of the Market Stability Reserve itself. To ensure a higher predictability of the volume of allowances placed in the reserve after being cancelled, it is proposed to limit the number of allowances held in the reserve to 400 million. That number is also to correspond to the bottom threshold of the TNAC below which allowances are released from the Market Stability Reserve.

According to the European Commission's publication of 15 May 2023 on the total number of allowances in circulation in 2022 for the purposes of the Market Stability Reserve under the EU emission allowance trading scheme established by Directive 2003/87/EC:

- as at 31 December 2022, there were 3,001,222,787 allowances in the Market Stability Reserve,
- from 1 January 2023, 2,515,135,787 of these allowances became invalid. The remaining resources in the reserve include 486,087,000 allowances, which corresponds to the volume of allowances auctioned in 2022,
- as at 31 December 2022, the number of allowances in circulation amounted to 1,134,794,738.

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

In the above context, there were temporary increases in April 2023 due to the planned publication of information on the surplus of allowances in the market; nevertheless, a decline in EU ETS quotations was recorded both in April and in May. The trend did not continue and an increase in the stock market price of the product was observed in June. On 11 October 2023, the European Energy Exchange (EEX), on behalf of Poland, held another auction of emission allowances (EUAs) in 2023. 3,347,500 EUAs were allocated for the auction. The auction clearing price was set at EUR 82.68 per EUA and the range of bids was EUR 70-120 per ton of $CO_2$. The sale of EUAs generated a revenue of EUR 276,771,300. The total demand for EUAs, as reported by auction participants, was 5,002,500 EUAs. This means that the demand for EUAs was almost 1.5 times greater than the number of EUAs offered for sale in the auction.

Under the CBAM regulation, the assumption is that it should be a system that runs in parallel with the EU Emissions Trading Scheme (EU ETS) – it is to mirror and complement its operation for imported goods. It will gradually replace the existing EU mechanisms for coping with the risk of carbon leakage, in particular the allocation of free allowances under the EU ETS. The CBAM structure aims to bring about a gradual phasing out of free emission allowances and gradual introduction of the Carbon Border Adjustment Mechanism (CBAM). The CBAM coefficient should be 100% for the period between the entry into force of the Regulation and the end of 2025, and should be subject to the application of the provisions referred to in Article 36(2)(b) of the Regulation, namely 97.5% in 2026, 95.0% in 2027, 90.0% in 2028, 77.5% in 2029, 51.5% in 2030, 39.0% in 2031, 26.5% in 2032 and 14.0% in 2033. From 2034 onward, the CBAM will no longer be applicable.

The operation of the CBAM mechanism is to be based on a "CBAM certificate" – a certificate in electronic format equivalent to one ton of carbon emission equivalent embedded in imported goods.

It will be applicable, at the first stage, to goods produced in the high-emission sectors: iron and steel, cement, fertilizers, aluminum, electricity and hydrogen – as referred to in Annex I of the CBAM Regulation. The calculation of the charge will be based on 'embedded emissions' and verified by an accredited verifier (embedded emissions mean direct emissions released during the production of goods and indirect emissions from the generation of electricity consumed during production processes, which are calculated using the methods set out in the Regulation). Importation of goods into the customs territory of the Union shall only be made by an authorized CBAM declarant. An importer established in a Member State shall, prior to the importation of goods into the customs territory of the Union, apply for the status of authorized CBAM declarant (hereinafter referred to as 'application for authorization'). An application for authorization shall be made via the CBAM registry. An authorized CBAM declarant shall keep records of the documents required to demonstrate that the declared embedded emissions were subject to an emission fee in the country of origin of the goods, which was actually paid. In order to take into account an emission fee paid in the country of origin for the declared embedded emissions, an authorized CBAM declarant may declare in its CBAM declaration a reduction in the number of CBAM certificates to be surrendered for redemption. Such a reduction may only be reported if the emission fee has actually been paid in the country of origin.

By 31 May each year, and for the first time in 2027 for 2026, each authorized CBAM declarant submits via the CBAM registry a CBAM declaration for the previous calendar year. Sales of CBAM certificates by a Member State to 'authorized CBAM declarants' with their registered offices in that Member State will be performed on a common central platform. The Commission shall calculate the price of CBAM certificates as the average of the closing prices of EU ETS allowances on the auction platform in accordance with the procedures defined in Regulation (EU) No. 1031/2010 for each calendar week. By 31 May each year, and for the first time in 2027 for 2026, an authorized CBAM declarant shall submit via the CBAM registry CBAM certificates in the number corresponding to declared embedded emissions. The Commission shall remove CBAM certificates surrendered for redemption from the CBAM registry. An authorized CBAM declarant shall ensure that the required number of CBAM certificates remains on their account in the CBAM registry. On request by an authorized CBAM declarant, the Member State where the declarant is seated shall re-purchase the excess of CBAM certificates remaining on the declarant's account in the CBAM registry after the certificates have been surrendered. The Commission shall re-purchase surplus CBAM certificates via a common central platform. The price for re-purchasing each CBAM certificate is equal to the price paid by the authorized CBAM declarant for a given certificate at the time of purchase.

Every year on 1 July, the Commission shall cancel CBAM certificates purchased in the year before the previous calendar year which remain in the CBAM registry on the account of an authorized CBAM declarant. These CBAM certificates are cancelled without any compensation.

As announced, the transition period in the use of the CBAM mechanism started on 1 October 2023. In the initial years (until the end of 2025), the mechanism will be used mainly for reporting purposes. Then, CBAM will be implemented gradually and in parallel with the withdrawal of free EU ETS allowances.

#### 10.1.1.4. Activities aiming to liberalize gas and electricity markets

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

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

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

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

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

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

### 10.1.1.5. *Fit for 55*

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

**– revision of the Regulation of the European Parliament and of the Council on methane emissions reduction in the energy sector and amending Regulation (EU) 2019/942**

- On 15 December 2021, the European Commission submitted a proposal to amend the Regulation of the European Parliament and of the Council on methane emissions reduction in the energy sector and amending Regulation (EU) 2019/942,
- On 15 December 2022, the Council's general approach was adopted, calling for:
  - prohibition, starting on 1 January 2025, of flaring, with a destruction and removal efficiency below 98%, of methane from methane drainage stations, except in the event of an emergency, malfunction or unavoidable and absolutely necessary maintenance,
  - starting on 1 January 2027, prohibition of the release of methane into the atmosphere from ventilation shafts in coal mines, other than coking coal mines, emitting more than 5 tons of methane per kiloton of extracted coal,
  - starting on 1 January 2031, it is prohibited to release methane into the atmosphere from ventilation shafts in coal mines, other than coking coal mines, emitting more than 3 tons of methane per kiloton of extracted coal. These thresholds are applicable on an annual basis per mine.
- Moreover:
  - Member States should establish their own mitigation plan, taking into consideration those constraints and the technical feasibility of AMM mitigation (as geological constraints and environmental considerations prevent a one-size-fits-all approach to mitigate methane emissions from abandoned underground coal mines),
  - each Member State is expected to be required to designate at least one competent authority to supervise operators (required to cooperate with this authority) in terms of the effective fulfillment of obligations imposed on them by the Regulation, including to the following extent: continuous measurement and quantification of methane emissions from ventilation shafts in underground coal mines; continuous measurement of methane released into the atmosphere and flared in methane drainage stations, and the use of specific emission coefficients for opencast coal mines.

The proposal was forwarded to Commissions for further work, which approved the initial form of the document after inter-institutional negotiations at the first reading. At present, we are waiting for the Parliament's decision.

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

- modification of the definition of renewable fuel of non-biological origin and the definition of standard value, as well as addition of new definitions, such as: renewable fuel, market area, smart metering system, charging point, market actors, electricity market, battery for home use, electrical vehicle battery, industrial battery, battery health, its charging level, power setpoint, smart charging, regulatory authority, bi-directional charging, regular power charging point, industry,
- revision of the RES share target to 45%[1],
- increased annual RES consumption target in the district heating and cooling industry, by 1.1% until 2030,
- new EU indicative targets, according to which the share of renewable energy in the final energy consumption in buildings should reach 49% by 2030,
- tightening of the existing sustainability criteria for agricultural biomass production, also to include forest biomass,
- application of greenhouse gas reduction thresholds in electricity production, heating and cooling from biomass fuels also for existing installations, i.e. 70% by the end of 2025 and 80% from the beginning of 2026,
- obligation imposed on Member States to jointly determine, and agree to cooperate on, the amount of energy produced from marine renewable sources, which should be produced in each sea basin by 2050, and to set intermediate stages for 2030 and 2040,
- tightening of the terms of participation of biomass-fired installations in support systems, also through the proposed hierarchy of handling biomass,
- introduction, starting in 2027, of a rule not to support electricity production from forest biomass in electricity-only generation facilities.

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

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

On 16 June 2023, COREPER (the Committee of Permanent Representatives of Governments of Member States in the European Union) approved the agreement between the Council and the European Parliament on the Directive amending the *Directive on the promotion of the use of energy from renewable sources* (known as the "revision of the RED" or "REDIII"), which is part of the *Fit for 55* legislative package published by the European Commission on 14 July 2021. On 9 October 2023, the Council of the EU adopted a proposal for a Directive of the European Parliament and of the Council amending Directive (EU) 2018/2001 of the European Parliament and of the Council, Regulation (EU) 2018/1999 of the European Parliament and of the Council and Directive 98/70/EC of the European Parliament and of the Council as regards the promotion of energy from renewable sources, and repealing Council Directive (EU) 2015/652, abbreviated as *REDIII*. The document includes the following issues:

- increase in the share of renewable energy in the EU's total energy consumption to 42.5%. At the same time, an indicative objective was proposed for Member States to increase the share of energy from renewable sources in their gross final energy consumption in the Union to 45% in 2030. In addition, Member States set indicative targets for innovative renewable energy technologies at the level of at least 5% of new installed renewable energy capacity until 2030,
- indicative target for the share of renewable energy in buildings of at least 49% by 2030. The agreement provides for an increase in binding renewable energy targets for heating and cooling at a national level: by at least 0.8 percentage point as the annual average calculated for 2021-2025 and by at least 1.1 percentage point as the annual average calculated for 2026-2030. The minimum annual average indicator applicable to all Member States will be supplemented by indicative additional targets calculated individually for each Member State,
- tightening the criteria for the sustainable consumption of biomass for energy generation purposes (forest biomass in particular) to reduce the risk of unsustainable bioenergy generation. At the same time, the principle of cascading biomass consumption will be introduced,
- binding sub-target: advanced biofuels (usually derived from non-food commodities) and renewable fuels of non-biological origin (mostly renewable hydrogen and hydrogen-based synthetic fuels) to generate 5.5% of the renewable energy to be supplied to the transport sector. Under this target, renewable fuels of non-biological origin are expected to generate at least 1% of the renewable energy supplied to the transport sector in 2030,
- option for Member States to select either a 14.5% target for reducing the intensity of greenhouse gas emissions in transport using RES or a 29% target for the share of RES in the final energy consumption in the transport sector in 2030,
- annual increase in the renewable energy use in the industry by at least 1.6 percentage point as the annual average for the periods 2021-2025 and 2026-2030 and setting a binding target according to which at least 42% of hydrogen used in the industry will come from renewable fuels of non-biological origin (RFNBOs) by 2030 and the share will be 60% by 2035. The agreement introduces the possibility for member states to discount the contribution of RFNBOs in industry use by 20% in 2030 on two conditions: if the Member State is well on its way to achieve its national contribution to the binding overall EU target defined in the Directive which is at least equivalent to their expected national contribution; and if the share of hydrogen from fossil fuels consumed in the Member State is not more 23% in 2030 and 20% in 2035,
- accelerated permitting procedure. Member States will design renewables acceleration areas where renewable energy projects would undergo simplified and fast permit-granting process (for areas indicated by a Member State, it will be 12 months, for other areas, it will be 24 months),
- TSOs and DSOs will be required to digitally provide information on the share of renewable electricity and the content of greenhouse gas emissions in the electricity supplied in each market area, with the greatest possible accuracy in time intervals corresponding to the frequency of market settlements, which may not be longer than one hour, along with forecasts, if available,
- obligation of Member States to ensure issuing guarantees of origin in response to a request from a manufacturer of energy from renewable sources, including gaseous renewable fuels of non-biological origin, such as hydrogen. These guarantees will not be issued directly to the producer, but to a supplier or consumer who purchases energy either in a competitive environment or under of a long-term renewable electricity purchase agreement,
- obligation of Member States to promote testing innovative renewable energy technologies to generate, make available and store renewable energy through pilot projects in the real environment, for a limited time, in accordance with applicable EU laws and using appropriate security measures to guarantee safe operation of the energy system and avoid non-proportionate impact on the functioning of the internal market under the supervision of a relevant authority,
- obligation of Member States to perform coordinated mapping within 18 months of the entry into force of the amended directive to deploy renewable energy in their territories. The mapping should involve identification of the national

potential and available land surface, deep groundwater, sea or inland water needed for installing systems for producing energy from renewable sources and the related infrastructure, such as grid and storage facilities, including thermal storage, which are required to achieve at least the national contribution to the renewable energy target for 2030. Such areas, including existing plants and cooperation mechanisms, must be proportionate to the estimated trajectories and the total planned installed capacity, broken down by renewable energy technologies defined in the national plans for energy and climate,

- within 27 months of the entry into force of the amended directive, Member States must ensure that competent authorities adopt a plan or plans defining, as a sub-set of the areas referred to in Article 15b, areas for accelerating changes related to renewable energy sources for at least one type of renewable energy sources. To do this, Member States may exclude combustion of biomass and hydro-electric power plants.

The legislative procedure ended and the law was published on 31 October 2023. Most of the provisions laid down under Amending Directive (EU) 2023/2413 must be transposed by 21 May 2025, with most of the provisions on permitting procedures to be transposed by 1 July 2024.

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

- Member States should set indicative contributions regarding their final and primary energy consumption, in order to achieve energy efficiency,
- a change of the definition of efficient heating and cooling systems by introducing progressively changeable minimum conditions that an installation must satisfy to be classified as efficient,
- Member States shall jointly ensure a reduction in final energy consumption by at least 11.7% in 2030 compared to energy consumption forecasts for 2030 prepared in 2020. This translates into a cap on final energy consumption in the EU at the level of 763 million tons of crude oil equivalent and 993 million tons of crude oil equivalent on primary consumption. Member States must achieve cumulative savings in final energy consumption equivalent to at least (1)(b) in new savings in each year from 1 January 2021 to 31 December 2030, in the amount of: (i) 0.8% of annual final energy consumption from 1 January 2021 to 31 December 2023, averaged over the most recent three-year period prior to 1 January 2019; (ii) 1.3% of annual final energy consumption from 1 January 2024 to 31 December 2025, averaged over the most recent three-year period prior to 1 January 2019; (iii) 1.5% of annual final energy consumption from 1 January 2026 to 31 December 2027, averaged over the most recent three-year period prior to 1 January 2019; (iv) 1.9 of annual final energy consumption from 1 January 2028 to 31 December 2030, averaged over the most recent three-year period prior to 1 January 2019 (except for Cyprus and Malta – 0.24%); but they will be allowed to transfer no more than 10% of surplus savings to the next period,
- the public sector was obliged to reduce energy consumption by 1.7% per annum or at least 1.9% per annum if excluding public transport or armed forces,
- stipulation that at least 3% of the total heated or cooled floor area of buildings owned by public institutions should be renovated annually, with the goal of at least converting them to near-zero energy buildings,
- stipulation that construction supplies, services and works awarded under public procurement contracts should have very good energy parameters,
- implementation of an energy management system for enterprises whose average annual energy consumption in the last three years, for all energy carriers, exceeded 85 TJ or having these enterprises subjected to an energy audit,
- introduction of seller's obligations towards final consumers and end users regarding the content of the contract and the rules governing its performance,
- a provision on transparency of energy consumption by data processing centers. Starting from 2024, they would be supposed to publish annual information on their energy consumption. The Commission is to collect the information in a public EU database.

The revision of the EED was adopted by the Council after the first reading in the European Parliament and was subsequently published in the Official Journal of the EU on 20 September 2023.

On 12 March 2024, the Parliament adopted the result of inter-institutional negotiations (the so called trilogues) regarding the *Directive on the energy performance of buildings* (EPBD). The main assumptions of the directive include the introduction of new standards for each group of buildings (both residential and non-residential) and the obligation imposed on Member States to draw up national plans for renovating buildings to ensure renovation of national residential and non-residential resources, both public and private, in order to transform the existing buildings into low-emission buildings with a very high energy performance and into zero-emission buildings by 2050. A first draft of the plan is to be prepared by 31 December 2025. At present, the wording of the legislative act adopted by the Parliament is to be approved by the Council. It is assumed that laws come into force 20 days after the date of publication in the Official Journal of the European Union.

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

- expansion of the catalog of energy products and setting minimum taxation for each product,
- possibility of applying reduced tax rates (as required by the directive) for RES electricity; electricity will have the lowest tax rates, regardless of its purpose,

- possibility of applying reduced tax rates for electricity produced in cogeneration, meeting the definition of high-efficiency cogeneration under the EED. The amendments to the directive do not provide an option of facultatively abolishing excise tax for co-generation. The directive does not offer a sufficiently precise stipulation for co-generation.
- a general shift in how energy sources are viewed, in order to discourage the use of fossil fuels and encourage the use of alternative sources – introduction of the minimum tax rates for individual energy products: the cleaner the energy source, the lower the taxation,
- reduction of all kinds of exemptions and discounts that lead to fragmentation of the internal market,
- an option to apply the minimum tax rate for heating fuels to vulnerable households for a transition period of 10 years,
- the proposal of minimum tax rates for heating fuels is as follows: for natural gas and non-sustainable biogas: initially EUR 0.60 per GJ in 2023 and ultimately EUR 0.90 per GJ in 2033; for coal EUR 0.90 per GJ from 2023; for sustainable biogas: EUR 0.45 per GJ from 2023, for unsustainable forest biomass EUR 0.90 per GJ from 2023; and for sustainable forest biomass EUR 0.45 per GJ from 2023,
- the proposal of the minimum tax rate for electricity is EUR 0.15 per GJ from 2023,
- harmonization with the new reduction targets of the Regulation on the inclusion of greenhouse gas emissions and removals resulting from activities related to land use, land use change and forestry (LULUCF)[1].

The draft is awaiting the position of the relevant commission.

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

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

**- Regulation setting $CO_2$ emission performance standards for passenger cars and light commercial vehicles**

- 15 May 2023 saw the entry into force of the Regulation amending Regulation (EU) 2019/631 as regards the $CO_2$ emission performance standards for new passenger cars and new light commercial vehicles in line with the Union's more ambitious climate goals. The new legislation lays down the following targets: reduction of $CO_2$ emissions by 55% for new passenger cars and 50% for new trucks between 2030 and 2034 compared to 2021 levels. Ultimately, a 100% reduction in $CO_2$ emissions for both new passenger cars and new trucks starting from 2035,
- from 2025 until the end of 2029, a regulatory incentive mechanism for zero and low-emission vehicles (ZLEV) will be introduced.

Moreover, the Regulation contains other provisions, calling for:

- reduction of the limit of credits allocated to manufacturers for environmentally friendly innovations that verifiably decrease road $CO_2$ emissions to a maximum of 4 g/km annually between 2030 and the end of 2034 (currently: 7 g/km annually),
- common EU methodology for assessing the full life-cycle $CO_2$ emissions and fuel and energy consumption by cars and trucks entering the EU market, to be developed by the Commission by 2025.

The Regulation retains a derogation for small manufacturers until the end of 2035.

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

- on 16 May 2023, the Council approved a regulation aimed at minimizing the risk of deforestation and forest degradation associated with products entering the EU market or exported from the EU. The Regulation sets a general EU objective for removing carbon dioxide by natural sinks corresponding to 310 million tons of $CO_2$ emissions by 2030. The EU should strive for climate neutrality in land use, forestry and agriculture sectors by 2035, which includes also agricultural non-$CO_2$ emissions.

**- revision of the Directive on alternative fuels infrastructure development:**

- On 25 July 2023, the Council of the European Union approved, at the first reading, the Commission's proposal on the Regulation of the European Parliament and the Council on the deployment of alternative fuels infrastructure and repealing Directive 2014/94/EU,
- it proposes that the requirement to increase the recharging capacities pro rata to the sales of zero-emission cars and the requirement to install recharging and refueling points on major highways at regular intervals: every 60 km for electricity recharging and every 150 km for hydrogen refueling be imposed on Member States,
- by 31 December 2024, Member States are required to prepare and submit to the Commission a draft national policy framework for the development of the market with regard to alternative fuels in the transport sector and the development of the relevant infrastructure (in this context, the ENEA Group's influence on its formulation may be significant),
- furthermore, the obligation to report on the implementation of the national policy framework is also specified. The first deadline is 31 December 2027, with subsequent deadlines set at every other year.

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

- The Regulation does not include information or requirements on contractors or any technical requirements for the construction of stations. These issues may be dealt with in the said national policy framework (in Article 14(2)(c), the Regulation specifies that the minimum requirement of the national policy framework is policies and measures necessary to ensure that the mandatory targets and objectives are reached).

The Regulation was published in the *European Official Journal* on 20 September 2023. It entered into force on the 20th day after the date of publication in the *Official Journal of the European Union*. Member States will be required to provide national legislative solutions to implement the Regulation for the Deployment of Alternative Fuels Infrastructure (Alternative Fuels Infrastructure Regulation, AFIR) as directly applicable. To this end, each EU country will be required to submit to the European Commission, by 1 January 2024, a draft national policy implementing the AFIR goals. In turn, the degree of achievement of the adopted policies will be subject to mandatory reporting every two years, starting before 1 January 2027.

#### 10.1.1.6. EU Taxonomy

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

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

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

The regulation envisages the following amendments to the EU Taxonomy:

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

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

#### 10.1.1.7. REPowerEU

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

*REPowerEU* is the European Commission's plan to rapidly reduce Europe's dependence on Russian fossil fuels early before 2030 in connection with the Russian invasion of Ukraine. *REPowerEU* is based on the assumption of the *Fit For 55* package. Therefore, it does not affect the key assumptions of achieving reduction of greenhouse gas emissions by at least 55% by 2030 and climate neutrality by 2050. The measures envisaged in REPowerEU may provide a response to that ambitious goal. These measures include: energy savings, diversification of energy supplies, and accelerated roll-out of renewable energy to replace fossil fuels in homes, industry and power generation. In the area of energy savings, *REPowerEU* assumes, among others: an increase from 9% to 13% of the binding Energy Efficiency Target set in the *Fit for 55* package. In turn, with regard to the accelerated roll-out of renewable energy, the plan assumes, among others: an increase of the 2030 target for renewables from 40% to 45% of total energy production across EU; a phased-in legal obligation to install solar panels on rooftops – starting in 2026, photovoltaic systems are to be mandatory on new public and commercial buildings and new residential buildings with surfaces above 250 $m^2$; departure from natural gas in favor of accelerated development of clean hydrogen and biomethane; doubling of the rate of deployment of heat pumps, and measures to integrate geothermal and solar thermal energy in modernized district and communal heating systems.

On 8 October 2022, the Council Regulation (EU) on an emergency intervention to address high energy prices came into effect. The regulation assumes that common measures be introduced to reduce demand for electricity and to collect surplus revenues of the energy sector and pass them on to end users. A voluntary and general goal of reducing gross electricity consumption by 10% and a mandatory goal of reducing electricity consumption by 5% during peak hours have been introduced. The Member States are required to identify peak hours corresponding in total to at least 10% of all hours in the period between 1 December 2022 and 31 March 2023 in order to reduce their total monthly gross electricity consumption by 10% compared to the average gross electricity consumption in the corresponding months of the reference period. States have been authorized to freely choose appropriate measures to reduce energy consumption with a view to achieving both goals in this period. The assumption underlying the regulation is to set a cap on market revenues at 180 EUR per MWh for electricity producers, including intermediaries that use "inframarginal technologies" for energy production, such as renewables, nuclear and lignite. Setting a limit at this level is to ensure profitability of the operators and to make sure they do not unduly prevent investments in renewables. The regulation also sets forth the rules for introducing a temporary solidarity tax on profits of companies with activities in the crude petroleum, natural gas, coal and refinery sectors. The contribution is to be calculated on the basis of taxable profits calculated in accordance with the national tax regulations in the fiscal year starting in 2022 or 2023 that exceed 20% of the average annual taxable profits since 2018. The solidarity contribution is to be applied over and above the regular taxes and charges applicable in the member states. The EU

Member States will use the proceeds from the solidarity contribution to provide financial support to households and businesses and to mitigate the effects of high retail prices of electricity. According to the Regulation, Member States will be able to temporarily set the price of electricity supplied to small and medium enterprises in order to provide more support to SMEs (small and medium-sized enterprises) struggling with high energy prices. Member States have been authorized, exceptionally and temporarily, to set the price for the delivery of electricity below the cost level, provided that certain conditions are satisfied. The measures are temporary and extraordinary in nature. They will be in effect from 1 December 2022 to the end of 2023, while the reduction targets for energy consumption, in accordance with Article 4 in conjunction with Article 22(2) of the said Regulation were in effect from 1 December 2022 to 31 March 2023. In turn, in accordance with Article 22 of the Regulation, the mandatory revenue limit ended on 30 June 2023.

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

**On 14 March 2023, the European Commission (hereinafter: EC) presented the first official proposal regarding a reform of the internal energy market – EMD (Electricity Market Design). The reform proposal consists of the following two drafts:**

- Draft Regulation amending Regulations (EU) 2019/943 and (EU) 2019/942 as well as Directives (EU) 2018/2001 and (EU) 2019/944 to improve the Union's electricity market design (hereinafter: draft EMD revision). The draft calls for amendments to:
  - Regulation of the European Parliament and of the Council (EU) 2019/943 of 5 June 2019 on the internal market for electricity,
  - Regulation of the European Parliament and of the Council (EU) 2019/942 of 5 June 2019 establishing a European Union Agency for the Cooperation of Energy Regulators (ACER),
  - Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources,
  - Directive (EU) 2019/944 of the European Parliament and of the Council of 5 June 2019 on common rules for the internal market for electricity.
- Draft Regulation amending Regulations (EU) 1227/2011 and (EU) 2019/942 to improve the Union's protection against market manipulation in the wholesale energy market (hereinafter: draft REMIT revision). In September 2023, decisions were made to enter inter-institutional negotiations, also referred to as Trilogues. The draft calls for amendments to:
  - Regulation (EU) 1227/2011 of the European Parliament and of the Council of 25 October 2011 on wholesale energy market integrity and transparency,
  - Regulation of the European Parliament and of the Council (EU) 2019/942 of 5 June 2019 establishing a European Union Agency for the Cooperation of Energy Regulators (ACER).

The key objectives of the reform include:

- stronger consumer protection,
- increased competitiveness of the EU economy through improvements in the stability and predictability of energy costs,
- boost to investments in renewable energy,
- establishing capacity mechanisms as a structural element of the energy market and allowing these mechanisms to be extended until the end of 2028 for generating units exceeding the emission standard of 550 g $CO_2$/MWh,
- amendments to the REMIT [including: extension of the scope of data collected by the ACER through, without limitation, taking account of related markets, new balancing markets, balancing markets agreements. Elevating the role of insider information platforms (IIPs) in the effective and timely disclosure of inside information to the public. The disclosure of inside information on special IIPs is expected to be mandatory to make that information easily accessible and to increase transparency. Transaction data reporting is proposed to be carried out through Registered Reporting Mechanisms (RRMs), with the operation of RRM platforms to be authorized by the ACER].

On 15 January 2024, the Committee on Industry, Research and Energy (ITRE) approved the preliminary political agreement. As a result, the act will be voted on at the forthcoming plenary sessions.

**On 16 March 2023, the EC proposed the wording of the Regulation establishing a framework of measures for strengthening Europe's net-zero technology products manufacturing ecosystem (*Net Zero Industry Act*).**

The key drivers of the proposal, expected to support the achievement of 40% of demand, include:

- simplifying the regulatory framework and reducing administrative burdens for manufacturing and strategic projects with zero net worth,
- improving investment certainty,

- accelerating access to finance,
- improving qualifications to create quality jobs,
- supporting innovation through “regulatory sandboxes”,
- facilitating carbon dioxide capture and storage.

On 6 February 2024, the Council and the European Parliament reached a preliminary political agreement on the above. The next step will be voting to pass the act in the EU institutions.

**On 16 March 2023, the EC published a draft Regulation on critical and strategic raw materials for the European Union economy.**

The document also contains a new updated list of critical raw materials (CRMA). Due to the accelerated energy transition process, it is expected that the demand for critical raw materials will increase 5 or 6 times by 2030 and 21 times by 2050. While domestic supplies currently fulfill only a fraction of existing needs, the Regulation strives to provide the EU with tools to ensure access to secure and sustainable supplies of critical raw materials, mainly by establishing clear priorities for action. The Regulation distinguishes between strategic materials and critical raw materials and sets benchmarks for national production capacities:

- at least 10% of the EU’s annual consumption for mining,
- at least 40% of the EU’s annual consumption for processing,
- at least 15% of the EU’s annual consumption for recycling,
- no more than 65% of the Union’s annual consumption of any strategic raw material at any significant processing stage from a single third country.

At present, legislative work at the first reading stage is in progress. In December 2023, the Parliament approved the inter-institutional agreements. The next step will be voting on the act in the Council.

**On 16 March 2023, the European Commission, in parallel with the presentation of the Green Industrial Plan, presented a communication on the European Hydrogen Bank (EHB).**

The purpose of the project is to support and develop the production and use of hydrogen fuel and to stimulate new investments. The funds will enable the development of investments and the pursuit of the goals set in the *REPowerEU plan*, which calls for the production of green hydrogen at a level of 10 million tons by 2030. The European Union intends to be a leader in innovation and green hydrogen technology and to support regions in the deployment of new solutions.

To achieve this, the EHB is intended to perform the following four main functions:

- fostering transparency and coordination,
- coordinating existing project funding at EU and international levels,
- preparing collection contracts within the EU,
- preparing international collection contracts.

The EHB’s operation will be based on:

- financing mechanisms for the EU internal market and the international market (outside the EU),
- financing mechanisms for the coordination of investments, that is for the assessment of demand, infrastructural needs and investment costs,
- streamlining existing support mechanisms and focusing them on the EHB’s goals.

**Proposal Regulation of the European Parliament and of the Council establishing an EU framework for carbon dioxide removal certification.**

Since May 2023, the proposal has been at the stage of the first reading. Debates are going on in the Council and its preparatory bodies. At the end of October 2023, the ENVI Committee report was accepted. In November 2023, the Parliament decided to refer the proposal to the relevant Commission. In March 2024, the outcome of the inter-institutional negotiations (so-called trilogues) was adopted. The act is currently pending adoption by the Parliament in a plenary session.

**Proposal of the European Commission Industrial Carbon Emissions Management.**

Carbon dioxide capture, storage and disposal are very important for the achievement of carbon neutrality in EU by 2050. This provides an opportunity to decarbonize some sectors where emissions reduction is problematic and can be crucial to accelerating industrial carbon dioxide removal. As at 31 August 2023, public consultations were underway in this regard. From the beginning of February 2024, the European Commission presented a plan for the industrial management of $CO_2$ emissions (including $CO_2$ capture and storage). Based on the general context of the proposal, it is estimated that the EU will capture about 280 million tons of $CO_2$ by 2040 and approx. 450 million tons by 2050.

## 10.1.2. Domestic electricity market

### 10.1.2.1. Demand for electricity

According to PSE, electricity consumption in Poland was 167.5 TWh in 2023 and was lower by 3.44% compared to 2022. According to the document entitled *Development plan in terms of satisfaction of the current and future demand for electricity in 2023-2032*, the projected net annual demand for electricity in Poland may exceed 210.0 TWh in 2040.

### 10.1.2.2. Capacity Market

Pursuant to the provisions of:

- Capacity Market Act of 8 December 2017,
- Rules and Regulations of the Capacity Market approved by the President of the Energy Regulatory Office, by the Decision of 3 February 2023,
- Regulations of the Minister of Energy:
  - of 18 July 2018 on performance of the capacity obligation, its settlement and demonstration, and execution of transactions on the secondary market,
  - of 3 September 2018 on financial collateral provided by power suppliers and participants of preliminary auctions,
- Regulations on auction parameters in 2023: *Regulation of the Minister of Climate and Environment of 4 August 2023 on the parameters of the main auction for delivery year 2028 and the parameters of additional auctions for the delivery year 2025.*

Since 2018, Polskie Sieci Elektroenergetyczne S.A. have conducted (or have been conducting) the following Capacity Market processes, among others:

- general certifications,
- certifications for the main auctions for delivery years 2021-2028,
- certifications for the main auctions for delivery years 2021-2025,
- the main auctions for delivery years 2021-2028 and additional ones for delivery years 2021-2024.

In 2023, important events concerning Capacity Market processes included the following events in particular:

- general certification, which was performed in the period 2 January – 10 March 2023,
- completion of certifications for additional auctions for each quarter of 2024 – 17 February 2023,
- additional auctions for each quarter of 2024 – 16 March 2023,
- certification to the main auction for delivery year 2028, which took place in the period 7 September – 17 November 2023,
- commencement of certifications for additional auctions for each quarter of 2025 – 23 November 2023,
- main auction for delivery year 2028 – 14 December 2023.

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

| [MW] | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1-year contract | - | - | - | 1,004 | 1,004 | 1,195 | - | - | - | - | - | - | - |
| 5-year contract (modernized) | 2,711 | 2,711 | 2,711 | - | - | - | - | - | - | - | - | - | - |
| 15-year contract (new) | 915 | 915 | 915 | 915 | 915 | 915 | 915 | 915 | 915 | 915 | 915 | 915 | 915 |
| **Total** | **3,626** | **3,626** | **3,626** | **1,919** | **1,919** | **2,110** | **915** | **915** | **915** | **915** | **915** | **915** | **915** |

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

| [PLN million][1] | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1-year contract | - | - | - | 402 | 408 | 293 | - | - | - | - | - | - | - |
| 5-year contract (modernized) | 652 | 652 | 652 | - | - | - | - | - | - | - | - | - | - |
| 15-year contract (new) | 220 | 220 | 220 | 220 | 220 | 220 | 220 | 220 | 220 | 220 | 220 | 220 | 220 |
| **Total** | **872** | **872** | **872** | **622** | **628** | **513** | **220** | **220** | **220** | **220** | **220** | **220** | **220** |

[1] Non-indexed value.

The Capacity Market Units of ENEA Elektrownia Połaniec and ENEA Wytwarzanie participated in the above processes.

In 2018, three main auctions were held for delivery years 2021, 2022, 2023. As a result of the *ENEA Group Strategy*, approved by decisions of the ENEA S.A. Management Board, before each main auction, ENEA Elektrownia Połaniec entered into two capacity contracts for 5-year delivery periods of 2021-2025, for units 2 and 7. On the other hand, ENEA Wytwarzanie executed:

- nine capacity contracts for 5-year delivery periods of 2021-2025, for units 1-10 without unit 3,

- one capacity contract for a 15-year delivery period of 2021-2035 for unit 11,
- one-year supply contracts for delivery years 2021-2023, for three Capacity Market units from the RES Segment (hydro power plants) with a total capacity of approx. 37 MW were transferred to ENEA Nowa Energia, a power supplier.

ENEA Elektrownia Połaniec and ENEA Wytwarzanie executed a joint venture agreement in the area of the Capacity Market providing for the companies' joint operation in the Capacity Market and mutual reservations.
In 2021 and 2022, ENEA Elektrownia Połaniec participated in main auctions for delivery years 2026 and 2027 respectively. As a result, it signed one-year capacity contracts for delivery years 2026 and 2027 for units 2, 4, 5, 6 and 7 with a total capacity of 1,004 MW. Unit No. 3 is a backup for the above units.
On the other hand, in 2023, ENEA Elektrownia Połaniec participated in the main auction for the delivery year 2028. As a result, it signed one-year capacity contracts for delivery year 2028 for units 2, 4, 5, 6, 7 and 9 with a total capacity of 1,195 MW. Unit No. 3 is a backup for the above units.

#### 10.1.2.2.3. Contracted capacity obligations of MEC Piła

| [MW] | 2023 | 2024 | | | |
|---|---|---|---|---|---|
| | | Q1 | Q2 | Q3 | Q4 |
| Quarterly contracts | - | 6 | 6 | 6 | 6 |
| 1-year contract | 6 | - | - | - | - |
| **Total** | **6** | **6** | **6** | **6** | **6** |

#### 10.1.2.2.4. Estimated revenue from the Capacity Market of MEC Piła

| [PLN million] | 2023 | 2024 |
|---|---|---|
| Quarterly contracts | - | 1.8 |
| 1-year contract | 1 | - |
| **Total** | **1** | **1.8** |

#### 10.1.2.2.5. Contracted capacity obligations of ENEA Ciepło

| [MW] | 2023 | | | | 2024 | 2025 | 2026 | 2027 |
|---|---|---|---|---|---|---|---|---|
| | Q1 | Q2 | Q3 | Q4 | | | | |
| Quarterly contracts (existing) | 38 | - | - | 23 | - | - | - | |
| 1-year contract (existing) | - | - | - | - | 29 | 37[1] | - | 9 |
| **Total** | **38** | **-** | **-** | **23** | **29** | **37[1]** | **-** | **9** |

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

#### 10.1.2.2.6. Estimated revenue from the Capacity Market of ENEA Ciepło

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

[1] Non-indexed value

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

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

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

In accordance with the document *Configuration of ENEA Ciepło CMU in the certification for the main auction for delivery year 2028*, it is assumed that unit 1 and/or unit 4 (TZ4 turboset) will be registered for certification for additional auctions for delivery year 2028, which will be carried out in 2026, after performing an analysis of capacity availability and economic efficiency.

Units 1 and 4 were registered for participation in the secondary market for 2023, and units 1, 2 and 4 were registered for 2024 and 2025. Units 2, 3 and 4 were registered for participation in the secondary market for 2027. Units 1, 2, 3 and 4 were registered for participation in the secondary market for 2028.

#### 10.1.2.2.7. Contracted capacity obligations of ENEA Nowa Energia

| [MW] | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 |
|---|---|---|---|---|---|---|
| 1-year contract (existing) | 37 | 38 | 37 | 24 | 24 | 22 |
| **Total** | **37** | **38** | **37** | **24** | **24** | **22** |

#### 10.1.2.2.8. Estimated revenue from the Capacity Market of ENEA Nowa Energia

| [MW] | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 |
|---|---|---|---|---|---|---|
| 1-year contract (existing) | 8 | 10 | 6 | 10 | 10 | 5 |
| **Total** | **8** | **10** | **6** | **10** | **10** | **5** |

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

- for the period 2021-2025, for three units with the average capacity of approx. 37 MW in a given delivery year,
- for 2026, for two units with the total capacity of 24 MW,
- for 2027, for two units with the total capacity of 24 MW,
- for 2028, for two units with the total capacity of 22 MW.

### 10.1.2.3. Electromobility and Alternative Fuels Act

The Electromobility and Alternative Fuels Act of 11 January 2018 requires distribution system operators to build charging points for electric vehicles installed in generally accessible charging stations (GACS). In the area of operation of ENEA Operator, this obligation involves the construction of 417 charging points located in publicly available charging stations in 4 townships: Poznań, Szczecin, Bydgoszcz and Gorzów Wielkopolski. The amendment to the Act on Electromobility and Alternative Fuels and certain other acts of 2 December 2021, implementing Directive (EU) 2019/944 of the European Parliament and of the Council into the Polish legal system, allows for constructing charging stations for electric vehicles if the relevant townships fail to complete the task. For this reason, ENEA Operator is currently carrying out a project entitled *Implementation of ENEA Operator's statutory obligations related to electromobility under the Electromobility and Alternative Fuels Act*. The adopted amendment to the Act repeals the provisions concerning the intervention scheme connected with the construction of GACS by DSOs and also introduces transitional provisions. These provisions make it possible to complete the already started investment projects.

In 2023, in fulfillment of its statutory obligation, ENEA Operator sold some of the GACS, those built and those currently under construction, in accordance with the terms of the tender agreed upon with the President of the Energy Regulatory Office and based on the proposals submitted as part of the tender by entities interested in purchasing the GACS. In the reporting period, work was carried out on the construction of charging points installed at public charging stations and the gradual delivery of constructed charging stations to new equipment owners continued.

## 10.1.3. Amendment to the Energy Law

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

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

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

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

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

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

#### 10.1.3.3. Act of 28 July 2023 Amending the Energy Law and Certain Other Acts

The Act aims to harmonize Polish legislation with European Union law, in particular to implement *Directive 2019/944 of the European Parliament and of the Council of 5 June 2019 on common rules for the internal market in electricity and amending Directive 2012/27/EU*, hereinafter referred to as 'Directive 2019/944', as well as Directive 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources.

The most important amendments:

- technical change of the seller,
- the Central Information System for the Energy Market (CSIRE) covering the processes: technical change of a supplier and sale of reserve energy,
- contract with dynamic electricity pricing,
- obligation to enter into comprehensive contracts,
- additional contractual duties of sellers of electricity and gas,
- price comparison engine,
- energy price regulation (departing from the tariff of offtaker of last resort),
- system services and non frequency-related system services,
- system flexibility,
- mechanism for non-market-based curtailment in energy generation from renewable sources and for restriction of grid electricity off-take and in-take by electricity storage facilities at the request of power system operators,
- regulations on a trademark of distribution system operator,
- changes concerning direct lines,
- amendments to the *Act of 27 October 2022 on Emergency Measures to Reduce Electricity Prices and Support Certain Consumers in 2023*,
- civic energy communities,
- statutory warranty for performing licensed activity.

Also, it should be pointed out that a draft *Act amending the Energy Law and Certain Other Acts* (UD382) is currently being processed by the government. Key planned changes – growth of a hydrogen economy (one of the priorities for the implementation of the *European Green Deal*), whose main objective is to achieve a climate-neutral Europe by 2050. In response to the plans announced by the European Commission, on 2 November 2021, the Council of Ministers adopted the *Polish Hydrogen Strategy until 2030 with an outlook until 2040.*

#### 10.1.3.4. Act of 17 August 2023 Amending the Renewable Energy Sources Act and Certain Other Acts

The Act responds to the need to implement *Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion and use of energy from renewable sources* into the Polish legal order.

The most important amendments – scope:

- regulation of biomethane in connection with the need to launch a market for this fuel,
- heat and cooling sectors,
- guarantees of origin,
- national RES Contact Point,
- administrative procedures,
- partnership peer-to-peer energy trading,
- implementation of a support system for modernized installations and operational support,
- modernization of installations of renewable energy sources, including operational support for RES installations for which the 15-year period of support system has expired,
- hybrid RES installations,

- customers' rights to terminate contracts for definite and indefinite terms,
- specification in detail of grid connection agreements and a request to issue connection conditions,
- introduction of the possibility of limiting the producer's supply to the grid, or stopping it completely without compensation if the producer exceeds its connection capacity,
- possibilities of connecting an energy storage facility or a source whose connection capacity may be less than or equal to their installed capacity.

#### 10.1.3.5. Act of 7 July 2023 amending the Act on the Preparation and Implementation of Strategic Investments in Transmission Networks and Certain Other Acts

On 3 September 2023, the *Act of 7 July 2023 amending the Act on the Preparation and Implementation of Strategic Investments in Transmission Networks and Certain Other Acts entered into force.*The Act introduces normative solutions that aim to shorten and simplify procedures related to the implementation of investments in electricity transmission and distribution networks of particular significance for the operation of the national electricity market and for improving the safety of operation of liquefied natural gas (LNG) bunkering points. The Act entered into force 30 days after its promulgation, that is on 3 September 2023.

#### 10.1.3.6. Other regulatory changes in retail trading and distribution

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

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

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

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

On 18 October 2022, the *Act of 7 October 2022 on Special Solutions for Protecting Electricity Buyers in 2023 in connection with the Situation on the Electricity Market (Journal of Laws of 2022, Item 2127)* entered into force. The Act introduced, among others, the obligation for trading companies to apply in 2023, for Tariff Group G buyers, the 2022 prices if electricity consumption is within the specified limits, a compensation system for utility companies, the electricity allowance, which is available to a household in which electricity is the main source of heating, a 10% discount arising from the total amount of electricity billing and the distribution service for the period from 1 October 2022 to 31 December 2023 if the consumption in this period is no more than 90% of the consumption from 1 October 2021 to 31 December 2022, and imposed an obligation on managers of public finance entities to reduce their energy consumption in 2023 by 10% compared to 2022. Additionally, the Act of 7 October 2022 among others introduced a mechanism to mitigate electricity distribution costs by freezing the rates of the electricity distribution fee for 2023 at the 2022 levels for eligible buyers enumerated in the act. In connection with the above, the Act provides for a compensation payable to the operators, which is to be equal to the difference between the approved distribution price for 2023 and the 2022 price, up to the specified energy consumption limit. On 16 August 2023, the Act amending the Act on Special Solutions for Protecting Electricity Buyers in 2023 in Connection with the Situation on the Electricity Market and Certain other Acts was adopted, also with regard to the increase of the basic energy consumption limit covered by the price freeze at the 2022 level up to 3 MWh (previously: 2 MWh) for all customers consuming energy for the needs of their households, 3.6 MWh (previously: 2.6 MWh) for households with people with disabilities, 4 MWh (previously: 3 MWh) for families with a Large Family Card and farmer households. Furthermore, the *Act amends the Act of 27 October 2022 on Emergency Measures to Reduce Electricity Prices and Support Certain Consumers in 2023*,

under which the provisions setting a cap on the price of electricity will be amended to PLN 693 per MWh (previously: PLN 785 per MWh) for small and medium-sized enterprises, local governments, public utility companies and other sensitive entities.

On 4 November 2022, the *Act of 27 October 2022 on Emergency Measures to Reduce Electricity Prices and Support Certain Consumers in 2023 came into force (Journal of Laws of 2022, item 2242).* The Act introduced, among others, an obligation to apply, in settlements with eligible buyers, prices that are not greater than the maximum price set in the Act, a compensation system for entities eligible to the maximum price and an obligation to contribute to the Price Difference Fund[1]. Pursuant to the Act of 28 July 2023 Amending the Energy Law Act and Certain Other Acts, amendments are introduced for the manner of calculating the contribution with regard to the guarantee of origin. The contribution to the Price Difference Fund is the sum of:

1. the product of:
   a) electricity sales volume and
   b) the positive difference between:
   – volume-weighted average market price of the sold electricity and
   – volume-weighted average price limit of the sold electricity
2. the sum of:
   a) revenue from sales of guarantees of origin within the meaning of the Renewable Energy Sources
   b) Act, revenue from contracts on the sale of electricity including financial instruments within the meaning of Article 2(1) of the *Act of 29 July 2005 on Trading in Financial Instruments and other revenue resulting* from
   c) additional cash settlements depending on the value or quantity of sold electricity – where all the values are defined as at the date of calculating the contribution to the Fund.

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

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

On 15 February, the *Act of 8 February 2023 amending the Act on Special Solutions for Certain Heat Sources in Connection with the Situation on the Fuel Market and Certain Other Acts entered into force (Journal of Laws of 2023, item 295)* which introduced, among others, amendments to the *Act of 27 October 2022 on Emergency Measures to Reduce Electricity Prices and Support Certain Consumers in 2023*. The purpose of the Act was to clarify certain provisions, remove interpretation doubts and reduce the financial burden on trading companies and industrial buyers.

On 31 December 2023, the *Act of 7 December 2023 Amending Certain Acts to Support Consumers of Electricity, Gaseous Fuels and Heat* came into force. The solutions provided for in the Act include the following: maintenance of electricity prices for eligible customers at the current level from 1 January 2024 to 30 June 2024, maintenance of maximum prices at PLN 693.00 per MWh for existing eligible customers, obligation to submit tariffs to the President of the Energy Regulatory Office (ERO President) by 12 January 2024 with calculation from 1 January 2024 to 31 December 2024, method of calculation and payment of compensation to eligible entities for the period from 1 January 2024 to 30 June 2024 as the product of the electricity consumed at the place of consumption up to the maximum consumption limit and the difference between the price resulting from the tariff approved by the ERO President and the price resulting from the customer's limit.

### 10.1.4. ENEA GROUP

#### 10.1.4.1. Electricity tariffs

On 17 December 2022, the ERO President issued Decision No. DRE.WRE.4411.71.9.2021.MBa to approve the electricity Tariff for Tariff Group G customers for ENEA S.A. for the period from 1 January 2023 to 31 December 2023.

On 3 January 2023, ENEA S.A. filed an application with the ERO President to approve a change in the electricity tariff for ENEA S.A.'s Tariff Group G customers for 2023. The proposed change was due to the higher costs of purchasing energy than those accounted for in the applicable Tariff. By Decision No. DRE.WPR.4211.1.13.2023.JSz of 26 May 2023, the ERO President refused to approve the requested change in the electricity tariff for Tariff Group G customers. On 29 June 2023, ENEA S.A. challenged the ERO President's Decision by filing an appeal to the Court of Competition and Consumer Protection at the Regional Court in Warsaw. On 4 December 2023, the ERO President filed a response to ENEA S.A.'s appeal with the Regional Court in Warsaw, requesting that the appeal be dismissed.

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

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

On 18 October 2023, the ERO President, by Decision No. DRE.WRE.4211.48.3.2023.AKr3, approved a tariff change for electricity customers in Tariff Group G of ENEA S.A. for 2023 due to the need to align the Tariff wording with the current legal framework, by increasing the energy consumption limits covered by the 2022 rates.

On 18 October 2023, by a decision published in the ERO Industrial Bulletin "Energia Elektryczna" No. 367 (4184), the ERO President approved the amendments to ENEA Operator's Tariff, consisting of:

- increasing the existing limits of electricity consumption for which, in settlements with eligible customers in 2023, power companies are required to apply the distribution fee rates from 2022,
- updating the provisions of the tariff with regard to changes in mutual settlements between the DSO and the power system user for excess consumption of electricity and excess contracted capacity.

The Tariff amendment came into force on 19 September 2023.

On 31 October 2023, ENEA S.A. filed an application with the ERO President to approve a change in the electricity tariff for ENEA S.A.'s Tariff Group G customers for 2023. The proposed change was caused by the inclusion in the content of the Tariff of a set of electricity prices pertaining to customers who benefited from a reduction in payables under §50b(1) of the *Regulation of the Minister of Climate and Environment of 29 November 2022 on the Method of Shaping and Calculating Tariffs and the Method of Settlements in Electricity Trading*. On 11 January 2024, the ERO President, by Decision No. DRE.WRE.4211.64.5.2023.AKr3, discontinued the administrative procedure on approving the tariff amendments.

On 15 December 2023, the ERO President approved the Tariff for electricity distribution services of ENEA Operator. The Decision of the ERO President was published in the ERO Industry Bulletin Energia Elektryczna ('Electricity') No. 412 (4229). The new Tariff was approved until 31 December 2024. Pursuant to *Resolution No. 515/2023 of the ENEA Operator Management Board of 21 December 2023*, the Tariff has been in force since 1 January 2024.

On 15 December 2023, the ERO President issued Decision No. DRE.WRE.4211.61.13.2023.AKr3 to approve the electricity Tariff for Tariff Group G customers for ENEA S.A. for the period from 1 January 2024 to 31 December 2024.

On 30 January 2024, the ERO President approved a change in the Tariff for electricity distribution services of ENEA Operator. The Decision of the ERO President was published in the ERO Industry Bulletin Energia Elektryczna ('Electricity') No. 24 (4268) of 30 December 2024. Pursuant to *Resolution No. 42/2024 of the ENEA Operator Management Board of 13 February 2024*, the Tariff change has been in force since 1 January 2024.

#### 10.1.4.2. Significant trends in the Distribution area

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

This effect was strengthened by *Fit for 55*, a legislative package on climate and energy announced by the European Commission on 14 July 2021, which includes, among others, proposals for further reduction of greenhouse gas emissions by 55% by 2030 and, which is particularly important from the DSO point of view, RED II, which features the assumption that the share of RES in electricity consumption would rise to 40% in 2030, RED III with the corresponding share at 42.5% and Directive No. 2023/1791 on energy efficiency. All the member states will have to contribute to the achievement of these goals. *Fit for 55* is a key element of the European Green Deal, adopted in December 2019, which aims to transform member states' economies to adjust them to the largest climate and energy reform in the European Union's history. The package aims to reduce greenhouse gas emissions by at least 55% by 2030 (compared to 1990 levels) and achieve climate neutrality by 2050. It also adopts a reform of the EU Emissions Trading System (EU ETS) and a new Carbon Border Adjustment Mechanism (CBAM). The Social Climate Fund (SCF) was also established. The acceleration of the transformation is additionally guaranteed by the *REPowerEU* plan formally approved by the European Commission, which aims to rapidly reduce the dependence of EU countries on Russian fossil fuels and, at the same time, to prop up joint European efforts towards safe and sustainable energy generation at an affordable price. Accelerating the deployment of renewable energy generation is among the priorities called for by *REPowerEU*. It is expected that improving the energy efficiency and setting more ambitious renewable energy targets will accelerate the environmental transition and ensure a truly connected and resilient energy grid in Europe that will guarantee energy security for its participants.

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

It should be also noticed that the amendment to the *Energy Law* which came into force on 3 July 2021 imposed on the Company the duty to install, by 31 December 2028, remote reading meters at no fewer than 80% of end users connected to at most a 1 kV grid and, consequently, to install remote reading meters at 15% of such users by the end of 2023, at 35% of such users by the end of 2025, and at 65% of such users by the end of 2027. ENEA Operator completed a tender procedure for the purchase of 327 thousand remote reading meters. The deliveries were completed in full. This permitted the installation of modern remote reading meters for over 15% of customers connected to ENEA Operator's network with a voltage of up to 1kV. Remote meters are a key component of the smart power grid being developed by ENEA Operator. Investments in a modern distribution network, including the so-called smart grid, are among the Group's key development directions. On 7 September 2023, the *Act of 28 July 2023 amending the Energy Law and Certain Other Acts*, which implements a number of European laws in the power field, including the so-called Market Directive, entered into force in the Polish legal order. The purpose of the new legislation is to accelerate the energy transition and establish a legal framework enabling an increase in the share of renewable energy in the European energy system. The European Union's intention is to enlarge the share of renewable energy sources in the electricity generation market to 42.5% (RED III) and reduce greenhouse gas emissions by at least 55% by 2030.

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

Ensuring energy security, active participation in the energy transformation towards zero emissions and facing up to challenges described above requires, most of all, capital expenditures on the modernization and expansion of distribution networks, which means that ensuring sources of funding for the pursuit of these plans will be of key significance. This process will be put in motion owing to, among other factors, ENEA S.A.'s investment facility agreement with the European Investment Bank. The PLN 1 billion raised thereunder is intended to be allocated to investments in the development and modernization of ENEA Operator's distribution network. Moreover, due to the scale of the said challenges facing DSOs in the energy transition process, the value of aid obtained by ENEA Operator in the form of grants for the pursuit of the company's investments is steadily increasing. Acquiring financial capital for the achievement of distribution-related goals will contribute to maintaining the high quality of services and will provide a boost to the network's potential for connecting new RES and integrating them into the grid. According to the European Union *Taxonomy*, modern distribution networks constitute a key element, essential for the development of distributed clean energy sources that support sustainability in the economy.

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

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

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

#### 10.1.4.4. Research and development and innovation carried out in ENEA Operator

ENEA Operator executed the following research and development projects in 2023:

1. Project entitled *eNeuron: greEN Energy hUbs for local integRated energy cOmmunities optimizatioN*, carried out under the *Horizon 2020 program*. The goal of the project is to develop innovative tools to optimize the process of designing and operating local power systems with the main purpose of effectively integrating distributed energy sources. The outcome is to ensure effective, economical and sustainable solutions offered to entitles potentially interested in implementing such systems, including, among others, distribution network operators, local communities and individual prosumers,
2. Project entitled *DRES2Market: Technical, business and regulatory approaches to enhance the renewable energy capabilities to take part actively in the electricity and ancillary services markets*, executed as part of the *Horizon 2020*

*program*. The primary goal of the *DRES2Market* project is to prepare a comprehensive and cost-efficient approach to facilitate the effective participation of distributed generation based on renewable energy in electricity markets and to enable the provision of balancing and storage services in accordance with market criteria – project completed,

3. Project entitled *Construction of a prototype application to improve the efficiency of remote communication with devices installed on the power grid*, executed using the company's own funds. The project concerns the development and deployment, in ENEA Operator's test environment, of a prototype Proof of Concept analytical solution using mechanisms of machine learning and artificial intelligence to improve the efficiency of communication for remote reading meters at ENEA Operator by reducing the number of unread devices in day N+1 by 30% and day N+7 by 15%.

Pilot innovation projects:

1. *Use of unmanned aerial vehicles (drones) operated in the open zone in category A1 to support the work of Electricity Posts, Distribution Regions and organizational units at the Company's Head Office*. The project was aimed at developing a formal path (taking into account, among other aspects, issues related to training, record keeping, legal matters and operational and logistical considerations) related to the use of drones in the open category in ENEA Operator's business. As a result of the project work, general assumptions for the development of internal regulations for ENEA Operator normalizing the subject matter were created – project completed,
2. *Comprehensive solution for supervision of low-voltage outflow fields*. The project consisted of a pilot deployment of an advanced solution for monitoring and supervision of low voltage in two LV switchgears of MV/LV transformer stations – project completed,
3. *Monitoring of energy distribution in LV switchgears of MV/LV substations and obtaining added value in the form of data for effective network management and growth*. The pilot project consisted of the installation of monitoring systems on selected MV/LV substations, measuring electrical values with the transmission of data to the existing origAMI system at ENEA Operator – project completed,
4. *New insight into the low-voltage network for distribution operators using the Centrica Business Solutions Monitoring Platform*. The project was aimed at researching the potential available on the market in terms of software for analyzing data from high-frequency loggers for the aggregation of measurements and the applicability of low-voltage measuring devices available – project completed,
5. *ENODA Prime Station*. The *Prime Station* solution enables DSOs to adapt to the growing demand for low carbon technologies (LCTs) in a scalable and flexible manner,
6. *Verification of the proper operation of meteorological sensors under elevated electromagnetic background conditions within substations.* The heterogeneous distribution of the electromagnetic background within the substation facility enables the testing of different device installation methods, depending on the completeness and quality of the data obtained. The general assumption is that once the optimal form of device installation has been found, the data collected should enable a variety of environmental and climatological analyses for the respective location,
7. *Automation of reactive power at ENEA customers.* The project involves the application of dedicated power regulators at ENEA Operator's customers to improve the quality-related conditions for the operation of the distribution network,
8. *Test of the ABLOY Protec2 CLIQ access control system.* The purpose of the project is to test the suitability of the ABLOY Protec2 CLIQ system for use in ENEA Operator's infrastructure. The following aspects will be tested: ease of installation, security of the solution in terms of mechanical, electronic and cyber aspects as well as the durability, susceptibility to mechanical damage (vandalism), resistance to weather conditions and ease of management – project completed,
9. *Visualization of substations in 360-degree technology in ENEA Operator's GIS system.* The project aims at visualizing power substations in 360-degree technology in the company's GIS system (dpPower software). Various types of power facilities have been visualized – from main supply point (GPZ)-type facilities (HV/MV substations) to MV/LV substations of various types (with energy storage, prefabricated, double-transformer or modern ones fitted with automatic planned power supply control feature for the transformer) – project completed.

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

#### 10.1.4.5. Membership of ENEA Operator in international organizations

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

European DSOs with the possibility of mutual exchange of information and cooperation in legal, technical, technological or R&D and innovation issues.

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

### 10.1.4.6. General Data Protection Regulation (GDPR)

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

### 10.1.4.7. Rules for the preparation of financial statements

This *Report of the Management Board* on activities has been prepared in accordance with § 70–71 of Regulation of the *Finance Minister of 29 March 2018 on current and periodic information disclosed by issuers of securities and conditions for considering the information required by laws of a non-member state as equivalent. The consolidated financial statements of the ENEA Group and the standalone financial statements of ENEA S.A. for the financial year ended 31 December 2023* have been prepared in accordance with *International Accounting Standards and International Financial Reporting Standards (IAS/IFRS*), as endorsed by the European Union. The said financial statements have been prepared on the assumption that the Issuer and its Group will continue as a going concern in the foreseeable future. Unless indicated otherwise, the financial data presented in the said financial statements are expressed in thousands of Polish zloty (PLN). In some instances, the numbers in tables and graphs may not add up to the stated totals, the differences being due to rounding.

### 10.1.4.8. Concessions

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

| Company | License for: |
|---|---|
| ENEA S.A. | • trade in electricity – valid until 31 December 2025<br>• trade in gaseous fuels – valid until 31 December 2030 |
| ENEA Operator | • distribution of electricity – valid until 1 July 2030 |
| ENEA Nowa Energia | • generation of electricity – valid until 31 December 2030 |
| ENEA Wytwarzanie | • generation of electricity – valid until 31 December 2030<br>• trade in electricity – valid until 31 December 2030<br>• generation of heat – valid until 31 December 2025<br>• transmission and distribution of heat – valid until 31 December 2025 |
| ENEA Power&Gas Trading | • trade in electricity – valid until 22 December 2032<br>• trade in gaseous fuels – valid until 31 December 2030 |
| ENEA Trading | • trade in electricity – valid until 31 December 2030 |
| ENEA Ciepło | • trade, generation, transmission and distribution of heat – valid until 30 September 2028<br>• trade in electricity – valid until 1 September 2028<br>• generation of electricity – valid until 30 November 2028<br>• trade in gaseous fuels – valid until 10 January 2029 – concession revoked by Decision DRG.DRG-1.4112.29.2023.BR of 16 May 2023 |
| MEC Piła | • generation of heat- valid until 31 December 2025<br>• transmission and distribution of heat - valid until 31 December 2025<br>• generation of electricity - valid until 31 December 2030 |
| PEC Oborniki | • generation of heat – valid until 31 December 2025<br>• transmission and distribution of heat – valid until 31 December 2025 |
| ENEA Elektrownia Połaniec | • generation of electricity – valid until 1 November 2025<br>• trade in electricity - valid until 31 December 2030<br>• generation of heat- valid until 1 November 2025<br>• transmission and distribution of heat - valid until 1 November 2025 |
| LW Bogdanka | • extraction of bituminous coal from the Bogdanka deposit covered by the Puchaczów V mining area – valid until 31 December 2031<br>• extraction of bituminous coal from the Lublin Coal Basin deposit – area K-3 covered by the Stręczyn mining area – valid until 17 July 2046<br>• extraction of bituminous coal from the Ostrów deposit located in the following townships: Ludwin, Łęczna, Ostrów Lubelski, Puchaczów, Sosnowica, Uścimów in the Lubelskie Voivodeship – valid until 31 December 2065 |

## 10.2. Natural environment

### 10.2.1. Curtailing emissions of air pollutants

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

In 2023, the emission fee rates increased:

| | |
|---|---|
| $SO_2$: | 0.58 PLN/kg in 2022 => 0.61 PLN/kg in 2023 |
| $NO_X$: | 0.58 PLN/kg in 2022 => 0.61 PLN/kg in 2023 |
| Dust: | 0.39 PLN/kg in 2022 => 0.41 PLN/kg in 2023 |

| $SO_2$ | Emissions [Mg] | Emission factor [kg/MWh] | Emission fee [PLN thousand] |
|---|---|---|---|
| **Kozienice Power Plant – units 1-10** | | | |
| 2022 | 6,053.1 | 0.438[1] | 3,510.8 |
| 2023 | 4,801.2 | 0.470 | 2,928.7 |
| Percentage change | -20.7% | 7.3% | -16.6% |
| **Kozienice Power Plant – unit 11** | | | |
| 2022 | 1,446.9 | 0.304 | 839.2 |
| 2023 | 1,659.2 | 0.334 | 1,012.1 |
| Percentage change | 14.7% | 9.9% | 20.6% |
| **ENEA Elektrownia Połaniec** | | | |
| 2022 | 4,066.5 | 0.441 | 2,358.6 |
| 2023 | 3,710.1 | 0.507 | 2,263.2 |
| Percentage change | -8.8% | 15.0% | -4.0% |
| **Białystok Combined Heat and Power Plant[2]** | | | |
| 2022 | 183.4 | 0.119 | 106.4 |
| 2023 | 146.2 | 0.102 | 89.2 |
| Percentage change | -20.3% | -14.3% | -16.2% |
| **Białystok "Zachód" Heat Plant** | | | |
| 2022 | 16.6 | - | 9.6 |
| 2023 | 21.3 | - | 13.0 |
| Percentage change | 28.3% | - | 35.4% |
| **MEC Piła[2]** | | | |
| 2022 | 179.3 | 0.697 | 104.0 |
| 2023 | 113.8 | 0.363 | 69.4 |
| Percentage change | -36.5% | -47.9% | -33.3% |

[1] Value adjusted compared to the 2022 report due to updating the indicator reading for Q4 2022.

[2] The emission factor is converted into the total gross electricity generation and gross heat generation.

| $NO_x$ | Emissions [Mg] | Emission factor [kg/MWh] | Emission fee [PLN thousand] |
|---|---|---|---|
| **Kozienice Power Plant – units 1-10** | | | |
| 2022 | 7,075.2 | 0.512 | 4,103.6 |
| 2023 | 5,325.6 | 0.521 | 3,248.6 |
| Percentage change | -24.7% | 1.8% | -20.8% |
| **Kozienice Power Plant – unit 11** | | | |
| 2022 | 2,000.8 | 0.420 | 1,160.5 |
| 2023 | 2,168.7 | 0.436 | 1,322.9 |
| Percentage change | 8.4% | 3.8% | 14.0% |
| **ENEA Elektrownia Połaniec** | | | |
| 2022 | 4,482.4 | 0.486 | 2,599.8 |
| 2023 | 3,659.9 | 0.500 | 2,232.5 |
| Percentage change | -18.3% | 2.9% | -14.1% |
| **Białystok Combined Heat and Power Plant**[1] | | | |
| 2022 | 393.7 | 0.255 | 228.4 |
| 2023 | 359.2 | 0.251 | 219.1 |
| Percentage change | -8.8% | -1.6% | -4.1% |
| **Białystok "Zachód" Heat Plant** | | | |
| 2022 | 4.9 | - | 2.8 |
| 2023 | 19.4 | - | 11.8 |
| Percentage change | 295.9% | - | 321.4% |
| **MEC Piła**[2] | | | |
| 2022 | 103.8 | 0.394 | 60.2 |
| 2023 | 129.3 | 0.404 | 78.9 |
| Percentage change | 24.6% | 2.5% | 31.1% |

[1] The emission factor is converted into the total gross electricity generation and gross heat generation.

[2] Presentation change to account for the reporting of emissions from electricity and heat generation

| Dust | Emissions [Mg] | Emission factor [kg/MWh] | Emission fee [PLN thousand] |
|---|---|---|---|
| **Kozienice Power Plant – units 1-10** | | | |
| 2022 | 410.4 | 0.030 | 160.1 |
| 2023 | 345.0 | 0.034 | 141.5 |
| Percentage change | -15.9% | 13.3% | -11.6% |
| **Kozienice Power Plant – unit 11** | | | |
| 2022 | 61.9 | 0.013 | 24.1 |
| 2023 | 56.4 | 0.011 | 23.1 |
| Percentage change | -8.9% | -15.4% | -4.1% |
| **ENEA Elektrownia Połaniec** | | | |
| 2022 | 195.6 | 0.021 | 76.3 |
| 2023 | 133.8 | 0.018 | 54.9 |
| Percentage change | -31.6% | -14.3% | -28.0% |
| **Białystok Combined Heat and Power Plant**[1] | | | |
| 2022 | 32.9 | 0.021 | 12.8 |
| 2023 | 22.0 | 0.015 | 9.0 |
| Percentage change | -33.1% | -28.6% | -29.7% |
| **Białystok "Zachód" Heat Plant** | | | |
| 2022 | 1.1 | - | 0.4 |
| 2023 | 1.1 | - | 0.4 |
| Percentage change | - | - | - |
| **MEC Piła**[2] | | | |
| 2022 | 19.8 | 0.075 | 7.7 |
| 2023 | 13.4 | 0.042 | 5.5 |
| Percentage change | -32.3% | -44.0% | -28.6% |

[1] The emission factor is converted into the total gross electricity generation and gross heat generation.

[2] Presentation change to account for the reporting of emissions from electricity and heat generation.

| $CO_2$ | Emissions [Mg] | Emission factor [kg/MWh] | Gross electricity generation [MWh] |
|---|---|---|---|
| **Kozienice Power Plant – units 1-10** | | | |
| 2022 | 11,876,117.0 | 859.4 | 13,818,432.1 |
| 2023 | 8,946,398.0 | 875.2 | 10,221,560.0 |
| Percentage change | -24.7% | 1.8% | -26.0% |
| **Kozienice Power Plant – unit 11** | | | |
| 2022 | 3,664,595.0 | 769.0 | 4,764,590.2 |
| 2023 | 3,849,918.0 | 774.8 | 4,969,081.0 |
| Percentage change | 5.1% | 0.8% | 4.3% |
| **ENEA Elektrownia Połaniec** | | | |
| 2022 | 7,088,659.0 | 768.5 | 9,223,962.8 |
| 2023 | 5,053,883.0 | 690.8 | 7,316,463.8 |
| Percentage change | -28.7% | -10.1% | -20.7% |
| **Białystok Combined Heat and Power Plant**[1] | | | |
| 2022 | 255,232.0 | 165.5 | 470,410.3 |
| 2023 | 219,879.0 | 153.9 | 440,251.8 |
| Percentage change | -13.9% | -7.0% | -6.4% |
| **Białystok "Zachód" Heat Plant** | | | |
| 2022 | 12,851.0 | - | - |
| 2023 | 16,223.0 | - | - |
| Percentage change | 26.2% | - | - |
| **MEC Piła**[1] | | | |
| 2022 | 41,667.0 | 157.9 | 55,359.4 |
| 2023 | 49,225.0 | 153.8 | 115,232.4 |
| Percentage change | 18.1% | -2.6% | 108.2% |

[1] The emission factor is converted into the total gross electricity generation and gross heat generation.

### 10.2.2. Compliance with formal and legal requirements

**ENEA Wytwarzanie**

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

If even one of the conditions specified in items (i), (ii), (iii) is not met, there is a risk that a penalty will be imposed for each hourly exceedance counted from the beginning of the year. The kBAT requirements were implemented to integrated permits for three power installations for fuel combustion operating in the company – units 1-10, unit 11 and a start-up boiler house. The requirements considerably tightened the acceptable levels of emitted pollutions. Apart from the prevailing average monthly standards, very reduced average annual threshold emission levels (TELs) were introduced for previously limited emissions of $SO_2$, $NO_x$, CO and dust, as well as for newly introduced limited HCl, HF, $NH_3$ and Hg pollutants. The threshold emission levels were also applied to average daily concentrations of emitted $SO_2$, $NO_x$ and dust. According to the current regulations, all the TELs – both average daily and annual levels must be complied with without considering measurement uncertainties. No exceedance of the emission standards, threshold emission levels (TELs) and other formal and legal requirements was ascertained in 2023.

Kozienice Power Plant meets the objectives set by the national and community law (*IED directive, BAT conclusions*). The Power Plant operates five flue gas desulfurization (FDG) installations, which guarantee the required reduction of $SO_2$ emissions from flue gases of all units. All units of the Kozienice Power Plant are equipped with highly efficient electrostatic precipitators ensuring high dust removal efficiency. All units (excluding unit 3) are also equipped with highly efficient selective catalytic $NO_x$ reduction (SCR) installations.

**ENEA Ciepło**

The end of 2022 marked the expiration of the heating derogation that applied to the "Zachód" Heat Plant. Currently, the "Zachód" Heat Plant holds a new integrated permit, no. DOŚ-I.6223.1.11.2022, of 9 January 2023, which contains new terms for releasing pollutants into the environment in accordance with Directive 2010/75/EU of the *European Parliament and of the Council (known as BAT)*.

**ENEA Elektrownia Połaniec**

Until 31 December 2023, ENEA Elektrownia Połaniec was taking advantage of the derogation arising from the IED – natural derogation of 17,500 hours covering boiler 1. In total, 17,040 hours were used, including 1,325 hours in 2023.

## 10.3. Other information

### 10.3.1. Expected financial situation

In 2023, the ENEA Group had to face the events that significantly affected the activity of companies in the energy sector and their financial performance. Despite the demanding and volatile market and regulatory environment, the Group's financial and operating performance reached the expected level. The 2023 performance largely depended on the newly introduced legislative solutions aimed at restraining the consequences of increasing electricity prices for some buyers, the political events unfolding beyond Poland's eastern border and the macroeconomic circumstances, especially inflation and interest rate levels. In turn, the 2024 performance will largely depend on the rate of inflation, the evolution of foreign exchange rates, the availability and prices of fuels consumed in the production process coupled with their transportation costs, and potential shifts in the exchange obligation (resulting from amendments to the Energy Law). The Group's environment is marked by a high degree of volatility and dependence on macroeconomic, market-specific and regulatory circumstances, meaning that any major changes in this area may exert a significant impact on the Group's financial standing.

In 2023, the LW Bogdanka Group generated a record-high net profit (almost 4 times greater than its 2022 profit) and a high level of revenue above PLN 3.9 billion. This good performance came despite the geological and hydrological challenges that occurred in H1 2023. In Q4 2023, the LWB Group rebuilt its production capacity. The preliminary production plan for 2024 assumes the extraction of some 9 million tons of commercial coal. The challenge for the LWB Group comes from the gradual decline in demand for coal due to the decarbonization of the *EU Climate Policy* and the steady phasing out of coal from the energy mix (as a consequence of the increasing volume of electricity generated from renewable energy sources). Domestic sales may be supported by the resumption of coal exports to Ukraine (the LWB Group completed its first fuel deliveries to this country in late 2023). It seems that in 2024 the high input prices will persist along with pressure from power generators on coal prices. Moreover, the sharp upsurge in the prices of consumer goods bolstered the social pressure on wage increases. These events will cause the costs of coal production to go up as well. Despite the challenges facing the mine, the LWB Group intends to continue to focus on the efficiency and profitability of coal production, respect for the natural environment and the deployment of innovative solutions.

In the Generation Area, in 2023, the Group produced a total of over 21 TWh of electricity, of which over 2 TWh from renewable energy sources. In subsequent years, the Group intends to increase the share of renewable energy sources in the input mix in order to diversify the generation structure and reduce emissions through capital expenditure projects associated with the development of photovoltaic farms and other projects. Expanding the potential of generation from renewable energy sources is an underlying assumption of our *Development Strategy*, consistently pursued by the Group through investments in new RES installations, improving the efficiency of existing installations and growing RES generation assets through acquisitions. Acting in accordance with the assumptions adopted for the transition of the power sector in Poland, the ENEA Group continued taking steps in 2023 to spin off from its structures any assets related to the generation of electricity in conventional coal-fired units. Due to the absence of final decisions on the formation of the National Energy Security Agency (NABE), on 3 January 2024 the ENEA S.A. Management Board decided to suspend the project until the resumption of work on the project by the Ministry of State Assets. Regulatory amendments introduced in 2022 and 2023 affected the 2023 performance and will partly translate into future performance as well. The earnings of generation companies in 2023 were largely affected by the regulatory environment. The *Act of 27 October 2022 on Emergency Measures to Reduce Electricity Prices and Support Certain Consumers in 2023 introduced a maximum price mechanism applicable to the billing of eligible customers.* The surplus of actual revenues over revenues calculated in accordance with the price resulting from the Act formed a charge to be transferred to the Price Difference Fund, thereby creating a cost to be borne by energy generators. The ENEA Group recognized a cost of the charge for the Price Difference Fund totaling some PLN 3.2 billion. LW Bogdanka's operational problems experienced in 2022 and the related need to purchase fuel from other sources, including imports, translated into an increase in the unit cost of fuel consumption in 2023 at the generating companies. In 2024, a major driver that is certain to affect the performance of companies in the Generation Area will be the absence of the charge for the Price Difference Fund. New legislative amendments are expected to see the light of day in 2024. In accordance with the ERO President's decision, the second stage of changes in the operation of the Balancing Market is scheduled to come into force in June 2024, which will affect in particular the business of generators with centrally allocated generating units (including though the arms-length contracting of Regulatory System Services). Moreover, the *Regulation of the Minister of Climate and Environment of 28 August 2023*, associated with the reduced obligation to redeem green certificates from 12% in 2023 to 5% in 2024, triggered a significant decrease in the prices of green certificates. In terms of fuels, it is assumed that prices will stabilize in the biomass and coal markets. Due to the large coal inventories held by power plants due to the mild winter and the expected increase in RES generation in the coming months, especially by PV sources, a reduction in output from conventional sources introduced by PSE S.A. is expected. In connection with the forecasts for price drivers and the continued development of renewable energy

sources, the scenario of sustained calming of market sentiment is expected along with a possible decline in energy prices (however, energy prices may increase in the event of a hike in the price of $CO_2$ emission allowances).

The Distribution area is a stable part of the Group's business. In the reporting period, it achieved a higher EBITDA result than in the previous year. The main drivers behind the increase in the EBITDA result were greater revenues from sales of distribution services to end users as a result of the higher rates in the approved tariff along with a higher income from grid connection fees caused by the rise in the number of connected facilities. The tariff for electricity distribution services for 2024 was approved by the ERO President on 15 December 2023 and put into effect as of 1 January 2024. The ENEA Group has been consistently investing resources to ensure the security and stability of its energy supplies. In the coming years, continued investments are planned in the Distribution area. Due to the need to transform the power sector and in light of the rapid growth of renewable energy sources, the future business in the Distribution area will focus on the pursuit of goals defined in the *Charter of Effective Transformation of Distribution Grids of the Polish Energy System*, which all DSOs have signed with the Energy Regulatory Office. The transformation of the Distribution sector, scheduled for completion by 2030, will require significant expenditures and the creation of an appropriate regulatory environment. In the coming years, the Distribution area will focus its endeavors on reconfiguring the grid to become more efficient, guaranteeing reliable and secure electricity supply with two-way transmission, building an electricity smart grid, carrying out connection-focused investments, digitizing and automating network elements and installing smart meters. In 2023, the Group was largely affected by the provisions of the *Act of 7 October 2022 on Special Solutions for Protecting Electricity Buyers in 2023 and 2024* in Connection with the Situation on the Electricity Market, which introduced a mechanism to mitigate electricity distribution costs by freezing electricity distribution rates in 2023 at the 2022 level for eligible customers. The Act provided for a compensation payable to operators, equal to the difference between the approved distribution price for 2023 and the 2022 price, up to the specified energy consumption limit. Following the December 2023 amendments to the Act, the frozen electricity prices and distribution fee rates were extended until 30 June 2024.

The Trading area posted EBITDA of PLN -29.9 million (up by PLN 46.1 million y/y). The increase in EBITDA was driven largely by the use of provisions related to onerous contracts, the recognition of compensation income and the greater value of the revaluation of $CO_2$ contracts. At the same time, margins in the retail market declined. Already at the end of 2022, the phenomena that followed Russia's aggression against Ukraine, i.e. record prices for energy carriers and the unavailability of energy resources, entered the normalization phase. In 2023, the market experienced significant declines in the prices of electricity and gaseous fuel, which have now stabilized resulting in the absence of sudden changes in the market. However, the wholesale energy market is highly volatile in nature and increasingly difficult to forecast. For this reason, the emergence of new factors potentially destabilizing the market cannot be ruled out. Moreover, in 2023, EBITDA was affected by the *Act of 27 October 2022 on Emergency Measures to Reduce Electricity Prices and Support Certain Consumers in 2023 [Price Limits Act]* and the *Act of 7 October 2022 on Special Solutions for Protecting Electricity Buyers in 2023 in Connection with the Situation on the Electricity Market [Consumption Limits Act]*. In 2024, the market will remain under constant pressure of rapid changes in the prices of $CO_2$ emission allowances, which may trigger price changes on the wholesale market and will largely depend on the consequences of the freeze on energy prices resulting from the *Act of 7 December 2023 on Amendments to Acts to Support Consumers of Electricity, Gaseous Fuels and Heat*, applicable to settlements with residential and business customers in H1 2024.

### 10.3.2. Financial instruments used

ENEA S.A. pursues the interest rate risk hedging strategy, the main objective of which is to hedge cash flows resulting from concluded financing agreements. The adopted strategy assumes limiting the risk of impact on the financial result of changes in cash flows resulting from the risk of interest rate changes on the market within a specified time horizon. As at 31 December 2023, ENEA S.A.'s total bond and credit exposure hedged with IRS transactions amounted to PLN 2,971,647 thousand. ENEA S.A. has also taken out fixed-rate loans in the total amount of PLN 367,314 thousand. As at 31 December 2023, the hedging rate of exposure was 60% for the ENEA Group and 60% for ENEA S.A. only.

In the reporting period ended 31 December 2023, ENEA S.A. did not enter into any FX forward transactions. Detailed information on the ENEA Group's hedging of currency risk is presented in section 38.4 of the *Consolidated Financial Statements of the ENEA Group for the financial year ended 31 December 2023*.

### 10.3.3. Managing financial resources

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

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

Financial resources are managed on an ongoing basis using the Cash Pooling mechanism. The used real Cash Pooling services enable physical consolidation and balancing of the participants' accounts. The resulting shortages of cash of ENEA Group companies are covered with the use of the permitted intraday limits. In the case of insufficient cash balance to cover the shortages

in the consolidated approach, the ENEA Group can use the available sources of external financing in the form of credits in current accounts. From the central level, the ENEA Group manages also financial surpluses by allocating them. The pursued actions are supplemented with quantitative analyses oriented towards preparing scenario analyses and an emergency funding plan. In order to unify the process of liquidity and financial liquidity risk management, ENEA Group companies have been covered by the regulation entitled *Liquidity Management and Liquidity Risk Management Policy of the ENEA Group*. The actions taken as part of managing financial resources in the long-term perspective focus mainly on the identification of the demand for cash in the long term, obtainment of financing for the emerging cash needs and its distribution in accordance with the demand arising within the Group. Financing is obtained in the ENEA Group by the central level, i.e. ENEA S.A., as part of the so-called central financing obtainment mechanism.

### 10.3.4. Entity authorized to audit financial statements

The Company's Supervisory Board appointed PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k. (hereinafter referred to as PwC) to carry out the financial audit activities for 2022 and 2023 referred to in the table below. An annex to the 19 March 2021 agreement with this counterparty was signed on 22 March 2023. The annex was entered into for a 3-year term.

Signing the agreement with PwC continues the cooperation carried out since 26 January 2018 and regarding audits of annual standalone and consolidated financial statements of ENEA S.A. and its subsidiaries, reviews of interim standalone and consolidated financial statements of ENEA S.A. and its subsidiaries. Moreover, in 2022 and 2023, PwC provided ENEA S.A. and its subsidiaries with other services which involved: reviewing the regulatory report under Article 44 of the *Energy Law*, reviewing the consolidated report in XBRL format, reviewing the personnel compensation report, verifying the excise ratio, verifying the RAB and the RAB AMI, verifying compliance with the terms of loan agreements.

**Information on the net fee payable to entities performing financial audit activities for ENEA S.A. in 2022-2023 is presented in the table below**:

| Data in thousand PLN, including: | 2022 | 2023 |
|---|---|---|
| Fee for the audit of the annual standalone and consolidated financial statements of ENEA S.A. | 229 | 338 |
| Fee for the audit of the annual financial statements of subsidiaries | 1,397 | 1,501 |
| Fee for the audit of the interim financial statements and interim consolidated financial statements of ENEA S.A. and for the audit of interim financial statements of subsidiaries | 262 | 446 |
| Fee for other services | 181 | 182 |
| **TOTAL** | **2,069** | **2,467** |

### 10.3.5. Sponsorship and charitable activity policy

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

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

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

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

The ENEA Group, as a socially responsible entity, executes a range of original projects in support of social campaigns and actions and, in the current situation that is exceptional for the region, country and world, namely Russia's aggression against Ukraine, the ENEA Group is actively involved in the pursuit of support activities. As part of its socially engaged activities, the ENEA Group pursues environmentally friendly actions, educational programs, including scholarship programs, social campaigns as well as educational, sports, recreational and cultural events.

Detailed information on the sponsorship and charitable activity may be found in section 12 hereof, entitled *Non-Financial Statement of ENEA Group for 2023*.

### 10.3.6. Court and administrative proceedings

As at the date of this report, there are no pending proceedings regarding payables or receivables to which ENEA S.A. or any of its subsidiaries would be a party. A detailed description of pending proceedings is included in note 43 of the *Consolidated Financial Statements of the ENEA Group for the financial year ended 31 December 2023*.

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

In the reporting period, the Company was not a party to any litigation for annulment or repealing of any resolutions of the general meeting.

### 10.3.8. Collective disputes

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

### 10.3.9. Projected financial results

The ENEA S.A. Management Board did not publish any projections of its financial results for 2023.

### 10.3.10. Rating

On 18 April 2023, Fitch Ratings issued a statement where it changed ENEA S.A.'s rating outlook from negative to stable and affirmed the Company's long-term foreign- and local-currency issuer default ratings at BBB, of which the Company announced in Current Report No. 19/2023.

In its communication of 15 April 2024, Fitch Ratings affirmed ENEA S.A.'s long-term foreign- and local-currency issuer default ratings (IDRs) at 'BBB' with a stable outlook. The full wording of the statement in English is available on the agency's website at https://www.fitchratings.com/research/corporate-finance/fitch-affirms-poland-enea-at-bbb-outlook-stable-15-04-2024.

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

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

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

ENEA S.A. is a party to lawsuits focused on contracts for the purchase of property rights resulting from certificates of origin for energy generated from renewable sources. Detailed information on this litigation is included in note 43.6 of the *Consolidated Financial Statements of the ENEA Group for the financial year ended 31 December 2023*.

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

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

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

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

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

On 18 July 2022, a tender procedure was launched under a brownfield formula on the “e-zamówienia” [“e-procurement orders”] platform of the Public Procurement Authority to select the General Contractor for the investment project. Under the procedure, the prequalification process was carried out and contractors were invited to participate in a competitive dialogue. On 30 September 2022, the meeting opening the *Competitive Dialogue* under the project entitled *Restoration of generation capacity of 200 MW coal-fired units in the Kozienice Power Plant based on the gaseous fuel combustion technology*. The Competitive Dialogue was conducted in three stages split into general and branch-specific parts. The Competitive Dialogue was completed on 10 July 2023. On 11 July 2023, the Terms of Reference were published.

On 17 October 2023, ENEA ELKOGAZ canceled the tender procedure for the selection of the general contractor for the brownfield project due to the absence of bids. In Q4 2023, analyses and conceptual work were carried out, based on which a new formula was developed for the continuation of the gas-fired project as an EPC greenfield project. In Q1 2024, ENEA ELKOGAZ obtained corporate approvals for the continuation of the project under the amended formula. Tender documentation is currently being prepared for the selection of a general contractor for the project. Market consultations have been launched with a view to acquiring up-to-date knowledge for the preparation of tender documentation.

### 10.3.13. Interest in ElectroMobility Poland S.A.

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

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

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

### 10.3.14. Activity of ENEA Innowacje

ENEA Innowacje is a company dedicated to developing the R&D&I area in the ENEA Group. This goal is pursued through investments in enterprises developing innovative solutions (start-ups) and by providing support to firms working on promising solutions at an early stage of development. ENEA Innowacje’s business is focused on searching for and implementing solutions capable of contributing to the advancement of the zero-carbon transition concept for the power market. These solutions are intended to serve as a response to the technological shifts currently in progress and changes in the operating philosophy of power market – a transition that will shape customers’ decisions and choices in the coming decade.

The innovations to be deployed within the ENEA Group may provide a substantial contribution to the broadly construed energy transition. The core interests of ENEA Innowacje include seeking and implementing technological solutions as well as new business models in such areas as e.g. circular economy, energy storage and new RES technologies, exploitation of hydrogen and other energy carriers, electromobility, Smart Cities, Internet of Things, artificial intelligence and automation of operating and manufacturing processes. Since 2022, the company, acting on behalf of the ENEA Group, has been working to implement small modular nuclear reactor (SMR) technology along with decentralized generation of electricity and heat.

In 2023, the company:

- identified and analyzed innovative early-stage projects and start-ups creating synergies with the ENEA Group’s value chain or having the potential to become new business lines for the ENEA Group in the future,
- carried out work aimed at executing the first venture capital investment contracts and building an investment portfolio,
- on an ongoing basis, conducted intense analyses and identification of various areas, including the market and technology environments as well as the energy sector and its competitiveness, thereby supporting management in making decisions on future investments in the company’s innovations,
- identified innovative initiatives and ideas in the field of production and use of alternative fuels, energy storage, pursuit of the circular economy idea, and performed in-depth analyses and assessments focused on them taking into account the potential for development and competitiveness in the ENEA Group,
- conducted preparatory work aimed at executing pilot projects involve photovoltaics technologies, the use of ashes from coal-fired power plants for the production of aggregates and materials for the cement industry, and the deployment of advanced IT solutions for the needs of renewable energy systems for prosumers and energy clusters.

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

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

In 2020, the *Feasibility study for the construction of photovoltaic farms in the areas of LW Bogdanka* was completed. Based on that document, in 2021 a procedure was launched to select a contractor for the photovoltaic farm project for the needs of the field of Bogdanka, following which a contractor was selected and a contract was signed. In 2022, the design work was performed and the required permits and decisions were required and then a tender procedure was announced to build a photovoltaic farm. In December 2022, a contractor was selected as a result of the tender procedure. In H1 2023, the construction site was delivered and support structures for photovoltaic panels were installed. On 30 July, work on the construction of the photovoltaic farm was completed. The photovoltaic farm was put into operation on 2 November. On a plot of 5.66 hectares, 5,552 high-efficiency, double-sided photovoltaic panels were installed. The new farm has a capacity of 3 MW.

### 10.3.16. Execution of the Ostrołęka C Power Plant construction project

Detailed information on the execution of the Ostrołęka C Power Plant construction project is provided in note 18 of the *Consolidated Financial Statements of the ENEA Group for the financial year ended 31 December 2023*.

### 10.3.17. National Energy Security Agency

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

In Q2 2023, the ENEA Group continued to carry out tasks associated with the spin-off of coal-fired generation assets to the State Treasury in accordance with the updated schedule of establishment of NABE.

The Group carried out work related to internal ownership and reorganization changes. One of such activities was the spin-off of ENEA Trading (under Article 529 §1(4)) of the Commercial Company Code), as a result of which, in accordance with the Demerger Plan of ENEA Trading of 29 July 2022, the demerger was effected through a spin-off and transfer of certain assets and liabilities of ENEA Trading in the form of an Organized Part of the Enterprise to ENEA Power & Gas Trading. The spin-off was effected on 3 April 2023.

In order to ensure the continuation of business by the spun-off companies after their incorporation into the NABE structures, negotiations with financial institutions in this area were conducted. In Q2 2023, valuations of the generation companies spun off into NABE were completed.

On 14 July 2023, the Company received from the State Treasury a proposal for non-binding documents summarizing the transaction terms for the acquisition by the State Treasury of shares in ENEA Wytwarzanie and ENEA Elektrownia Połaniec held by ENEA S.A., along with their subsidiaries. Subsequent steps included negotiations with the Buyer to agree on and sign documents between the State Treasury and the Company.

On 10 August 2023, the ENEA S.A. Management Board and the State Treasury, represented by the Minister of State Assets, signed documents summarizing the transaction terms for the acquisition by the State Treasury of all shares in ENEA Wytwarzanie and shares in ENEA Elektrownia Połaniec held by ENEA S.A., along with their subsidiaries, in order to establish NABE. A resolution approving the signing of these documents was adopted by the ENEA S.A. Management Board on the same morning.

On 17 August 2023, the Sejm passed the Act on Financial Guarantees for NABE's Liabilities, to which the Senate submitted amendments, which, due to the parliamentary schedule of work, were not considered by the Sejm of the previous term of office. As of today, the new government's plans for a potential continuation of the concept of spinning off coal assets are unknown. Work in this area has been suspended in the ENEA Group, but may be resumed once a new or modified concept has been crystallized within the country's government.

### 10.3.18. Publication of the LW Bogdanka Group Development strategy for 2023-2030 with an outlook until 2040

On 17 May 2023, LW Bogdanka S.A. published the *Development strategy of the LW Bogdanka Group for 2023-2030 with an outlook until 2040*. The document outlines the key directions of development and transformation for Bogdanka. The company aims to create an innovative multi-commodity corporate group driving the green transition and securing the economic growth of the Lublin region.

The new strategy is based on 5 pillars. The first one is a strong coal foundation, based on which Bogdanka will remain the leader in efficiency in coal mining until the decommissioning of the mine. The other four are: Multi-Commodity Corporate Group, Sustainable Energy Guarantor, Green Transition, and Future of the Lublin Region.

# 11. Representation on the application of corporate governance

## 11.1. Identification of applicable rules

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

Because the Prime Minister did not define best practice in the field of corporate governance referred to in Article 7(3) of the *Act on the Rules for Managing State Property*, in 2023 the Company did not, in respect of best practice, apply any practices other than those specified in the Best Practice for GPW Listed Companies.

In connection with the obligation of the Management Board under § 11(4)(2) of the Company's Statute to submit a report to the Supervisory Board on the application of best practices defined by the Prime Minister and given that ENEA S.A. observes the DPSN, in 2023 the Company did not apply any best practices other than those included in the *Best Practice for WSE Listed Companies 2021*, which came into force on 1 July 2021.

## 11.2. Waived corporate governance rules and recommendations

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

**Information policy and investor communication**

**Principle 1.4.2.** To ensure adequate communication with stakeholders, as regards its adopted business strategy, the Company publishes on its website relevant information on the assumptions of the strategy in place, measurable goals, including, without limitation, long-term goals, planned actions and the current progress towards its objectives, as expressed in financial and non-financial metrics. Information on ESG strategy should, among other things:
- indicate the value of the Company's equal pay ratio for salaries paid to employees, calculated as a percentage difference between average monthly salary (including bonuses, awards and other extra allowances) of women and men for the last year, and indicate information on the measures taken to eliminate any inequalities in this respect, along with the identification of any related risks and the time frame over which equality is planned to be ensured.

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

**Management Board and Supervisory Board**

**Principle 2.1.** The company should have a diversity policy for the management board and the supervisory board, adopted by the supervisory board or the general meeting, respectively. The diversity policy sets out diversity objectives and criteria in areas such as gender, field of study, specialist knowledge, age and work experience, among others, and indicates when and how the achievement of these objectives will be monitored. In terms of gender diversity, the condition for ensuring the diversity of the company's bodies is that the minority participation in the respective body is no less than 30%.

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

**Principle 2.2.** The persons deciding on the election of the members of the company's management or supervisory board should ensure the comprehensiveness of these bodies by selecting diversity in their composition, making it possible, inter alia, to achieve the target ratio of a minimum minority shareholding set at not less than 30%, in line with the objectives set out in the adopted diversity policy referred to in principle 2.1.

**Company's comment:** The Company applies the principles of diversity. However, it must be emphasized that members for the Company's corporate bodies are selected based on the generally applicable provisions of law and the Company's Statute, on the basis of recruitment documents received. Members of the Company's Management Board and Supervisory Board are selected based on a variety of criteria, including gender, education, age and professional experience. Recruitment activities are carried out by the Company's bodies authorized to appoint such individuals.

**General Meeting and shareholder relations**

**Principle 4.1.** The company should enable shareholders to participate in a general meeting using electronic means of communication (e-meeting) if this is justified by the expectations of shareholders communicated to the company, as long as it is able to provide the technical infrastructure necessary for holding such a general meeting.

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

**Principle 4.3.** The company provides a publicly available real-time broadcast of the general meeting.

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

**Principle 4.8.** Draft resolutions of the general meeting on items on the agenda of the general meeting should be tabled by shareholders at least 3 days before the general meeting.

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

**Principle 4.9.1.** Nominations for supervisory board members should be made in sufficient time to enable the shareholders attending the general meeting to take a decision with due deliberation, but no later than 3 days before the general meeting; the nominations, together with a set of materials concerning them, should be published on the company's website without delay.

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

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

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

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

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

Financial statements and periodic reports as well as monthly management and operating reporting applied by ENEA S.A. are based on data derived from the Company's financial and bookkeeping system. After the performance of all the pre-determined ledger closing processes at the end of each month, detailed financial and operational managerial reports are prepared. These reports are drafted by the Group's Controlling Department with co-participation of middle and senior management of the individual organizational cells. With respect to closed reporting periods, not only the Company's financial results but also respective business areas are subject to detailed analysis. Annual reviews of strategies and economic and financial plans are carried out in the

Company. Middle and senior management are particularly involved in the process of detailed planning and budgeting, which covers all areas of the ENEA Group's operations. The Company's Management Board adopts the *Material and Financial Plan* prepared by the Group's Controlling Department, and the Supervisory Board approves the plan. During the year, the Company's Management Board oversees the pursuit of the objectives laid down in the adopted *Material and Financial Plan*. The management cockpit developed by the Group's Controlling Department in cooperation with other departments constitutes a valuable source of information for the Supervisory Board on the current financial situation, environment and the level of attainment of objectives in critical areas.

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

The ENEA Group regularly assesses the quality of its internal control and risk management systems with regard to the process of drawing up financial statements. Based on the assessment conducted, the Management Board of ENEA S.A. concludes that as at 31 December 2023 there were no irregularities which could have significantly affected the effectiveness of internal control as regards financial reporting.

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

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

## 11.4. Information about shares and shareholders

The detailed description of the structure of the share capital, shareholding structure, changes in its structure in 2023 and potential changes within its structure is presented in Section 8 "Shares and shareholding".

## 11.5. Securities with special control rights

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

## 11.6. Restrictions on the exercise of voting rights

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

## 11.7. Restrictions on free transferability of securities

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

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

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

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

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

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

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

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

### 11.8.1. Right to participate in the General Meeting

Pursuant to Article 406¹ § 1 of the *Commercial Company Code*, only those who have been the Company's shareholders sixteen days prior to the date of the General Meeting (date of registration for the General Meeting) have the right to participate in the Company's General Meeting. Moreover, Management Board and Supervisory Board members may participate in the General Meeting of ENEA S.A. where the participant composition makes it possible to provide substantive answers to the questions asked at the General Meeting.

### 11.8.2. Right to participate in the General Meeting by proxy

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

### 11.8.3. Shareholder rights

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

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

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

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

### 11.8.4. Rules for amending the *Company's Statute*

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

### 11.8.5. Diversity policy

In 2023, no formalized diversity policy was implemented by ENEA S.A. with respect to the Company's governing bodies (Management Board or Supervisory Board Members) and its key managers. The Company endeavors to ensure that the appointment of its governing bodies and key managers is each time conducted pursuant to the commonly binding legal regulations and preceded by a thorough analysis of the experience, competence, skills and substantive preparation of each candidates, regardless of other non-substantive criteria, including, without limitation, sex or age. In the Company's opinion, the assessment criteria applicable to candidates for the said positions enable the selection of candidates who warrant the ability to pursue the Company's strategy and grow its business.

## 11.9. Management Board of ENEA S.A.

### 11.9.1. Composition

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

### 11.9.2. Rules for appointing and dismissing members of managing bodies

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

### 11.9.3. Competences and powers of the Management Board

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

- adopting the Company's organizational rules and regulations, subject to their approval by the Supervisory Board,
- establishing and liquidating branches,
- appointing a commercial proxy and an attorney-in-fact, save an attorney for litigation purposes, with the appointment of a commercial proxy requiring the consent of all Management Board Members,
- taking out loans and borrowings,
- adopting annual material and financial plans, including investment plans, and strategic multiannual plans, subject to their approval by the Supervisory Board,
- incurring contingent liabilities, including granting warranties and sureties and issuing bills of exchange by the Company,
- acquiring, disposing of, or encumbering real property, perpetual usufruct or real property interest on the basis of one or more legal acts during twelve consecutive months with a value of the equivalent of PLN 200,000 or more,
- granting the leasing, renting, hiring, lending, usufruct or any other use of the Company's real property,
- assuming the leasing, renting, hiring, usufruct or any other use of the real property, on the basis of one or more legal acts during twelve consecutive months, with the value of the rent for the twelve consecutive months equivalent to PLN 200,000 or more,
- acquiring, selling or encumbering non-current assets, with the exception of real property, perpetual usufruct or real property interests, on the basis of one or more legal acts during twelve consecutive months, with a value equivalent to PLN 200,000 or more,
- granting the leasing, renting, hiring, lending, usufruct or any other use of non-current assets, except for real property,
- assuming the leasing, renting, hiring, usufruct or any other use of non-current assets, except for real property, on the basis of one or more legal acts, during twelve consecutive months, with the value of the rent for twelve consecutive months equivalent to PLN 200,000 or more,
- matters the resolution of which is requested by the Management Board from the Supervisory Board or General Meeting,
- determining the method of exercising the voting right by the Company at the General Meeting or Shareholder Meeting of material subsidiaries,
- adopting rules and procedures aimed at implementing the common economic interest of the group, including those based on the group's business segments (business areas) and shaping: organizational, information-related and decision-making structures within the group as well as procedures for managing business activities and joint ventures within the group in order to ensure the functional and economic efficiency of the group's business.

The Company's Management Board does not have any special rights to issue or redeem shares.

### 11.9.4. Management Board's principles of operation

The Management Board operates on the basis of the provisions of the *Commercial Company Code*, the *Company's Statute* and the *Rules and Regulations of the ENEA S.A*. Management Board. The Rules and Regulations of the Management Board are adopted by a resolution of the Management Board and approved by the Supervisory Board. The current version of the Rules and Regulations of the ENEA S.A. Management Board was approved by a resolution of the Supervisory Board on 26 January 2022.

Two Members of the Management Board acting jointly or one Member of the Management Board acting jointly with a commercial proxy are required to make declarations of will on behalf of the Company.

In accordance with the *Rules and Regulations of the Management Board*, meetings of the Management Board are held on Tuesdays at the Company's registered office unless the President of the Management Board or a Management Board Member appointed by the President decides otherwise.

Meetings of the Management Board of the Company are convened by the President of the Management Board or by a Management Board Member appointed by the President at his/her own initiative or at the request of two Management Board Members. The participation in meetings of the Management Board is obligatory. A Management Board Member gives reasons for his/her absence at a meeting of the Management Board in writing or using means of remote communication. Absence at a meeting of the Management Board is excused by the Chairperson of the meeting. Company employees, experts and external advisors may be invited to meetings of the Management Board. The agenda and necessary documents for a meeting of the Management Board are delivered by the Service Office for the Company's Bodies at least two business days prior to the meeting of the Management Board. For important reasons, a meeting may be convened with immediate effect and without delivering any materials. A condition for holding an ad-hoc meeting is an effective notice of the meeting to all Management Board Members.

Management Board decisions relating to the management of the Company affairs as referred to in § 11 item 2 of the *Company's Statute* require a resolution of the Management Board. The Management Board adopts resolutions if at least a half of its Members are present at a meeting and all Members have been duly notified of the meeting. In the event of a tie vote when adopting a resolution by the Management Board, the President of the Management Board has the casting vote.

The Management Board may adopt resolutions using means of direct remote communication or in writing with the adoption of a resolution in accordance with this procedure requires substantiation and a prior presentation of the draft resolution to all Management Board Members. Resolutions adopted in writing or by means of direct remote communication will be presented at the next meeting of the Management Board with the outcome of the voting.

The full text of the *Statute* and the *Rules and Regulations of the ENEA S.A*. Management Board containing a detailed presentation of the activities of the Management Board is available at www.enea.pl in the "Investor Relations" -> "Corporate Governance" tab.

## 11.10. ENEA S.A. Supervisory Board

### 11.10.1. Composition

In accordance with the Company's Statute, the Supervisory Board is composed of between 6 and 15 Members appointed by: (i) the General Meeting, (ii) the Company employees and (iii) the State Treasury. The Supervisory Board should be as a minimum composed of two persons nominated by the General Meeting from among the persons satisfying the independence criterion specified in the *Corporate Governance Principles* adopted by the Supervisory Board of the Warsaw Stock Exchange. At present, the ENEA S.A. Supervisory Board is composed of ten Members and is the Supervisory Board of the 11th term of office. The composition of the Company's Supervisory Board as at the date of publication of this report, including the information about changes in 2023, and until the day of preparation of the report is presented in Section 9 "Governing bodies."

### 11.10.2. Principles of operation

In 2023, the Supervisory Board operated on the basis of the provisions of the *Commercial Company Code*, the *Company's Statute* and the *Rules and Regulations of the ENEA S.A.* Supervisory Board adopted by a resolution of the Supervisory Board of 15 December 2009, as amended, and, from 23 February 2023, on the basis of the Rules and Regulations of the ENEA S.A. Supervisory Board adopted by a resolution of the Supervisory Board of the same date. The Supervisory Board exercises permanent supervision over the Company's activity in all areas of its activity. Special duties of the Supervisory Board include evaluation of the Management Board's report on the Company's activity and the financial statements for the previous financial year in terms of their compliance with the books, documents and facts.

Additionally, the competences of the Supervisory Board include evaluation of the motions of the Management Board regarding distribution of profit or coverage of loss as well as preparation and submission to the General Meeting of an annual written report for the previous financial year covering the following items in particular:

1. evaluation of the Management Board's report on the activity of the Company and the Group and the Company's standalone financial statements and consolidated statements of the Group for the previous financial year for compliance with the ledgers, documents and facts,
2. evaluation of Management Board's motion on the distribution of profit or coverage of loss,
3. evaluation of the Company's situation, in consideration of the adequacy and effectiveness of the Company's internal control systems, risk management, compliance of operations with standards or applicable practices and internal audit,
4. evaluation of the fulfillment by the Management Board of the information obligations to the Supervisory Board as referred to in Article $380^1$ of the *Commercial Company Code*,
5. evaluation of the method of preparation or submission, to the Supervisory Board by the Management Board, of information, documents, reports or clarifications requested in the manner provided for in Article 382 § 4 of the *Commercial Company Code*,
6. information on the total fees due from the Company for all audits commissioned by the Supervisory Board during the financial year in the manner specified in Article $382^1$ of the *Commercial Company Code*.

The Supervisory Board holds meetings at least once every two months. Meetings of the Supervisory Board are convened by the Chairperson or Deputy Chairperson of the Supervisory Board while presenting a detailed agenda. A meeting of the Supervisory

Board should be convened at request of each Supervisory Board Member or under a motion of the Management Board. A Supervisory Board Member is obliged to participate in a meeting of the Supervisory Board. A Supervisory Board Member presents the reasons for his/her absence in writing. Excusing the absence of a Supervisory Board Member requires a resolution of the Supervisory Board.

### 11.10.3. Operation of the ENEA S.A. Supervisory Board

In 2023, the ENEA S.A. Supervisory Board pursued its operations on the basis of e.g. the *Rules and Regulations of the ENEA S.A.* Supervisory Board adopted by a resolution of the Supervisory Board of 15 December 2009, as amended, and, from 23 February 2023, on the basis of the *Rules and Regulations of the ENEA S.A.* Supervisory Board adopted by a resolution of the Supervisory Board of the same date.

A meeting of the Supervisory Board is convened within two weeks of the date of receiving a motion to convene a meeting. The convening of a meeting of the Supervisory Board requires a written invitation to all Supervisory Board Members at least 7 days prior to the meeting of the Supervisory Board. The Supervisory Board Chairperson or Deputy Chairperson may shorten such time limit to 2 days for important reasons and determine the invitation delivery method. In the invitation to a meeting of the Supervisory Board, the Supervisory Board Chairperson or Deputy Chairperson shall specify the date and time of the meeting, the place of the meeting, a detailed draft of the agenda and the method of using means of direct remote communication during the meeting. Materials concerning the matters included in the agenda are sent along with the invitation.

In cases indicated in the *Rules and Regulations of the Supervisory Board*, meetings of the Supervisory Board may also be held without being formally convened.

Meetings of the Supervisory Board are conducted by the Chairperson of the Supervisory Board or, in his/her absence, by the Deputy Chairperson or another Supervisory Board Member selected at the meeting.

The Chairperson of the Supervisory Board, and in his/her absence the Deputy Chairperson or another Supervisory Board Member chairing the meeting, ensures that meetings of the Supervisory Board are conducted efficiently and correctly, in accordance with the adopted agenda, legal regulations, the *Statute* and the *Rules and Regulations of the ENEA S.A.* Supervisory Board, and, in particular, has an exclusive right to:

- open, conduct and close meetings of the Supervisory Board,
- give the floor to and take the floor away from Supervisory Board Members,
- issue standing orders,
- order voting, ensure that it is held properly and announce its outcome,
- resolve procedural issues,
- order recess in meetings of the Supervisory Board,
- give instructions to the minute-taker at the meeting of the Supervisory Board,
- distribute written resolutions of the Supervisory Board,
- take any other actions required for an efficient operation of the Supervisory Board.

When considering each tabled matter, the Supervisory Board Members have the right to evaluate draft resolutions by way of a discussion or put forward amendments to them. The discussion should be held in accordance with the following rules:

- A Supervisory Board Member may take the floor exclusively in matters included in the agenda and as regards the currently considered item on the agenda,
- when considering each issue on the agenda, depending on its subject, the Chairperson may set a time-limit per speaker,
- The Chairperson may reprimand a speaker who diverges from the topic, exceeds the permitted time limit or makes prohibited utterances,
- The Chairperson has the right to take the floor away from speakers who fail to abide by the Chairperson's instructions or who take the floor in breach of these Rules,
- The Chairperson decides on termination of the discussion after hearing the Supervisory Board Members who have requested to speak.

During the meeting, the Supervisory Board may also adopt resolutions on matters not included in the proposed agenda if none of the Supervisory Board members participating in the meeting objects to such resolution. A matter not included in the agenda is included to the agenda of the next meeting.

The Supervisory Board adopts resolutions at its meeting if at least a half of its Members are present and all Members have been duly invited. The Supervisory Board adopts resolutions by an absolute majority of votes.

In the event of a tie vote when adopting a resolution by the Supervisory Board, the Chairperson has the casting vote.

Subject to the events described inn the *Commercial Company Code*, the Supervisory Board may adopt resolutions without holding a meeting: 1) by affixing signatures on the same copy (copies) of the draft resolution or on separate documents containing the same text or 2) using a telephone or other means of remote communication in a manner enabling direct communication of all participating Members.

The adoption of a resolution in accordance with the procedure provided in item 1) requires its prior substantiation and presentation of the draft resolution to all Supervisory Board Members along with the substantiation. Resolutions adopted in writing or by means of direct remote communication shall be presented at the next meeting of the Supervisory Board with the outcome of the voting.

Supervisory Board Members may participate in adopting resolutions of the Supervisory Board by casting votes in writing through another Supervisory Board Member (subject to Article 388(2) of the *Commercial Company Code*).

The full text of the Statute and the valid Rules and Regulations of the ENEA S.A. Supervisory Board containing a detailed description of the activities of the Supervisory Board is available at www.enea.pl in the *"Investor Relations" -> "Corporate Governance"* tab.

## 11.10.4. Supervisory Board's Committees

In accordance with the provisions of the *Rules and Regulations of the Supervisory Board*, as adopted by the Supervisory Board resolution of 23 February 2023, the following standing committees operate within the Supervisory Board:

- Audit Committee
- Nominations and Remuneration Committee
- Strategy and Investment Committee

Each Committee is composed of at least three Members appointed and dismissed by the Supervisory Board from among its Members for the period equal to the term of office of the Supervisory Board. Members of the Committee elect the Chairperson of the Committee from among themselves. The Chairperson of a Committee manages the works performed by the Committee, in particular the organization and meetings of the Committee.

### 11.10.4.1. Audit Committee

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

| Audit Committee | |
|---|---|
| **Name** | **Position** |
| **Tomasz Lis** [1] [2] [3] | **Chairman** |
| Mariusz Damasiewicz [1] [3] | Member |
| Michał Gniatkowski [1] | Member |
| Agata Michalska-Olek [1] [3] | Member |
| Mariusz Pliszka [1] [3] | Member |

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

[2] A member with knowledge and skills in accounting or audit of financial statements, based on his/her education and previous professional experience.

[3] A member with knowledge and skills in the industry in which the issuer operates, based on his/her education and previous professional experience.

#### 11.10.4.1.1. Activity of the Audit Committee

A detailed description of the powers of the Committee is included in the *Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Oversight and the Rules and Regulations of the ENEA S.A. Supervisory Board Audit Committee adopted by the Supervisory Board's resolution of 23 February 2023.*

In 2023, the Audit Committee pursued its operations on the basis of e.g. the *Rules and Regulations of the ENEA S.A. Supervisory Board* adopted by a *resolution of the Supervisory Board of 15 December 2009, as amended*, and subsequently *the Rules and Regulations of the Audit Committee of the ENEA S.A. Supervisory Board, adopted by a resolution of the Supervisory Board of 23 February 2023.*

The description presented below is based on the *Rules and Regulations of the Audit Committee of the ENEA S.A. Supervisory Board* adopted by a resolution of the Supervisory Board of 23 February 2023. Most Audit Committee Members, including the Chairperson of the Audit Committee, should satisfy the independence criterion within the meaning of Article 129(3) of the *Act of 11 May 2017 on Certified Auditors, Audit Firms and Public Oversight*, and the Audit Committee should be composed of at least one Member who has knowledge and skills in accounting or auditing of financial statements. Audit Committee Members have knowledge and skills in the industry in which the Issuer operates. This condition is considered satisfied if at least one Audit Committee Member has the knowledge and skills in the industry or individual Members have the knowledge and skills in the industry in specific fields.

The Audit Committee is responsible for the following tasks in particular:

1. monitoring:
   a) the Company's financial reporting process,
   b) the effectiveness of internal control systems and risk management system as well as internal audit, including financial reporting,
   c) the performance of financial audit operations, in particular the performance of an audit by an audit firm, taking into account any requests and findings of the Polish Audit Oversight Committee arising from the control carried out in the audit firm,
2. controlling and monitoring the independence of a certified auditor and an audit firm, in particular where the audit firm performs services other than audit to the Company,
3. notifying the Supervisory Board of the results of an audit and explaining how the audit contributed to the reliability of financial reporting in the Company and the role of the Audit Committee in the auditing process,
4. assessing the independence of a certified auditor and giving consent to the auditor to provide permitted services other than audit in the Company,

5. developing the policy for the selection of an audit firm to conduct an audit,
6. developing the policy for the provision of permitted services other than audit by the audit firm conducting an audit, the audit firm's affiliates and a member of the audit firm chain,
7. determining the procedure for the selection of an audit firm by a public interest entity,
8. presenting recommendation on the appointment of certified auditors or audit firms to the Supervisory Board in accordance with the policies referred to in items 5 and 6,
9. making recommendations aimed to ensure reliability of the financial reporting process in the Company,
10. monitoring the reliability of the financial information presented by the Company, in particular by way of reviewing the appropriateness and consequences of applying the accounting methods adopted by the Company and its group (including the criteria for consolidation of financial statements of group companies),
11. evaluating and submitting an Annual Internal Audit Plan to the Supervisory Board for approval,
12. evaluating and submitting an Annual Budget of the Group's Audit and Internal Control Department to the Supervisory Board for approval,
13. evaluating and submitting any amendments to the Scope of Activities of the Group's Audit and Internal Control Department to the Supervisory Board for approval,
14. discussing any concerns that may result from an audit of financial statements,
15. discussing the nature and scope of the audit with the Company's certified auditors prior to any audit of the annual financial statements and coordinating the operations of the Company's certified auditors,
16. analyzing financial reports to the Management Board prepared by the Company's certified auditor, independence and objectivity of the audit conducted by the auditor and the Management Board's replies,
17. reviewing, at least once a year, internal control and risk management systems in view of ensuring that the main risks (including those related to the compliance with the applicable laws and regulations) are correctly identified, managed and disclosed,
18. ensuring the effectiveness of the internal audit by expressing an opinion on the election, appointment or recall of the Director of the Group's Audit and Internal Control Department,
19. issuing an opinion on withdrawing from the terms of assignment and remuneration for the Director of the Group's Audit and Internal Control Department,
20. analyzing reports prepared by the Company's internal auditors, examining the degree of independence of internal auditors,
21. controlling the nature and scope of services other than auditor services, in particular based on the external auditor's disclosure of the sum of all fees contributed by the Company and its Group to the audit firm and its chain, in view of preventing a significant conflict of interest in this regard,
22. reviewing the effectiveness of the external control process and monitoring the Company Management Board's reaction to the recommendations presented by the external auditors in a letter to the Management Board,
23. investigating the reasons for not using the services of an external auditor and issuing recommendations regarding the required actions,
24. cooperating with the Group's Audit and Internal Control Department and periodically assessing their work,
25. reviewing the Company's management accounting system and other financial and tax reports prepared by the Company,
26. examining all other issues related to the Company's audit, as pointed out by the Committee or the Supervisory Board,
27. notifying the Supervisory Board of any and all issues of significance regarding the activity of the Audit Committee.

#### 11.10.4.1.2. Cooperation with an audit company

**Main assumptions of the prepared policy for the selection of an audit firm to conduct an audit in ENEA S.A.**

The policy for the selection of an audit firm in place at ENEA S.A. provides, above all, for avoiding conflicts of interest by obtaining a declaration of the audit firm, before it accepts or continues the audit contract, that requirements regarding independence (both with reference to the audit firm and the certified auditor) are met, and in particular that there are no risks to independence towards ENEA S.A. Each year, the audit firm confirms its independence to the Audit Committee and presents the risks to its independence as well as the safeguards applied to mitigate said risks. Furthermore, the selection of an audit firm takes into account above all the audit team's experience in the field of audit, its expertise, the financial criterion and the human resources. An audit firm is selected in compliance with the principle of impartiality and independence of audit firms, in accordance with the laws related to the mandatory regular replacement of audit firms and key certified auditors, mandatory grace periods and results of audit firm controls presented in the annual report published by the Polish Audit Oversight Committee.

*The policy for the selection of an audit firm* provides also for the principles of regular replacement of audit firms and certified auditors in accordance with the provisions of the *Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Oversight (Journal of Laws of 2017, item 1089, as amended; hereinafter referred to as the Act on Auditors).*

**Main assumptions of the policy on the provision of acceptable services other than audit by an audit firm**

ENEA S.A. and its subsidiaries are allowed to use acceptable services (defined pursuant to Article 136 of the *Act on Auditors*), which are provided by an audit firm that conducts the audit of ENEA S.A.

*The policy for the provision of acceptable services other than audit by an audit firm* contains a closed catalog of acceptable services, the provision of which is allowed only to the extent that is unrelated to the tax policy of the ENEA Group companies. An acceptable service other than audit may be provided by an audit firm that conducts the audit of ENEA S.A. provided that the firm was approved by the Audit Committee beforehand, upon an assessment of risks and safeguards of independence of the audit firm, the key certified auditor and other audit team members. In addition, where the audit firm that conducts an audit of ENEA S.A. provides acceptable services other than audit for the period of at least three consecutive financial years, the remuneration for the provision of said services is limited to 70% of the average remuneration of the three past consecutive financial years paid in respect of the statutory audit of ENEA S.A. and, as applicable, its subsidiaries and consolidated financial statements of this Group. In the case of prohibited services, i.e. services other than acceptable services, their direct and indirect provision at ENEA S.A. and its subsidiaries by the audit firm that conducts an audit of ENEA S.A. is prohibited in the period from commencement of the audited period to the issue of an audit report.

In 2023, acceptable services other than audit were provided to the ENEA Group by an audit firm auditing the financial statements, and the ENEA S.A. Supervisory Board Audit Committee approved the acceptable services other than audit upon an assessment of risks and safeguards of independence.

In March 2023, ENEA S.A. extended its cooperation with the audit firm PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k. by executing an Annex to the Agreement for an audit of financial statements and a review of interim financial statements for another three years.

### 11.10.4.1.3. Activity of the Audit Committee in 2023

In 2023, the Audit Committee held 7 meetings and adopted 14 Resolutions on the following topics, among others:

1. amendments to: I. *Policy for the selection of an audit firm to conduct an audit in ENEA S.A.* II *Policy for the provision of acceptable services other than audit by an audit firm.* III. *Procedure for the selection of an audit firm*
2. issue a recommendation for the ENEA S.A. Supervisory Board to assist the ENEA S.A. Supervisory Board in making a decision regarding:
   - execution if Annex 1 extending *Agreement No. CRU/U/1100/9000057022/2021 for an audit of financial statements and a review of interim financial statements of 19 March 2021 with PricewaterhouseCoopers sp. z o.o. Audyt sp.k. for 2023-2025* and amending other provisions of the Agreement
   - execution if Annex 2 to *Agreement No. CRU/U/1100/9000057022/2021 for an audit of financial statements and a review of interim financial statements of 19 March 2021 with PricewaterhouseCoopers sp. z o.o. Audyt sp.k.* regarding adjustment of the fee for 2022
3. approval of information for the Supervisory Board on the results of the audit of the financial statements of ENEA S.A. and the ENEA Group for the financial year ended 31 December 2022
4. approval, by the ENEA S.A. Supervisory Board Audit Committee, of the Final Report on Audit Task No. 1/2023 “Audit of the Overall Assessment of the Internal Control System at ENEA S.A.” and provision of management information on the assessment of the internal control system at ENEA S.A. to the ENEA S.A. Supervisory Board
5. adoption of the Report of the ENEA S.A. Supervisory Board Audit Committee on its activities in 2022
6. evaluation of the methods of auditing the Condensed Interim Standalone Financial Statements of ENEA S.A. for the period from 1 January 2023 to 30 June 2023 and the Condensed Interim Consolidated Financial Statements of the ENEA Group for the period from 1 January 2023 to 30 June 2023
7. adoption of the Report of the ENEA S.A. Supervisory Board Audit Committee on its activities in H1 2023
8. consent to the provision of an acceptable service other than audit by PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt Sp.k. to Lubelski Węgiel Bogdanka S.A.
9. opinion on *the Annual Audit Plan for 2024* and submission thereof to the ENEA S.A. Supervisory Board for approval
10. opinion on the Budget of the Group’s Audit and Control Department for 2024 and submission thereof together with an opinion to the ENEA S.A. Supervisory Board for approval

### 11.10.4.2. Nominations and Remuneration Committee

As at the date of publication of this report, the Nominations and Remuneration Committee operates in the following composition:

| Nominations and Remuneration Committee | |
|---|---|
| **Name** | **Position** |
| **Ewa Bagińska[1]** | **Chairwoman** |
| Michał Gniatkowski[1] | Member |
| Agata Michalska-Olek[1] | Member |
| Mariusz Romańczuk[1] | Member |
| Monika Starecka[1] | Member |
| Zbigniew Szymczak[1] | Member |

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

#### 11.10.4.2.1. Activity of the Nominations and Remuneration Committee

In 2023, the Nominations and Remuneration Committee pursued its operations on the basis of e.g. the *Rules and Regulations of the ENEA S.A. Supervisory Board adopted by a resolution of the Supervisory Board of 15 December 2009, as amended*, and subsequently the *Rules and Regulations of the Nominations and Remuneration Committee of the ENEA S.A. Supervisory Board*, *adopted by a resolution of the Supervisory Board of 23 February 2023.*

The description presented below is based on the *Rules and Regulations of the Nominations and Remuneration Committee of the ENEA S.A. Supervisory Board adopted by a resolution of the Supervisory Board of 23 February 2023.*
The Nominations and Remuneration Committee should include at least one independent member within the meaning of the *European Commission Recommendation of 15 February 2005* and the *Best Practice of WSE Listed Companies*, and if more than one person meeting the above mentioned independence criteria are appointed to the Supervisory Board, such a committee should include the highest possible number of independent members.
The Nominations and Remuneration Committee is tasked with supporting the achievement of the Company's strategic objectives by providing the Board with opinions and conclusions regarding the Company's staff employment and remuneration structure, in particular in relation to the management staff.
In particular, the Committee's responsibilities include:

- analyzing the Management Board's policy regarding the nomination, selection and appointment of senior management staff,
- providing the Supervisory Board with proposals regarding remuneration and forms of employment of Management Board Members based on their previous achievements,
- providing the Supervisory Board with opinions regarding substantiation for awarding performance-based remuneration and incentives in the context of assessment of the degree to which specific Company's tasks and goals are achieved, and with proposals in this regard,
- evaluating the human resources management system in the Company,
- performing periodical appraisal of the skills, knowledge and experience of individual Management Board Members and management staff, and presenting the appraisal results to the Supervisory Board.

The responsibilities of the Nominations and Remuneration Committee are described in the *Rules and Regulations of the Nominations and Remuneration Committee of the ENEA S.A. Supervisory Board.*

#### 11.10.4.2.2. Activity of the Nominations and Remuneration Committee in 2023

In 2023, the Nominations and Remuneration Committee held 8 meetings and adopted 8 resolutions. The Committee's meetings focused, among others, on drafting recommendations for the Supervisory Board regarding:

- proposals for Management Objectives for the ENEA S.A. Management Board Members for 2023
- adoption of the Report of the ENEA S.A. Supervisory Board Nominations and Remuneration Committee on its activities in 2022
- achievement of Management Objectives in 2022 and setting the amount of the due Variable Remuneration to be paid out to the Management Board of ENEA S.A.
- adoption of a resolution on the interpretation of the provisions of *Resolution No. 13/X/2022 of 23 March 2022 to approve the Management Objectives (KPIs) for ENEA S.A. Management Board Members for 2022*
- execution of a Management Services Agreement with the Management Board Member for Commercial Matters
- modification of the Management Objectives (KPIs) for the ENEA S.A. Management Board Members for 2023

### 11.10.4.3. Strategy and Investment Committee

The Strategy and Investment Committee is composed of:

| Strategy and Investment Committee | |
|---|---|
| **Name** | **Position** |
| **Tomasz Lis** | **Chairman** |
| Mariusz Damasiewicz | Member |
| Mariusz Pliszka | Member |
| Mariusz Romańczuk | Member |
| Piotr Szymanek | Member |
| Zbigniew Szymczak | Member |

#### 11.10.4.3.1. Activity of the Strategy and Investment Committee

In 2023, the Strategy and Investment Committee pursued its operations on the basis of e.g. the *Rules and Regulations of the ENEA S.A. Supervisory Board adopted by a resolution of the Supervisory Board of 15 December 2009, as amended*, and subsequently the *Rules and Regulations of the Strategy and Investment Committee of the ENEA S.A. Supervisory Board, adopted by a resolution of the Supervisory Board of 23 February 2023.*

The description presented below is based on the *Rules and Regulations of the Strategy and Investment Committee of the ENEA S.A.* Supervisory Board adopted by a *resolution of the Supervisory Board of 23 February 2023.* The purpose of the Strategy and Investment Committee is to issue opinions and submit recommendations to the Supervisory Board on planned investments and divestments which exert a significant impact on the Company's assets. In particular, the Committee's responsibilities include:

- issuing opinions on activities, contracts, letters of intent and other documents related to activities aimed at the acquisition, disposition, encumbrance or other distribution of the Company's material assets
- issuing opinions on all strategic documents submitted to the Supervisory Board by the Management Board
- issuing opinions on the Company's development strategy, including long-term financial plans
- monitoring the pursuit of the Company's development strategy and investment projects

#### 11.10.4.3.2. Activity of the Strategy and Investment Committee in 2023

In 2023, the Strategy and Investment Committee held 3 meetings and adopted 5 resolutions, regarding, without limitation, the following:

- opinion on the *Investment Plan of the ENEA Group for 2023*, being an integral part of the *Material and Financial Plan of the ENEA Group for 2023*
- opinion on *the Investment Plan of ENEA S.A. for 2023*, being an integral part of the *Material and Financial Plan of ENEA S.A. for 2023*
- adoption of the Report of the ENEA S.A. Supervisory Board Strategy and Investment Committee on its activities in 2022
- election of the Chairperson of the ENEA S.A. Supervisory Board Strategy and Investment Committee for the 11th joint term of office

# 12. Non-financial statement of the ENEA Group for 2023

## 12.1. Non-financial reporting of the ENEA Group

The presented statement forms a separate part of the document entitled Management Board Report on the Activity of ENEA S.A. and the ENEA Group in 2023. The ENEA Group publishes the statement to fulfill the obligation under Article 49b and Article 55 of the Accounting Act of 29 September 1994 (Journal of Laws 2023 Item 120), implementing into the Polish legal system Directive 2014/95/EU of the European Parliament and of the Council as regards disclosure of non-financial and diversity information by certain large undertakings and groups. Moreover, the statement is the ENEA Group's response to the expectations laid down in the Supplement on reporting climate-related information (2019/C 209/01) to that Directive, the Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment, the public view of the European Securities and Markets Authority (ESMA) entitled European common enforcement priorities for 2023 annual reports, the Task Force on Climate-related Financial Disclosures (TCFD) recommendations on climate-related financial disclosures and the ESG reporting guidelines of the Warsaw Stock Exchange.

The statement, concerning the period from 1 January to 31 December 2023, pertains to non-financial data of ENEA S.A. as the parent company and all the subsidiaries covered by the Consolidated Financial Statements of the ENEA Group for the financial year ended 31 December 2023. The document discusses matters referred to in Article 49b(2) of the Accounting Act. Adjustments to the Non-Financial Statement of the ENEA Group for 2022 follow from a change of the approach at the national level to the issue of spinning off coal assets to the National Energy Security Agency (NABE). The statement also includes corrected economic data in the tables "Direct economic value generated by the ENEA Group" and "Financial aid received from the state", data on the value of grants in 2022 in the tables "Direct economic value generated by the ENEA Group", "Cash and in-kind donations [PLN 000s]" and "Non-financial key performance indicators of the ENEA Group", whereas detailed explanations may be found in the notes inserted below the tables

This statement has been prepared by the ESG Team, which is part of the Group's Controlling Department, itself a unit of ENEA S.A., in cooperation with an external expert firm. The document has not been subject to an additional verification by an independent entity. The data presented in the statement have been developed based on the most up-to-date versions of the non-financial Global Reporting Initiative (GRI) Standards.

Information on the ENEA Group's corporate governance and its impact on the society and the natural environment, collected for the purpose of preparing the statement, will be presented more comprehensively in the ENEA Group's ESG Report for 2023. Its publication in the form of an online platform, to be made available at https://raport2023.esg.enea.pl/, is scheduled for the first half of May 2024.

Detailed information on the non-financial aspects of operation of the Lubelski Węgiel Bogdanka Group, which is part of the ENEA Group, will be provided in the Lubelski Węgiel Bogdanka Group's non-financial report for 2023. The report will be prepared in line with Global Reporting Initiative standards. It is scheduled to be published at https://lw.com.pl/raporty-esg before the end of H1 2024.

## 12.2. Business model

### 12.2.1. Line of business

Main are of the ENEA Group's activity are as follows:

- bituminous coal mining and sale,
- production of electricity and heat,
- distribution of electricity and heat,
- trading in electricity and gaseous fuel.

Companies making up the Group are specialized companies autonomous in terms of civil law. The leading companies are:

- ENEA S.A. (electricity trading in retail market),
- ENEA Operator Sp. z o.o. (electricity distribution);
- ENEA Wytwarzanie Sp. z o.o. (generation and sales of electricity and production, distribution and sales of heat),
- ENEA Elektrownia Połaniec S.A. (generation and sales of electricity),
- ENEA Nowa Energia Sp. z o.o. (generation and sales of electricity),
- ENEA Trading Sp. z o.o. (wholesale trading in electricity and gaseous fuel),
- ENEA Power&Gas Trading (wholesale trading in electricity and gaseous fuel),
- LW Bogdanka S.A. (bituminous coal mining and sale),
- ENEA Ciepło Sp. z o.o. (production and sales of heat).

The Group's structure also includes other companies which are direct and indirect subsidiaries of ENEA S.A. and companies in which ENEA S.A. holds minority shares.

In the Group, electricity is generated in the power plants in Kozienice (11 high-efficiency upgraded power units) and Połaniec (seven coal-fired units and the world's largest biomass-fired unit), in the CHP plants in Białystok and Piła; in the heat plants in Bialystok, Piła and Oborniki, in the wind farms in Bardy, Darżyno and Baczyna (Lubno I and Lubno II), in 21 hydro power plants, in photovoltaic farms: PV Jastrowie, PV Likowo, PV Lubno I, PV Lubno II, PV WF Lubno I, PV Genowefa, PV Tarnów, PV Kapice Lipniki, PV Krzęcin 1, 2 and 7, and in biogas plants in Gorzesław and Liszków.

### 12.2.2. Company value in the context of changes in the market

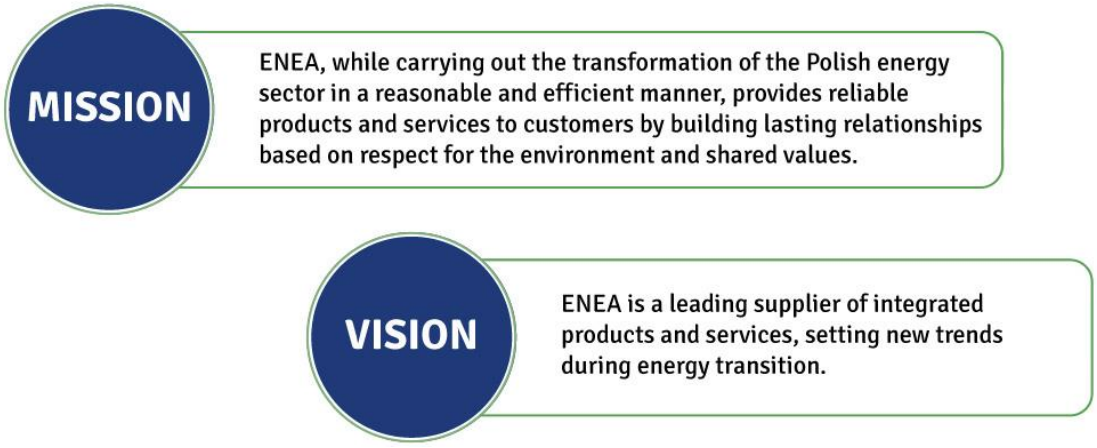
The Group is building its market position based on a collection of benefits offered to its Clients. The acquisition of Clients and increasing their satisfaction level are pursued, among others, by combining the Group's products and services into attractive bundles and persistently striving to ensure failure-free supplies of energy. In order to improve the governance of each area of its business, the Group takes into consideration the expectations of its key stakeholders, which it finds out about through social dialogue. Moreover, the Group cares about transparency, in particular in the context of counteracting unfair business practices. A dependable development of offering and adherence to the provisions of executed contracts constitute foundations of the partnership cooperation with business partners.

What has exerted a major impact on both the ENEA Group and the whole of Poland, the EU and the world is the war in Ukraine, which broke out on 24 February 2022 when the country was invaded by the Russian Federation. The conflict brought about crises and problems related to supply of fossil fuels, specifically natural gas, coal and agricultural biomass, previously imported from Belarus, Ukraine and Russia. Therefore, these commodities (especially natural gas) were increasingly often sourced from other directions. Successive armed conflicts emerging in the international arena affect directly or indirectly the commodity markets and thus Poland's energy security. Accordingly, on 18 May 2022, the European Commission published the REPowerEU plan with a view to diminishing even faster the EU's dependence on fossil fuels imported from Russia and accelerating the transition. The financial resources included in REPowerEU may provide a response to these ambitions through saving energy, diversifying energy supplies and accelerating the rollout of renewable energy to replace fossil fuels used in homes, industry and power generation. Subsequent actions taken in 2023 in the EU and Poland demonstrate that REPowerEU has reinforced the message that the shift away from fossil fuels is absolutely necessary.

According to the forecast scenario presented by the Ministry of Climate and Environment in the context of the objectives for the update of "Poland's Energy Policy until 2040," Poland's installed RES capacity is expected to reach 50 GW by 2030 and 88 GW by 2040, which, compared to 2022, will signify an increase by 100% in 2030 and by 300% in 2040. Meanwhile, the country's installed nuclear power capacity, including SMRs, is scheduled to reach 7.8 GW by 2040. This will help reduce $CO_2$ emissions in the power sector by 65% in 2040.

Any changes related to energy at the global or European level exert a major impact on the pursuit of the "ENEA Group Development Strategy until 2030 with an outlook to 2040" and the strategic goals and development directions laid down therein. Accordingly, when the Strategy is updated, its content will properly reflect these matters, particularly if a change occurs in the concept of spinning off coal assets outside the ENEA Group.

The model of increasing the Group's value and the manner in which the Group creates value for its Clients are derived directly from the company's mission and vision.




According to its development strategy, in the coming years, in order to build its value, the ENEA Group will largely increase the capacity installed in renewable energy sources based on modern technologies. Furthermore, the Group intends to specialize in the construction of energy storage facilities and the provision of energy storage services for the needs of its own networks and external Clients.

Due to the continuously growing expectations in the area of sustainable development, the Group pursues an ambition not only to adjust the profile of its business accordingly, but also to educate its stakeholders in solutions and behaviors beneficial to the environment.

Additional information on the creation of corporate value is included in the "New lines of business" section.

## 12.3. ENEA Group Development Strategy until 2030 with an outlook to 2040

The shift away from coal-fired power generation towards zero-emission renewable energy sources was identified in the *ENEA Group Development Strategy up to 2030 with an outlook to 2040* as one of the most important directions of the Group's development.
According to the Strategy, the Group's overarching goal is the Green Change, a sustainable transition that builds the Group's value and climate neutrality through 2050. The Group's Development Strategy is in line with the assumptions of Poland's energy transition, the framework for which is set by *Poland's Energy Policy until 2040* and the regulations of the *European Green Deal*. Achieving the Green Change is based on five strategic pillars:

- development of renewable energy sources based on state-of-the-art technologies,
- producing an optimum and sustainable mix of products and services for customers in cooperation with business and social partners,
- efficient operating model aligned with the Group's evolution,
- development of new lines of business to be able to offer Customers new products, not only power-related ones,
- ensuring financial security of the ENEA Group.

The ENEA Group's climate neutrality will be achieved primarily through the development of RES. The Group plans to acquire and develop its own projects, especially in rural areas, with the participation of business partners. In parallel, in 2023 it continued efforts to spin off conventional coal-fired power generation assets from the Group's structures to NABE. As of the date of publication of the statement, the ENEA Group has no information on what steps, in connection with the failure to establish NABE, are planned to support power companies in managing existing coal-fired assets. In the initial phase of its efforts aimed at reaching climate neutrality, the ENEA Group intends to use gas as a low-carbon transition fuel in order to maintain Poland's energy security. Investments in this area will be confined to the replacement of some generation capacities (approx. 1.9 GW). Conventional low-carbon sources will stabilize the developing RES capacity.

The strategy identifies 13 key development directions of the ENEA Group:

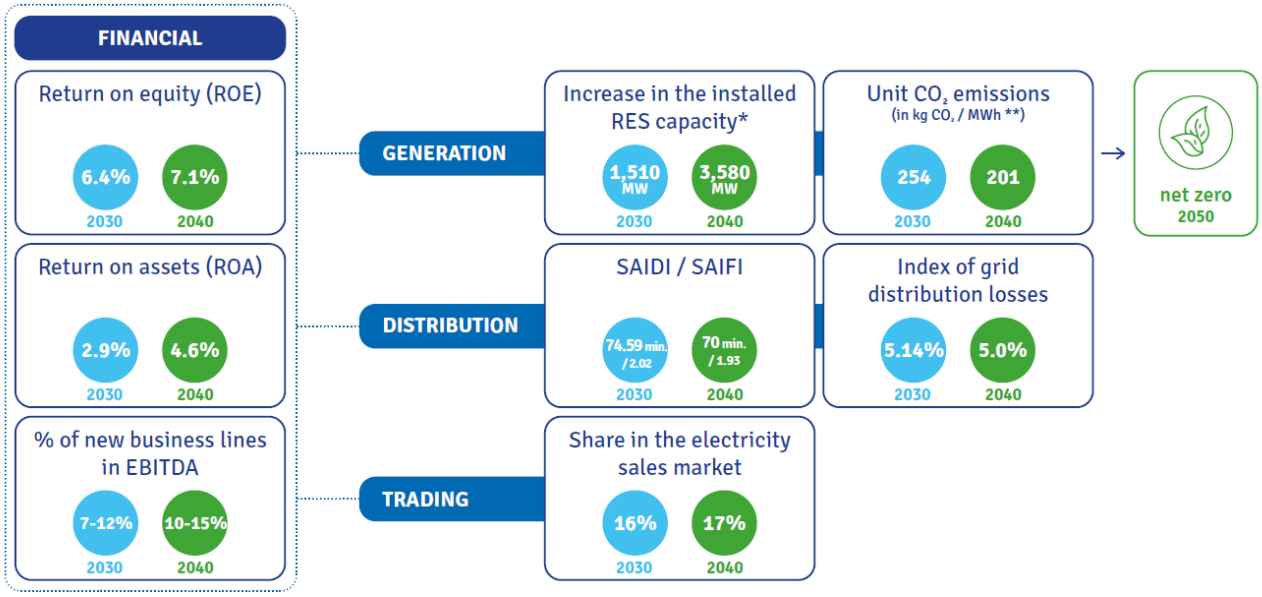
1. development of energy storage projects and provision of services to third parties,
2. involvement in offshore wind energy generation,
3. intensification of activities aimed at gaining access to green energy through the execution of projects included in the ENEA Group's RES portfolio,
4. development of hybrid installations,
5. conventional energy generation based on low-carbon sources (gas – as a transition fuel; biomass; RDF),
6. development of a smart power grid,
7. changed operation of the DSO in the new power market model,
8. development of the Enea Group's wholesale trade area (prop-trading, origination),
9. construction of multi-energy products, including supply chain management,
10. expansion of sales and enhancing customer loyalty,
11. development of new lines of business,
12. development of micro and macro energy clusters,
13. development of a modern offering for prosumers, including cooperation with local governments and urban development NGOs, and participation in the creation and management of energy islands (energy clusters),

The strategies for the Group's individual business areas were adopted in November 2022. They detail and operationalize the ongoing development strategy.

As a supplement to the *ENEA Group Development Strategy until 2030 with an outlook to 2040*, in December 2023, the *ENEA Group Climate Policy,* described in more detail in Section 12.6.1, was adopted. Climate policy and oversight of climate-related issues.

The *ENEA Group Climate Policy* also defines the level of obligations of the Management Board and key executives of the parent company ENEA S.A. and ENEA Group companies in matters relating to climate change. In line with the solutions adopted, the Management Board of ENEA S.A. sets and approves the goals and priorities of the *ENEA Group Climate Policy*. In 2023, the Vice President of the Management Board for Operational Affairs and the Vice President for Strategy and Development were responsible for managing ENEA Group's climate impact issues. The Vice President of the Management Board for Strategy and Development oversaw the implementation of the *ENEA Group Climate Policy* in 2023. The management boards of the Group's respective companies are responsible for conducting and organizing processes they are in charge of in accordance with the objectives and priorities of the Policy. Their tasks also include ensuring timely, reliable and complete reporting of climate-related activities. The Director of the Group Strategy and Development Management Department is responsible for implementing and updating the *ENEA Group Climate Policy*.

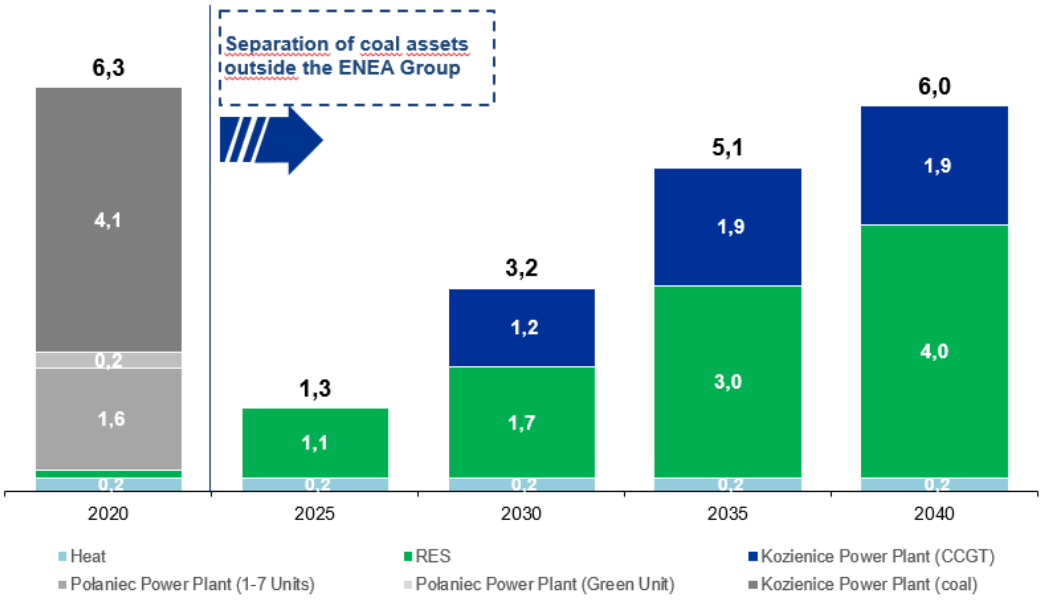
## Key measures of achievement of development strategy objectives of the ENEA Group:




[1] The increase in installed RES capacity (gross) counted vs. 2020, but without the EEP Green Unit. The increase in RES capacity does not include energy storage.
[2] Without coal-fired generation capacity (and without the EEP Green Unit).

## Planned evolution of the ENEA Group's energy generation structure

Development of installed capacity in the ENEA Group [GW] – forecast




The current structure of installed capacity and the planned shutdown dates of individual units of the Kozienice Power Plant and Połaniec Power Plant powered by hard coal and ENEA Ciepło's conventional sources are presented in detail below.

### Kozienice Power Plant

| Unit | U1 | U2 | U3 | U4 | U5 | U6 | U7 | U8 | U9 | U10 | U11 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Installed capacity [MW] | 230 | 230 | 230 | 230 | 230 | 230 | 230 | 230 | 560 | 560 | 1,112 |
| Planned shutdown year | 2031 | 2031 | 2030 | 2030 | 2032 | 2032 | 2033 | 2033 | 2041 | 2042 | 2048 |

The above data for ENEA Wytwarzanie – Kozienice Power Plant were prepared on the basis of the current working schedules of the units and the scheduled shutdowns of the generation units. For details of changes from previous reports, see Section 3.3.2.2. Management Board Report on the Activity of ENEA S.A. and the ENEA Group in 2023

### Połaniec Power Plant

| Unit | U1 | U2 | U3 | U4 | U5 | U6 | U7 | GU (U9) |
|---|---|---|---|---|---|---|---|---|
| Installed capacity [MW] | 200 | 242 | 242 | 242 | 242 | 242 | 239 | 230 |
| Planned shutdown year | 2023[1] | 2034 | 2034 | 2034 | 2034 | 2034 | 2034 | 2042 |

[1] Since 1 January 2024, unit no. 1 has been shut down.

The data presented reflect the applicable operating schedule of the units and the included shutdowns of the generating units. A project entitled Adaptation of ENEA Elektrownia Połaniec to Capacity Market requirements after 1 July 2025 concerning units U2-U7, which will maximize the co-firing of biomass and thus reduce the carbon footprint of the power plant's energy production, is currently under implementation.

### ENEA Ciepło

| Unit | U1 | U2 | U3 | U4[1] | Water boilers | K1 | K2 | K3 | K4 | K5 |
|---|---|---|---|---|---|---|---|---|---|---|
| Installed capacity [MW] | 55 | 55 | 70 | 23.5 | Installed capacity [MW] | 0 | 0 | 0 | 0 | 0 |
| Thermal capacity [MWt] | 98.4 | 108 | 108 | 0 | Thermal capacity [MWt] | 33 | 35 | 35 | 40 | 40 |
| Planned last year of production | 2028 | 2045 | 2055 | 2061 | Planned last year of production | - | - | - | - | - |

[1] Condensing turbine unit powered by discharges from the U1 unit

As part of the operationalization of the ENEA Group Development Strategy until 2030 with an outlook to 2040 in the area of renewable energy sources, the ENEA Group RES Portfolio was launched. It will enable coherent management of initiatives and projects in the RES area. The ENEA Group RES portfolio includes projects implemented under 4 programs: photovoltaic farms, wind farms, offshore wind farms and other RES technologies.

### Enea Nowa Energia - functioning installations

| Areas | Description | Installed capacity [$MW_e$] |
|---|---|---|
| Water | 21 barrages with accompanying facilities on which hydropower plants with an installed capacity of 132 kW to 24.8 MW are located on the following rivers: Brda, Wda, Gwda, Rega, Drawa, Myśla, Obra and Wełna | 58.8 |
| Wind farms | Bardy, Darżyno and Baczyna (Lubno I and Lubno II) | 71.6 |
| Photovoltaic farms | PV Jastrowie I,PV Likowo, PV Lubno I and PV Lubno II, Krzęcin 1, 2 and 7[1], PV Lubno I, PV Darżyno[2] | 12.0 |
| Biogas | Liszkowo and Gorzesław biogas plants | 3.8 |

[1] PV Krzęcin 1, 2, 7 consists of three installations with a capacity of 1 MW each, entered in the register of small-scale energy producers on 25 August 2023
[2] PV Darżyno with a capacity of 2 MWe is at present at the stage of technological commissioning and, after obtaining a concession, the total installed capacity in the PV farm area will be 14.0 MWe

ENEA Nowa Energia is the ENEA Group's leading RES service company, developing new projects through acquisition and construction.

### New ENEA Group companies engaged in the production of energy from RES

| Company | Photovoltaic farm | Installed capacity [$MW_e$] |
|---|---|---|
| PRO-WIND | PV Tarnów | 10.0 |
| PV Tykocin | PV Kapice Lipniki | 2.0 |
| PV Genowefa | PV Genowefa | 35.0 |

### 12.3.1. Development strategy of the ENEA Group in the context of climate change

The Group is moving away from coal-fired power generation to ultimately have only zero-carbon generation assets in its portfolio. It is equally determined by business factors, regulatory factors (primarily the implementation of the European Green Deal) and the Group's commitment to sustainable development.

Key pillars of growth of the ENEA Group in the social and climate area include:

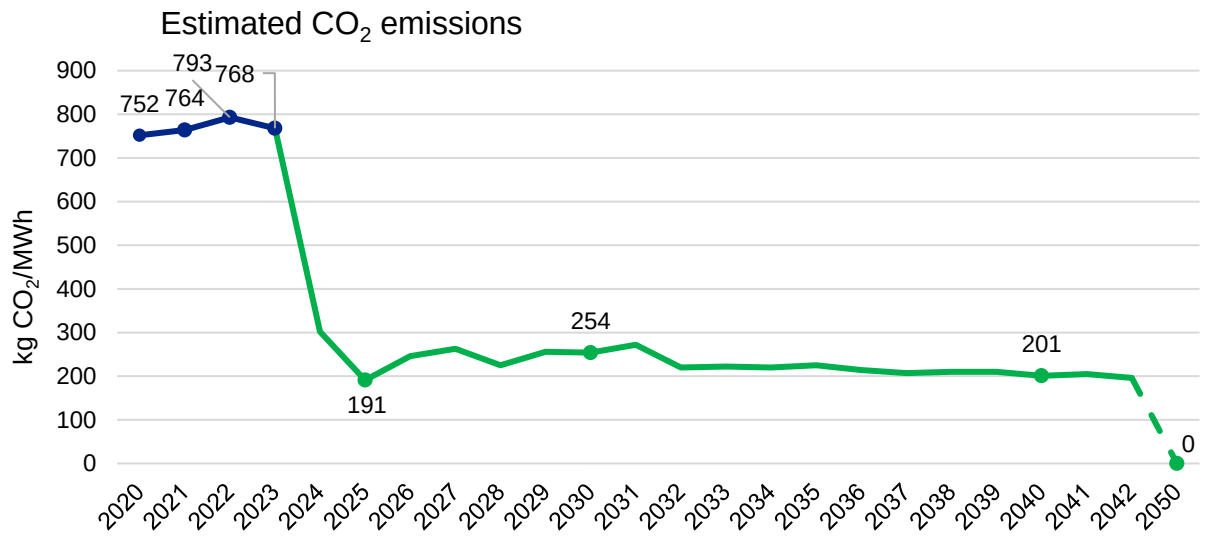

In 2022 and 2023, the ENEA Group Climate Policy was being developed, and the related works included tentative scenario analyses regarding resilience of the company's business model and strategy in terms of climate change, taking into account increases in average global temperatures in scenarios >2°C and 4°C in the 2025, 2030 and 2050 horizons. The policy was adopted in December 2023, and its purpose is to determine the impact of ENEA Group's operations on the climate and to indicate directions for action and management mechanisms ensuring responsible business activity of the Group, while using natural resources of our planet in a sustainable way.

The policy will also make it possible to define and identify risks and opportunities related to the ENEA Group's impact on the climate and the impact of climate change on the Group's operating principles and assumptions on an ongoing basis. One of the reasons for drawing up the ENEA Group Climate Policy is the need to respond to the changing environment and to external national and EU regulations aimed at reducing adverse climate change. The document is a testament to the Group's actions and commitment to climate protection.

On 17 May 2023, LW Bogdanka published the Development Strategy of the LW Bogdanka Group for 2023-2030 with an outlook until 2040. The document outlines key directions for development and transition, which include the development of an innovative multi-commodity corporate group driving the green transition and securing the economic growth of the Lublin region. LWB's new strategy is based on 5 pillars: a strong coal foundation, based on which LW Bogdanka will remain the leader in efficiency in coal mining until the decommissioning of the mine, a multi-commodity concern, a guarantor of sustainable energy, a green transition and the future of the Lublin region.

#### Roadmap to climate neutrality

The ENEA Group, in accordance with the Paris Agreement and the European Union's climate plans, plans to achieve climate neutrality in 2050. Related work has been suspended in the ENEA Group and may resume once a new or modified government concept is presented.




Actual values were presented for 2020-2023 ($CO_2$ emissions directly linked to electricity production) and starting from 2024, estimated values were given, assuming the spin-off of coal-fired assets from the ENEA Group.

### CCGT unit construction

One of the steps on the road to climate neutrality is the use of gas as a transition fuel. As of May 2022, ENEA ELKOGAZ (previously, from 2019, the project was handled by ENEA Wytwarzanie) conducted the project Restoration of generation capacity of 200 MW coal-fired units in the Kozienice Power Plant based on the gaseous fuel combustion technology. In July 2022, a bidding process was launched to select a general contractor for the project. On 17 October 2023, ENEA ELKOGAZ canceled the tender procedure for the selection of the EPC Contractor of a brownfield Project due to the absence of bids. On 21 December 2023, ENEA Wytwarzanie and ENEA ELKOGAZ terminated the agreements of 23 June 2023, as amended; 28 June 2023 and 25 July 2023 (the so-called "sharing agreements"), deciding that the project of constructing combined cycle power units planned as brownfield projects, i.e. replacement of the generation capacity of 200 MWe power units with gaseous fuel combustion technology, will not be continued. In Q4 2023, a further direction for the project was worked out as the development of gas-steam units under the greenfield formula (i.e. on a new site without using the space left by the existing 200 MWe class coal-fired units). In early January 2024, ENEA ELKOGAZ received approval to change the implementation of the project from a brownfield to a greenfield formula. ENEA Wytwarzanie, in turn, has adopted an overhaul and shutdown schedule for the units, based on coal-fired units, including shutdowns of 200 MWe class units in 2030-2033.

## 12.3.2. RES portfolio - a strategic approach

The Management Board of ENEA S.A. has launched the *ENEA Group RES Portfolio* ("RES Portfolio"), the purpose of which is to operationalize the *ENEA Group Development Strategy until 2030 with an outlook to 2040* in the area of renewable energy sources.

The RES Portfolio is implemented through projects under:

- PV Program - a program for the development of photovoltaic farms in the ENEA Group, which aims to increase generation capacity from photovoltaic farms. It is assumed that the increase in capacity will be attained through the development of own projects, acquisitions of projects at various stages of development (e.g., under the formula of an agreement with project developers) and their further development, as well as acquisitions of completed assets, including through joint ventures.
- FW Program - ENEA Group's onshore wind farm development program, which aims to increase generation capacity from onshore wind farms. It is assumed that the increase in capacity will be attained primarily through acquisitions of completed assets, and in the event of a change in the so-called 10H rule, also through the development of own projects and acquisitions of projects at various stages of development (e.g., under the formula of an agreement with project developers) and their further development, including through joint ventures.
- Offshore Program - ENEA Group's offshore wind farm development program, which aims to increase generation capacity from offshore wind farms. It is assumed that the increase in capacity will be attained as a result of ENEA S.A.'s cooperation with PGE Polska Grupa Energetyczna S.A.
- Other RES technologies program, the purpose of which is to increase generation capacity in other technologies (biogas plants, etc.) and the implementation of projects supporting the development of RES in the ENEA Group, which include:
  - biogas plants - the increase in capacity will be attained primarily through acquisitions of completed assets, including through joint ventures,

- energy storage facilities - ENEA Group's generation mix should be stabilized in the future with short and long duration energy storage facilities. It will be necessary for the ENEA Group to actively participate in the market for potential energy storage acquisitions, both in the design phase and in existing installations; the use of battery energy storage facilities is assumed,
- hydrogen technologies - includes the introduction of new products and services related to the energy use of hydrogen, including: production of hydrogen by electrolysis with the use of energy from RES, storage and transportation of compressed hydrogen, generation of electricity in fuel cells, hydrogen refueling stations, hydrogen buses, trucks and passenger cars, hydrogen-powered engines/generators,
- distributed energy - includes the introduction of new products and services for local energy communities - initiatives linked spatially and infrastructurally (e.g., district, estate, campus, technology or industrial park), aimed at implementing and ensuring the operation of solutions to locally balance consumer demand for energy, and its distribution and trading, with the generation of this energy, aimed at cooperation and efficient use of local renewable energy resources.

The implementation of the RES Portfolio enables effective management of cooperation between Group companies, budgets, scopes and schedules, aggregating the Group's distributed programs and projects related to the RES area. Coordination of RES development in the ENEA Group, thanks to the use of portfolio structures, enables efficient and precise identification of dependencies and assessment of the status of ongoing initiatives, projects and programs included in the Portfolio.
Portfolio management allows effective monitoring of the pace of implementation of the ENEA Group Development Strategy in the area of renewable energy sources.

The implementation of specific activities within the RES portfolio is the responsibility of the ENEA Group's Infrastructure and Investment Supervision Department. A description of the implementation of individual initiatives/projects implementing ENEA Group's RES Portfolio is presented in the following section.

### 12.3.3. Key RES activities in 2023

Bearing in mind the timetable for reaching climate neutrality, the ENEA Group is undertaking a wide range of activities aimed at reducing greenhouse gas emissions and increasing the share of RES in the energy mix, including by:

- construction of offshore wind farms - ENEA S.A. holds a 33.81% stake in Elektrownia Wiatrowa Baltica 5 sp. z o.o. In August 2023, the company received a decision from the Minister of Infrastructure to grant a PSZW permit for an area in the Baltic Sea designated as 60.E.4, where an offshore wind farm is expected to be built,
- development of ENEA S.A.'s own projects with a capacity of 525 MW, of which 410 MW in special purpose vehicles and the rest carried out by ENEA Nowa Energia. SPVs are designed to develop their own greenfield projects. Most of them have the prospect of starting energy production in 2025-2030. The vast majority of them are photovoltaic farms, but wind farms are also planned. The Group has acquired four companies in the area: FW Bejsce, PV Tykocin, PRO-WIND and PV Genowefa,
- projects implemented by the Połaniec Power Plant covering units 2 through 7. The changes are related to the co-firing of coal and biomass. Some of the work is in the design stage, and some is in the execution stage,
- ENEA Ciepło in Białystok is preparing to build a biomass power unit,
- renewable energy cluster activities - in 2023, analyses of forms of cooperation within clusters and discussions on RES development were underway. ENEA Group companies have cooperated with several energy clusters,
- ENEA Operator's investments including the construction of ten new so-called main power supply points (substations), which improve and stabilize the operation of the grid, thereby contributing to a reduction in the number of refusals to connect new RES,
- continued cooperation with the Poznań Supercomputing and Networking Center, which aims, among other things, to create a system for managing RES sources,
- supporting initiatives and research within the so-called hydrogen valleys: ENEA Nowa Energia in the Wielkopolska Hydrogen Valley, ENEA S.A. and ENEA Operator - the West Pomeranian Hydrogen Valley, and ENEA Elektrownia Połaniec - the Central Hydrogen Valley.

The RES area also includes some of the new business lines described in subsection 12.3.4.

### 12.3.4. New business lines

The adopted development strategy of the ENEA Group includes the development of new business lines based on own resources and using synergy from cooperation with partners representing other industries. The area of focus and activities includes new product and service packages that will be introduced into the Group's sales offering. One of the most important challenges among the selected business lines is energy storage. They are to guarantee the necessary stability of RES, becoming an element of Poland's energy security. The next prospective lines of business are related to the management of components of used RES plants and energy storage facilities. Plans also include the Group's increasing involvement in the management of combustion by-products from the industry, including conventional power and district heating - including those generated during day-to-day operations, as well as those deposited in landfills. The ENEA Group also wants to expand its offerings for local communities and individual prosumers, investing, among other things, in cooperation with local government units and urban movements. Of particular interest in this case is the concept of building and managing energy islands, the so-called energy clusters. Involvement in plants using SMR (Small Modular Reactor) and MMR (Micro Modular Reactor) technologies is also taken into account.

Given the complexity of the challenges arising from the delineated areas of activity, in June 2023, the Group established the Group Department for the Development of Innovative Projects and New Technologies to identify the Group's needs for the creation of innovative solutions and new technologies, to study the possibility of their implementation in the ENEA Group, and to coordinate the activities of selected Group companies in the area of innovation.

The main domain and basis of the activities of this Department is the area of nuclear power development, including preparing the Group for the SMR technology operating in the base load of the power system, as one of the key elements of ENEA Group transition. The solution using the SMR technology is identified as one of the key ones to maintain ENEA Group's market position in the long term, taking into account the departure from conventional sources and their gradual replacement. In addition, key areas of activity include the study of optimal energy storage solutions (in large scale and high unit storage capacity) offered and yet to be developed in the market (including R&D activities) - in various technologies available in Europe. The Department's activities also include hydrogen technologies, hybrid technologies and concepts for using traditional RES in a new form (agrivoltaics, floating photovoltaics, solar trackers, optimizing the use of hydropower plants and biogas).

The Group Department for the Development of Innovative Projects and New Technologies is the management unit of the Innovation Management Division. In the area of innovation, the Department supervises the following companies of the ENEA Group: ENEA S.A., ENEA Operator sp. z o.o., ENEA Ciepło sp. z o.o., ENEA Serwis sp. z o.o., ENEA Innowacje sp. z o.o., ENEA Nowa Energia sp. z o.o., ENEA ELKOGAZ sp. z o.o. The Department brings together all relevant organizational units and cells competent for development and new technologies in the companies in the Division.

The Group Department for the Development of Innovative Projects and New Technologies is responsible for:

- formulation and development of rules for implementing innovations and new technologies in the ENEA Group,
- coordination of activities to include innovations and new technologies in ENEA Group's strategic documents,
- identification of possible solutions to be implemented to improve the Group's various business segments,
- definition of key business directions necessary to carry out the energy transition in the relevant areas,
- establishment of cooperation with scientific entities, conducting research and development activities with external institutions, and analyzing ongoing research initiatives within the Innovation Management Division,
- identification and recommendation of courses of action to individual companies and units to enable the energy transition,
- coordination, supervision and monitoring of actions (projects, initiatives, activities) regarding development of innovations
  and new technologies which have the potential of being part of the ENEA Group’s business activity,
- development of competences in the area of innovations and new technologies within the ENEA Group,
- deepening, unification and coordination of cooperation in the area of innovations and new technologies within the ENEA Group,
- optimization of expenditures and costs in the area of innovation and new technologies within the ENEA Group.

#### Key activities implemented in 2023

The establishment of the Group Department for the Development of Innovative Projects and New Technologies will allow the Group to implement innovative solutions faster and more efficiently in the future.The initial period of the Department's operation is intended to build competence within the team, review the Company's and the Group's activities to date, work out development directions and prepare feasibility studies for implementing selected efficiency-enhancing solutions.

The Group Department for the Development of Innovative Projects and New Technologies has been working on SMR and MMR nuclear technologies available on the market in 2023 to initiate a comprehensive analysis and evaluation of the feasibility of the respective solution in the Group. In addition, reconnaissance was carried out regarding the agrivoltaics technology, PV trackers, PV installations on reservoirs, innovative energy storage, and work was done on preliminary investigation of hydrogen technologies, biofuels or digitization of the Company.

The Group is committed to widespread education related to new carbon-free sources, which is why it has launched a public awareness campaign on nuclear, hydrogen and innovative PV technologies and activities to raise awareness among the public, as well as employees, especially regionally and locally in places being considered as potential nuclear project locations. The Department's activities also include the implementation of a system for upgrading the skills of employees and bringing them in line with the requirements of the nuclear industry and the sustainable implementation of the energy transition.

In 2023, the ENEA Group was conducting projects related to innovations and new technologies in the following areas:

### Nuclear power

The Group's interest revolves around the construction of SMR and MMR plants to convert some assets into low-carbon generation sources.

### Energy storage

RES investment plans include the presence of energy storage facilities in new installations. Energy storage facilities will ensure the maximization of energy production capacity and improve grid stability.

**BEST PRACTICES**

- In December 2023, ENEA S.A. and Spain's Cobra Group, a world leader in applied industrial engineering and specialized services in the energy industry, signed a letter of intent to develop energy storage projects and technologies. The companies have expressed interest in joint analysis and gathering experience to enable the launch of a pilot energy storage project, working with a large number of renewable energy sources connected to ENEA Operator's distribution network,
- ENEA Operator has successfully completed the project "DRES2Market (technical, business and regulatory ways to strengthen the role of renewable energy sources in active participation in the energy and ancillary services market), under Horizon 2020. The main objective of the DRES2Market project was to develop a comprehensive and cost-effective approach to facilitate the effective participation of distributed generation based on renewable energy in electricity markets and to enable the provision of balancing and storage services according to market criteria. The DRES2Market project focused on overcoming existing barriers (technological and regulatory frameworks) to the development of integration of these technologies. The results of the project have been positively approved by the project commissioner and will be used in the development of new EU regulations,
- ENEA Operator conducted a research and development project, under the eNeuron grant agreement (exploring the application of local energy balancing areas for distributed grid optimization and development) under Horizon 2020. The main goal of the eNeuron project is to develop innovative tools for the optimal design and operation of local energy systems that integrate distributed energy resources and multiple energy carriers at different scales. The project included the installation of an energy storage facility, which is the sixth of its kind operating in ENEA Operator's grid. An important element of the eNeuron project is the promotion of the energy hub concept as a conceptual model for the control and management of portable and integrated energy systems to optimize their model and operation. The results of the eNeuron project are expected to provide many benefits to all potential entities interested in implementing such systems, particularly distribution network operators.

### Hydrogen technologies

ENEA Group companies are stakeholders in the following hydrogen valley projects: Łaszczyński Brothers Central Hydrogen Valley, Wielkopolska Hydrogen Valley and West Pomeranian Hydrogen Valley. The Group plans to produce and use "green" hydrogen from its own RES and electrolyzer sources.

### Other innovations in the ENEA Group

In 2023, as part of the development of new business lines, the ENEA Group will continue to analyze the business potential of additional innovative concepts, related to, among other things, agrivoltaics, hydropower and solar installations, alternative fuels, solid biofuels and the implementation of the idea of a circular economy. The Group assumes that the innovations implemented will have an impact on the broader energy transition in Poland. The Group constantly seeks and implements technological solutions and new business models in the fields of new RES technologies, electromobility, Smart Cities, Internet of Things (IoT) and artificial intelligence (AI), and automation of operational and production processes, among others.

The ENEA Group also carries out innovative projects related to, among other things, photovoltaics. In 2023, ENEA Serwis began testing photovoltaic installations on trackers (special structures that allow photovoltaic panels to "track" the sun, and thus produce more electricity from the installed capacity).

The tests are scheduled to be completed in 2024, at which time the Group will decide on the implementations of the technology, if any. ENEA Innowacje is collaborating to develop solutions to increase the efficiency of prosumer installations.

**BEST PRACTICES**

- In 2023, ENEA S.A. purchased a service to access the software used to manage and monitor charging stations and support the charging service at the Company's charging stations,
- In 2023, ENEA Operator increased RES development opportunities in northern Wielkopolska region. The Company has completed a major reconstruction of the 110/15 kV substation in Wronki. The investment has significantly improved the power supply to the town and township of Wronki and the Szamotuły county, and increased the energy security of northern Wielkopolska region. One of the main tasks of the new station is to enable the development of renewable energy in the region, as well as the possibility of connecting new customers, including businesses.

### 12.3.5. Strategic actions in the distribution area

The current development strategy of the ENEA Group assumes that the area of operations of ENEA Operator will focus on:

1. ensuring energy security in the geographic area of its operation, which will fulfill the statutory obligation to ensure the current and long-term operational security of the power distribution system,
2. ensuring continuous and reliable supply and offtake of electricity with appropriate quality parameters, which is in line with the statutory obligation to ensure continuous and reliable supply of electricity with appropriate quality parameters,
3. development of a smart distribution grid, including, in particular, a full-scale implementation of smart metering, development of SCADA systems, development of tools to support network management processes, including communication and data transmission systems, as well as grid automation, taking into account cybersecurity considerations,
4. a change in the model of operation of DSOs, resulting from the dynamic increase in the number and capacity of distributed sources, which leads to major changes in the functioning of the energy market and the roles of its participants. ENEA Operator as a DSO will ultimately serve as an active, neutral market support, enabling grid users to benefit from many services that go beyond energy supply. For this purpose, the company will, in particular, adapt the power grid to operate in conditions of high volatility of generation sources, including converting it from a passive (one-way) grid to an active (two-way) grid.

In 2023, the ENEA Group continued investments in line with the strategy's determinants for ENEA Operator, the main objective of which is to ensure continuous and reliable supplies of electricity with appropriate quality parameters in the company's area of operation. The investments included the construction and modernization of high, medium and low-voltage lines and substations, including network automation, the installation of modern remote reading meters at end users in accordance with the requirements of the Energy Law and Smart Grid solutions, and a change in operation as a DSO. The changes and the need for investment in the distribution network are related, among other things, to the rapid increase in the number of distributed generation facilities, obligations to support the development of local energy markets and the emergence of the so-called energy communities - clusters and energy cooperatives. In addition, there are local balancing areas, energy storage facility owners, electric vehicles and charging stations. Modernization work involving, for example, the replacement of components with new ones often involves large financial outlays and is classified as investments. In 2023, ENEA Operator's total capital expenditures amounted to more than PLN 1.8 billion.

ENEA Operator is also a signatory to the 2022 signed *Charter of Effective Transformation of Distribution Grids of the Polish Energy System*, under which Poland's five largest distribution system operators (ENEA Operator, Energa Operator, PGE Dystrybucja, Stoen Operator, Tauron Dystrybucja) have developed network assumptions that should be reflected in the development plans of each company. The *Charter's* goal is to successfully implement a viable transformation of the energy distribution sector by 2030, which will be key to the successful transformation of the entire energy industry and requires significant additional financial resources and the right regulatory environment.

### 12.3.6. Green Change and employees

The ENEA Group cares about a safe and attractive work environment for its staff - it supports the development of employees and enables them to improve their qualifications.

At the same time, it prioritizes activities related to the professional education of those who plan to link their careers with Group companies. To this end:

- it organizes expert-led teaching activities for students studying in the fields with a practical profile,
- it popularizes work in the electric power sector among students of industry and technical schools operating in the area of operation of Group companies,
- it covers schools with special patronage programs that support the education and development of the students - among others, a nationwide thematic conference for staff and students is organized,
- it offers attractive internships and apprenticeships at Group companies and provides career counseling,
- it has a presence at industry education fairs,
- it runs the "Power to Start" competition, which aims to strengthen the relations between the school community and the energy industry,

- it is a patron and supporter of the organization of scientific seminars and conferences (e.g. Energy Academy, Cooperation-Energy-Future conference, 3rd Poznań Electricity Days),
- it actively communicates opportunities, needs and expectations of the industry on social media and recruitment portals (LinkedIn, pracuj.pl).

**BEST PRACTICES**

- In 2023, ENEA S.A. invited students of schools under the Group's auspices to the 5th edition of the "Power to Start" competition. The competition is designed to strengthen the relationship between the school community and the power industry, which needs young visionaries and enthusiasts for new technologies like never before (due to the existing generation gap in the industry).

  The competition attracted an unusually high level of interest, with 40 entries from 18 schools. Participants explored the secrets of new technologies in the energy industry, and the jury, which included ENEA S.A. employees, evaluated, among other things, the author's concepts of a hydrogen unicycle for a holiday trip and new sources of electricity, including for space missions, Internet of Things devices and smart electronic accessories. Scholarships worth PLN 3,000, which will be used to purchase teaching aids, including equipment and programs for remote learning, went to 10 winners from 5 winning teams and 3 authors of the best individual works. Also the teaching staff were honored: work supervisors who accompany students not only in the preparation of competition materials, but also throughout their educational journey, up to their professional development, from 2023. Employees of ENEA Operator's technical services can develop their skills not only in on-site, but also in mobile form, using virtual reality.
- This is done using a properly designed and equipped bus which supports the training system. It is the result of research and development work carried out by the distribution company in cooperation with the Poznań University of Technology and Poznań University of Economics and Business.

The ENEA Group assumes that a comprehensive human resources management program will become an important part of the Group's transformation. Its development and implementation will influence the management of the generation and competence gap. Moreover, it will contribute to the development of the potential of the entire organization, improving the scale of staff engagement and their identification with the employer's goals.

The program will provide comprehensive support for the development of those currently employed (including training and retraining) and facilitate the recruitment of new employees (including through cooperation with high schools and universities). At the same time, the Group observes the demographic trends and analyzes the changes in the labor market, drawing relevant conclusions and trying to adjust to the situation and future trends. Any changes resulting from the transition will be introduced in consultation with the representatives of the workforce and with respect for mutual interests.

### 12.3.7. Necessary capital expenditures and their financing

The ENEA Group, building Poland’s energy security as one of the country’s largest commodity and energy groups, has allocated approx. PLN 23 billion since 2015 for important investments supporting the development of the Polish power sector. Between 2024 and 2042, the ENEA Group intends to earmark additional billions of Polish zloty for this purpose. Through these investments, it will make a key contribution to the successful transition towards a completely zero-carbon power sector.

The ENEA Group intends to finance planned investments from its own sources, as well as from funds raised by Group companies, maintaining a safe value of the net debt to EBITDA ratio.

The Group counts repayable and non-repayable public funds, both EU and national, as important sources of financing:

- Cohesion Policy,
- Recovery and Resilience Facility,
- Just Transition Fund,
- ReactEU,
- InvestEU,
- funds supporting the energy system transition in Poland, such as Modernization Fund for 2021-2030 and Energy Transition Fund,
- other instruments (e.g. priority programs of the National Fund for Environmental Protection and Water Management and Common Agricultural Policy funds).

According to the Development Strategy, half of the investment funds earmarked for RES will come from joint-venture structures and half from the ENEA Group’s balance sheet. Offshore projects were excluded from the division - here all investment financing will be based on a joint-venture formula.

In December 2023, ENEA S.A. signed an investment loan agreement with the European Investment Bank (EIB). The PLN 1 billion raised will be fully allocated to investments in the distribution area, supporting ENEA's Green Change, in line with the ENEA Group Development Strategy.

EIB co-financed investments in the development and modernization of the distribution network will be carried out between 2023 and 2025 in northwestern Poland. These will include the modernization and construction of medium- and low-voltage power grids,

with a total length of nearly 8,000 km; connecting 140,000 new customers to the grid; increasing the rated capacity of transformers by 633 MVA; connecting 4.3 GW of new RES generation capacity; and installing 2,400,000 smart meters.

The financing of ENEA Group's distribution investment program is in line with the priorities set forth in the EIB's *Energy Lending Policy* and the REPowerEU initiative, established by the EIB and the European Commission, which aims to make the European Union independent of Russian energy resources and accelerate the energy sector's transition towards zero-carbon. According to the EU Taxonomy, modern distribution networks constitute a key element, essential for the development of distributed clean energy sources that support sustainability in the economy.

Pursuant to the European Commission’s Climate, Energy and Environmental State aid guidelines, public support of natural gas fired generation units with EU and national funds was possible only in the short term and moreover with a considerable limitation of the scope of costs eligible for financing.

## 12.4. Sustainability management in the ENEA Group

### 12.4.1. Setting objectives, policies and methods of updating them

In the ENEA Group, the ENEA S.A. Management Board is in charge of creating, adopting and updating the mission, vision, values, strategies, policies and objectives related to sustainable development. The most significant directional document for the Group is its development strategy and as such it is reviewed by the Strategy and Investment Committee of the ENEA S.A. Supervisory Board and then finally approved by the ENEA S.A. Supervisory Board.

### 12.4.2. Operational management of sustainable development

In managing various specific aspects of sustainable development, the ENEA S.A. Management Board obtains support from the Company's competent departments and the following ENEA Group Committees:

1. ENEA Group Investment Committee – in managing tangible and capital investments of the ENEA Group, especially in the ENEA Group,
2. ENEA Group Management Committee – in exercising corporate governance of subsidiaries,
3. ENEA Group Finance and IT Committee – in making decisions regarding financial and IT management within the ENEA Group,
4. ENEA Group Commerce and Promotion Committee – in managing activities carried out in the areas of commerce, promotion and fuel trading,
5. ENEA Group Risk Committee – in managing enterprise risks, business continuity, Compliance and insurance policy issues in the ENEA Group.

The powers of the above Committees include granting recommendations to the ENEA S.A. Management Board or making decisions on issues defined in the Rules and Regulations of the ENEA Group Committees.

At the level of distinct companies of the Group, issues relevant to sustainability are managed by their respective units.

There are seven Management Divisions operating in the ENEA Group. A Management Division is a formal communication channel between each Department of ENEA S.A. (Managing Unit) and corresponding units in the subsidiaries (Cooperating Units). Through a division, a specified Department at ENEA S.A. oversees and manages a specific area of the Group based on the formalized standards of cooperation with the specified units.

Management Divisions in the ENEA Group:

| Management Division | Objectives |
|---|---|
| Security Management Division | – to manage processes and to establish, implement and improve standards and optimize costs related to security in the ENEA Group and its subsidiaries. |
| Compliance and Legal Support Management Division | – to manage processes and to establish, implement and improve standards and optimize costs related to compliance and legal services in the ENEA Group and its subsidiaries. |
| Procurement Management Division | – to set procurement standards for the ENEA Group,<br>– analysis of procurement process management for the entire ENEA Group,<br>– optimizing procurement processes in the ENEA Group. |
| HR Management Division | – to support the ENEA S.A. Management Board in making strategic decisions of key significance for the shaping and pursuit of HR policy in the ENEA Group,<br>– to increase the effectiveness of HR management in the ENEA Group,<br>– to improve HR communication in the ENEA Group,<br>– to optimize costs related to the deployment of new HR solutions in the ENEA Group,<br>– to oversee the standardization of processes and the consistency of deployed HR solutions. |
| Innovation Management Division | – formulation and development of rules (action strategies) for implementing innovations and new technologies in the ENEA Group,<br>– coordination of actions to include innovations and new technologies in strategic documents of the ENEA Group,<br>– coordination, supervision and monitoring of actions (projects, initiatives, activities) regarding development of innovations and new technologies which have the potential of being part of the ENEA Group's business activity,<br>– development of competences in the area of innovations and new technologies within the ENEA Group,<br>– deepening the cooperation in the area of innovations and new technologies within the ENEA Group,<br>– optimization of costs and expenditures in the area of innovations and new technologies within the ENEA Group. |
| Communication Management Division | – supporting the ENEA Management Board in making strategic decisions of key and long-term significance for shaping the ENEA Group's image and communication policy within and without the organization,<br>– deployment of a uniform method of communication management within the ENEA Group,<br>– development of competences in the area of communication within the ENEA Group,<br>– optimization of the costs of the communication function in the ENEA Group. |
| Sponsorship and Corporate Social Responsibility Management Division | – supporting the ENEA Management Board in making strategic decisions of key and long-term significance for shaping the ENEA Group's image and sponsorship policy and corporate social responsibility activities within and without the organization,<br>– introducing a uniform way to manage sponsorship and corporate social responsibility in the ENEA Group,<br>– development of competences in the area of sponsorship and corporate social responsibility in the ENEA Group,<br>– optimization of the costs of promotional materials procurement in the ENEA Group. |

### 12.4.3. Audit and internal control

In the ENEA Group, internal audits, internal inspections and coordination of control activities conducted by external audit and regulatory authorities are tasks performed by the Audit and Control Department of the Group. The Unit also monitors the status of implementing recommendations and guidelines issued in the course of audits and inspections conducted in the Group's companies, reporting the findings received to the Management Boards and Supervisory Boards of the ENEA Group's companies and the Audit Committee of the ENEA S.A. Supervisory Board. The assessment of whether the implementation of recommendations and guidelines was effective results from the conclusions, taking into consideration the effectiveness of performed repair activities based on enterprise risk management standards according to COSO I and COSO II models.

The COSO model is based on five interconnected elements of an internal control system, which is made up of: control environment, risk analysis, control mechanisms, information and communication and monitoring and supervision.

The Audit and Control Department of the Group is also an important link confirming the operational effectiveness of internal control systems, risk and Compliance management, implemented at the level of ENEA S.A. and the ENEA Group.

The process of reporting the status of the implementation of recommendations and guidelines, including possible derogations, and a summary of achievement of management objectives (achieved level of key indicators) assumes provision of the information by the Director of the Group's Audit and Control Department to the Management Board members of the ENEA S.A. Management Board, department directors at ENEA S.A. and management board members of the ENEA Group's subsidiaries.

## 12.5. Management of non-financial risks

Regular identification of enterprise risks, including non-financial risks, is an important part of the ENEA Group's management process. Anticipating trends and risks as well as being able to implement anticipatory actions and procedures protects the organization against the effects of potential adverse events. The identification and management of enterprise risks is carried out as part of the Enterprise Risk Management (ERM) process. The Group Risk Management Department, an organizational unit of ENEA S.A., is responsible for coordinating the ERM process,

which covers all key companies of the ENEA Group. Each of them has its own respective units responsible for this area, which cooperate with the Group Risk Management Department.

The principal document governing the Group's entire enterprise risk management is the *ENEA Group Enterprise Risk Management Policy.* Furthermore, the ENEA Group's risk management system comprises detailed procedures, policies and methodologies for managing specific risks in specific areas. Implementation of the guidelines and guidance contained therein ensures the effectiveness of risk management. It also allows for the ongoing identification and assessment of risks at the level of the Group's key companies, risk monitoring and reporting, operational management of risks by individual companies, within the assigned limits (in terms of financial risks) and on the principles laid down in the documents approved by the *ENEA Group Risk Committee*.

### ENEA Group Risk Committee

The key authority in the risk management process at the ENEA Group is the Risk Committee, a standing internal team of the Group established to provide support to the ENEA S.A. Management Board. The scope of tasks and working rules of this Committee are described in Chapter 4 hereof.

### 12.5.1. Non-financial risks

From among the enterprise risks of the ENEA Group, we have identified non-financial risks that may exert an adverse impact on the labor, social, environmental and anti-corruption areas. It was decided that the ENEA Group's material non-financial risks are those enterprise risks that have been assessed as key or critical risks for any of the companies, as well as assessed as low or medium risks within one company, but which may apply to more than one company.

**Risk mitigation in the analyzed areas**

**Labor**

| Risk | Risk management methods |
|---|---|
| Generation gap risk | – ensuring a motivational remuneration system,<br>– activities in the area of employer branding, aiming to win the best candidates for work, including activities addressed to students and graduates,<br>– patronage programs in technical and industry schools. |
| Loss of competence risk | – recruitment processes,<br>– training and other forms of employee education,<br>– ongoing monitoring of turnover rate,<br>– activities implemented under the Personnel Policy (career paths, succession),<br>– payment of rewards for achievement of tasks and continued assignment and review of objectives,<br>– provision of the hybrid work option for some of the employees. |
| Risk of accidents at work or occupational diseases | – occupational health and safety (OHS) trainings,<br>– inspections of working conditions,<br>– activities promoting safe behaviors and work methods,<br>– updating of occupational risk assessments,<br>– OHS knowledge competitions,<br>– analysis of accidents and implementation of actions aimed at reducing the risk level. |
| Risk of unavailability of employees as a result of an epidemic | – complying with the recommendations of the Ministry of Health and the Chief Sanitary Inspectorate. |
| Risk of information leaks by unauthorized employees | – reminders of actions required in accordance with the established rules of complaint circulation,<br>– reminders that contacts with the media are handled by ENEA's spokespersons,<br>– permanent information banner in the Knowledge Base and EC Bulletin,<br>– cooperation with the Communication Division of ENEA S.A. |

## Social

| Risk | Risk management methods |
|---|---|
| Risk of improper management of information in an emergency, | – applying such communication procedures in crises that mitigate the risk of provision of incomplete or delayed information,<br>– maintaining efficient communication channels with key business units,<br>– regular anti-crisis workshops. |
| Reputational risk | – maintaining proper communication with stakeholders,<br>– awareness raising among employees,<br>– undertaking pro-environment initiatives. |
| Risk of social unrest, deterioration of relations with social partners associated with the pursuit of significant organizational or business changes | – active and open dialog with social stakeholders in respect of information about the company's activities,<br>– proper selection of internal communication media. |
| Risk of penalties imposed as a consequence of establishing or maintaining cooperation with a sanctioned entity | – verifying customers on the sanction list,<br>– updating the sanction list on an ongoing basis. |

## Environment

| Risk | Risk management methods |
|---|---|
| Risk of unavailability of FGD, SCR and/or electrostatic precipitators due to a failure of these units, which may cause an increase in atmospheric emissions, | – continuous and inspection measurements subcontracted to independent providers. |
| Risk of reducing the scope or ceasing activity due to a failure to obtain valid environmental decisions and permits | – cooperation with leading law firms,<br>– cooperation with the Mazowiecko-Świętokrzyskie Ornithological Society,<br>– cooperation with the Inland Fishery Institute in Olsztyn,<br>– amendments of integrated permits and applications for environmental decisions,<br>– application to the Regional Director of Environmental Protection in Warsaw for dismissal of proceedings. |
| Risk of failure to comply with the applicable environmental permits and decisions, | – ongoing control of water level and temperature of the Vistula River and undertaking relevant measures in the case of, among others, very low or very high water levels or increase in water temperature,<br>– periodic maintenance of the flexible weir and the purchase of a new flexible weir,<br>– preventive activities,<br>– maintenance of the required level of strategic spare parts for protective devices,<br>– ongoing inspections of installations and technical condition of electrostatic precipitators. |
| Risk of causing damage to elements of natural environment in connection with the operation or execution of investment projects in electricity distribution | – comprehensive inspections of facilities,<br>– removal of the effects of failures and damage to power lines and devices. |
| Risk of improper management of hazardous waste | – verification of potential waste consignees to conclude contracts on hazardous waste management with entities that hold competencies necessary for the final waste treatment. |
| Risk of biomass fire | – maintenance of technical infrastructure – taking care of the operational readiness of devices and installations protecting people and infrastructure,<br>– strict observance of approved procedures and instructions,<br>– regular training of employees, raising the awareness of potential risks,<br>– fire safety inspections of biomass stored in outdoor yards,<br>– monitoring of biomass prisms with thermal imaging cameras. |
| Risk of the self-ignition of coal due to oxidation, or ignition of coal dust caused by high temperature, | – measurement of coal temperature on storage yards,<br>– replacement of coal with longer storage time on yards,<br>– compacting the rolled coal layers on storage yards and the lateral slopes on yards. |
| Risk of limitation of electricity generation from hard coal due to the radical reduction of atmospheric emissions planned by the European Commission | – lobbying the European Commission for changing/softening the current climate policy,<br>– development and implementation of a $CO_2$ emissions reduction concept,<br>– seeking for technologies designed to reduce the levels of $CO_2$ and other pollutants in flue gases. |

### Anti-corruption

| Risk | Risk management methods |
|---|---|
| Corruption risk in the ENEA Group | – raising awareness of the Group's employees as regards corruption,<br>– periodic monitoring and reporting on incidents of corruption,<br>– support from Compliance. |
| Risk of conflicts of interests in the ENEA Group | – raising awareness of the Group's employees as regards avoiding conflicts of interests,<br>– periodic monitoring and reporting on conflict of interests situations,<br>– support from Compliance. |
| Risk of unfair competition in the ENEA Group | – raising awareness of the Group's employees as regards unfair competition,<br>– periodic monitoring and reporting on cases of unfair competition,<br>– support from Compliance. |
| Risk of non-compliance or legitimacy of normative acts and secondary acts of the ENEA Group | – regulating the process of adoption, amendment, revocation and publication of normative acts and secondary acts of the ENEA Group,<br>– advisory from Compliance,<br>– provision of opinions on new regulations or proposals of amendments to or revocation of existing regulations. |

## 12.5.2. Opportunities and risks related to sustainable development

As part of the work on the development strategy, a SWOT (strengths, weaknesses, opportunities, risks/threats) analysis was performed, as related to sustainable development.

Selected identified opportunities related to sustainable development:

- increased electricity demand,
- possibility to enter the regulated district heating market thanks to construction of cogeneration units (taking into account the development of small polygeneration technologies with the use of clean coal technologies),
- development of energy storage projects,
- possibility to enter the market of local balancing areas and energy microclusters or similar solutions in urban areas (energy cooperatives, virtual prosumer), based on the experiences in grid management,
- possibility to build a competitive advantage based on introduction of innovative solutions in power generation, including by achieving the position of a change leader,
- development of smart power grids,
- development of communication and ICT technologies,
- development of electromobility,
- possibility to spin-off hard coal-fired generating assets.

Selected identified risks related to sustainable development:

- destabilization of the power system due to a high demand for electricity, with simultaneous weather conditions that have an adverse impact on the level of RES energy generation (wind energy, PV),
- gradual reduction of industry energy intensity and increasing deep energy retrofit trend,
- loss of customers and decrease in overall volume of energy sales to end customers,
- regulatory instability resulting in additional investment risk,
- increasing environmental restrictions for the operation of energy companies arising from the EU regulations,
- increasing EU preferences for RES development over conventional generating sources,
- growing level of costs – of labor, materials, power devices,
- growing prices of $CO_2$ emission allowances,
- persisting ongoing import of electricity to Poland (development of cross-border connections),
- persisting ongoing import of steam coal to Poland (coal supply from Polish deposits unbalanced with domestic demand).

The Strategy was developed, among others, in response to the aforementioned opportunities and risks.

At present, the primary sources of risks related to the social, environmental and corporate governance aspects are climate change and the geopolitical situation. These changes, as well as the energy transition aimed at slowing them down, might create both new opportunities and threats to the ENEA Group's operations, which is why the Group continually analyzes possible future scenarios. If the goals and solutions included in the applicable strategy prove insufficient given the changes occurring in the enterprise's environment, the Group will consider a revision of the strategy.

### 12.5.3. Risks and opportunities related to climate

ENEA Group analyzes risks related to the impact of climate change on the enterprise (transition risk and physical risk) as well as whether the two are related and how. Climate risk is formulated as a future uncertain event related to the impact of climate change on the enterprise, the results of which may have a negative effect on the enterprise. In its analyses, the ENEA Group applies short term (until 2025), medium term (until 2030) and long term (until 2050) time horizons. The climate risk is applicable to the entire value chain.

#### Transition risks

Transition risks (also known as transformation risks) arise from the transition to a low-carbon economy and can be divided as follows:

- legal and regulatory risks – tightening of legal requirements and restrictions on climate aspects,
- technological risk – exclusion and replacement of conventional assets with innovative assets,
- market risk – high volatility and unpredictability of market energy prices,
- reputational risk – stigmatization of energy companies as a result of the perception of the energy sector as air polluter.

The identified major transition risks associated with climate change include:

- tightening legal requirements for climate aspects,
- changing customer demand and expectations for products and services provided by the ENEA Group companies through, among others, the development of prosumers, support for thermal insulation and construction of distributed heat sources,
- high volatility and unpredictability of market energy prices,
- the inability to raise capital to finance operations based on non-renewable fuels,
- the need for restructuring or re-branding resulting from a change in business profile,
- decommissioning and replacement of assets that operate primarily on fossil fuels,
- other: regulatory, financial, social, technological etc.

#### Physical risks

Physical risks arise from the changing climate, including:

- acute risk – resulting from extreme weather events, including:
  - increasingly frequent extreme temperatures unprecedented in the respective regions,
  - an increase in the frequency and intensity of strong and gusty winds,
- chronic risk – resulting from long-term climate change, including:
  - more frequent occurrence of temperatures oscillating around 0° Celsius in winter,
  - the occurrence of milder winters in terms of snowfall,
  - greater intensity of storms, which can cause flooding at any time of the year,
  - rainfall of an erratic nature, resulting in longer periods without rain, punctuated by storms,
  - more frequent droughts and associated water restrictions, as well as an increased risk of wildfires,
  - increased evaporation processes, i.e. spontaneous and irregular evaporation of water from the surface of water bodies and flowing waters, soil and the moistened surface of inanimate objects, occurring mainly under the influence of solar radiation,
  - progressive changes in the species composition of tree stands and weakening of their condition,
  - depletion of biodiversity,
  - rising sea levels, flooding of coastal areas,
  - social problems, related to the surge in migrations from areas affected by extreme climate change
  - social problems related to the health condition of the country’s population (climate-related diseases).

## Management of climate risk

### Corporate Governance

**Describe the oversight exercised by the Management Board and the Supervisory Board over climate-related risks and opportunities**

**Describe the role of the Management Board and the Supervisory Board in assessing and managing climate-related risks and opportunities**

Policies on engagement of the Management Board and Directors and Officers, particularly regarding their responsibilities in respect of climate change, allow stakeholders to analyze the organization's level of awareness of climate issues. The ENEA S.A. Management Board sets and approves the goals and priorities of the *ENEA Group Climate Policy*. In 2023, the Vice-President of the Management Board for Operations and the Vice-President for Strategy and Development were responsible for managing the ENEA Group's climate impact issues. The Vice-President of the ENEA S.A. Management Board for Strategy and Development oversaw the implementation of the *ENEA Group Climate Policy* in 2023. The management boards of ENEA Group companies are responsible for conducting and organizing subordinate processes in accordance with the goals and priorities contained in the *ENEA Group Climate Policy* and for ensuring timely, reliable and complete reporting of climate-related activities. The Director of the Group Strategy and Development Management Department is responsible for implementing and updating the *ENEA Group Climate Policy*.

### Strategy

**Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term**

The ENEA Group analyzes risks related to the impact of climate change on the enterprise (transition risk and physical risk) as well as whether the two are related and how.

Climate risk is formulated as a future uncertain event related to the impact of climate change on the enterprise, the results of which may have a negative effect on the enterprise. In its analyses, the ENEA Group applies short term (until 2025), medium term (until 2030) and long term (until 2050) time horizons. The climate risk is applicable to the entire value chain.

In 2023, the ENEA Group identified, assessed and monitored enterprise risks that have a climate aspect according to ERM assumptions.

The table below shows selected identified and assessed enterprise risks relating to climate.

| Business area of the ENEA Group | Risk | Description of the risk factor | How the risk affects the ENEA Group | Methods applied in risk management |
|---|---|---|---|---|
| GENERATION | No profitability of RES generation<br>Risk category: transition<br>Perspective: short, medium and long term | Actions of legislative bodies, competition in the biomass market from other sectors of the economy, weather/climate conditions, logistical conditions related to sourcing and transport of biomass, limits on biomass imports. | Deterioration of the financial situation as a result of increasing costs and decreasing revenues.<br>Possible increase in emissions. | In the case of unavailability of fuel at a price that preserves the profitability of production, conducting a comparative analysis of the scenarios.<br>Possible transfer of trading position to other units or repurchase of electricity in the market. |
| | Monitoring of $CO_2$ emissions<br>Risk category: transition<br>Perspective: short, medium and long term | Failure to comply with the requirements of the emissions law (failure to update the $CO_2$ emission monitoring plan, failure to submit the system improvement report, loss of $CO_2$ emission permit).<br>Negative evaluation of the annual $CO_2$ emissions report – by an independent certification body.<br>Negative evaluation of the production capacity report (ALC report) – by an independent certification body. | Exclusion from the $CO_2$ emissions trading system.<br>No possibility to apply for free $CO_2$ emission allowances.<br>No possibility to trade in $CO_2$ emission allowances. | Acquisition of $CO_2$ emissions permit in compliance with the existing legal requirements. |
| | Flood<br>Risk category: physical<br>Perspective: short, medium and long term | Intense prolonged rainfall and/or snowmelt in the southern part of the country resulting in a significant increase in the water level of the Vistula River. | Losing the ability to produce energy for an extended period of time, and thus losing profits. | Use of technical infrastructure safeguarding against floods.<br>Ongoing cooperation with the Regional Water Management Authority.<br>Application of the existing procedures.<br>Taking actions in accordance with the requirements of the *Flood Control Instruction and Emergency Procedures.* |
| | Loss of revenue from the Capacity Market due to the risk of not meeting the 550kg/MWh emission condition<br>Risk category: transition<br>Perspective: short, medium and long term | Lack of the assumed effect of modernization of generating units, i.e. failure to meet the emission limit of 550 kg $CO_2$/MWh in a given year (units that do not meet the emission limit cannot receive support from the Capacity Market for performance of capacity obligations arising after 31 December 2019). | Lost revenue from the Capacity Market. | Ongoing analysis of legislative changes and providing opinion on the contemplated new provisions.<br>Reaching $CO_2$ emissions level below 550 kg/MWh starting from 1 January 2026, as a result of optimization of modernization schedules and other actions targeting this goal. |

| Business area of the ENEA Group | Risk | Description of the risk factor | How the risk affects the ENEA Group | Methods applied in risk management |
|---|---|---|---|---|
| GENERATION | Risk of failure to maintain continuous supply of renewable fuels<br>Risk category: transition<br>Perspective: short, medium and long term | Natural disasters such as hurricanes, floods, droughts or freeze-outs can cause limited or no biomass availability.<br>Natural disasters in the mining sector or in the supply process may cause a limited availability or lack of coal. | Increase in the cost of purchasing fuel or substitute transportation due to: an increase in fuel prices in the market and/or the need to make an immediate purchase of fuel or transportation service, without great prospects in price negotiations, with a limited list.<br>No possibility to make supplementary purchases due to limited availability of fuel with the required quality or at the planned price, which may result in a shortage of fuel for planned energy production and significant fall in the materials stored in storage yards.<br>The increase in freight costs associated with inefficient logistics infrastructure. | Use of relevant terms and conditions in contracts as well as safeguards, regarding contractual penalties and compensation.<br>Development, monitoring, updating and distribution of plans for the performance of contracts for the supply of generation fuels and logistics services.<br>Diversification of sources of supply and services. |
| | Risks related to the lack of or limited ability to insure coal assets, caused by the withdrawal of some reinsurers from offering insurance cover for such assets.<br>Risk category: transition<br>Perspective: short, medium and long term | The global climate crisis making it increasingly difficult for fossil fuel-based businesses to access finance; insurance undertakings treating the coal-fired energy sector as a high-risk industry. | Inability to insure the Company's assets.<br>Conclusion of insurance policies for the Company's assets at higher rates, resulting in a drastic increase of premiums.<br>If the Company's assets are not insured, it may encounter problems with accessing external financing or bond rollover. | Ongoing contacts with the insurer, brokers involved in the renewal of insurance contracts.<br>Seeking out, with support of brokers, alternative reinsurance.<br>Consideration of alternative insurance cover. |
| | Risk of capacity shortages due to hydrological conditions (temperature and water level in the Vistula River) resulting in penalties for failure to meet obligations arising from the Capacity Market<br>Risk category: physical<br>Perspective: short, medium and long term | Failure to carry out modernization/construction work on the temporary check dam during its operation, to secure the maximum production capacity of the plant over periods of adverse hydrological conditions. | Interruption of business continuity, loss of revenue and significant additional costs. The inability of the plant to operate at its maximum capacity during periods of adverse hydrological conditions (lows) which may result in a failure to meet the Capacity Market obligation. | To secure the performance of Capacity Obligations (CO) following power attrition, transactions are concluded in the Secondary Capacity Market, allowing the transfer of the obtained CO to the Capacity Market Units (CMUs) of the counterparty to a given transaction. |

| Business area of the ENEA Group | Risk | Description of the risk factor | How the risk affects the ENEA Group | Methods applied in risk management |
|---|---|---|---|---|
| | Risk of catastrophic damage to elements of grid assets infrastructure as a result of extreme weather conditions causing increased operating costs<br>Risk category: physical<br>Perspective: long term. | Increased frequency of extreme weather phenomena | Physical damage to elements of grid infrastructure as a result of extreme weather conditions. | Visual inspections, check-ups and operational procedures in compliance with the due dates specified in the annual *Maintenance Procedures Plans*.<br>Ongoing removal of the effects of failures of and damage to power lines and devices.<br>Capital expenditure projects related to the restoration of grid assets in compliance with the Capital Expenditure Plan.<br>The Company holds insurance against fortuitous losses. |
| DISTRIBUTION | Risk of inability to effectively manage RES generation sources connected to the distribution network due to organizational, legal, system, technical unpreparedness to implement this process<br>Risk category: transition<br>Perspective: short, medium and long term | Lack of infrastructural and system-based solutions that allow dynamic management of RES generation connected to the distribution network – application of restrictions.<br>Lack of organizational solutions related to connection agreements and distribution agreements governing the rules of introducing restrictions on the receipt of electricity from a generator.<br>Lack of infrastructure and system-based solutions that allow for dynamic management of RES energy distributions in the distribution grid.<br>Lack of solutions to store energy generated by RES sources connected to the distribution grid. | Lack of an adequate energy mix (including RES).<br>Penalties imposed by the Energy Regulatory Office.<br>Losses of energy transmitted over longer distances or to higher voltage lines.<br>Investors' claims on the account of applied restrictions.<br>Lack of supervision and ability to dynamically manage power quality parameters in low voltage networks | Introduction to connection agreements of provisions allowing control of connected renewable energy sources. |
| | Risk of delays and constraints in connecting new RES generation sources to the distribution grid due to lack of infrastructural, organizational and legal preparedness<br>Risk category: transition<br>Perspective: short, medium and long term | Limitations in infrastructure (mainly HV/MV stations).<br>Insufficient expenditure on the development of power grid infrastructure.<br>Inefficient handling of the connection process. | Disruption to the required pace of energy transition.<br>Penalties imposed by the Energy Regulatory Office.<br>Investors' claims on account of delays in connection investment projects (potential opportunity costs).<br>Contractual penalties if unable to meet the issued connection conditions. | Increasing expenditure on RES connections.<br>Increasing the RES potential through change of connection criteria. |

| Business area of the ENEA Group | Risk | Description of the risk factor | How the risk affects the ENEA Group | Methods applied in risk management |
|---|---|---|---|---|
| ENEA Group | Risk of breach of finance agreements (the climate aspect is one among several other component factors of this risk)<br>Risk category: transition<br>Perspective: medium to long term | One of the factors having an impact on risk is the potential downgrading/loss of rating caused by a failure to meet the requirements of financial institutions as regards non-financial indicators (including $CO_2$ emission level) or adequate progress in energy transition. | Growing costs of finance.<br>Establishment of additional collateral.<br>Termination of agreements and the requirement of immediate debt repayment.<br>Loss of financial liquidity. | Starting negotiations with banks regarding amendments to financing conditions, including the required indicators, transition periods, extension of tenors, finance costs etc.<br>Taking out new borrowing to re-finance existing debt. |
| | Risk of a rating downgrade (the climate aspect is one among several other component factors of this risk)<br>Risk category: transition<br>Perspective: medium to long term | One of the risk factors is coal assets, which constitute a burden to the ENEA Group in the context of the tightening EU environmental policy and the resulting aversion of financial institutions to finance entities with high carbon blueprint, which restricts finance options, including for refinancing. | Termination of financing agreements or necessity to renegotiate their terms and conditions with the creditors.<br>Higher finance costs after renegotiation of agreements or conclusion of new agreements.<br>Higher discount rate applicable to investment projects (higher cost of external equity). | Ongoing management of communications with the rating agency, efficient preparation of necessary materials and organization of meetings.<br>Regular meetings with financial institutions, monitoring of the possibilities to acquire short- and long-term financing. |
| | Liquidity risk (the climate aspect is one among several other component factors of this risk)<br>Risk category: transition<br>Perspective: medium to long term | Fluctuations in $CO_2$ emission allowances.<br>Factors associated with the implementation of the European Union policy.<br>Changes in prices of semi-finished products (raw materials), materials, production fuels.<br>Change in the policies and perceptions of financing entities (commercial banks and multilateral entities) as regards financing of investment projects, as well as in the financing of the ENEA Group's operations.<br>Lack of sufficient limits to enter forward transactions for $CO_2$ emission allowances at the OTC and exchange markets. | Lack of approval of the financing entities (including commercial banks, multilateral bank consortia, bond-holders) for further financing of ENEA Group's operations.<br>Provision of financing by the abovementioned entities on disadvantageous terms and conditions (significant increase of margins, additional risk premium, etc.)<br>Lack of sufficient limits on the OTC market causes a significant increase in demand for funding. | Triggering off of the *Emergency Financing Plan for the ENEA Group* developed in accordance with the guidelines of the *Liquidity and Liquidity Risk Management Policy in the ENEA Group.* |
| | Risk of adopting outdated macroeconomic assumptions and corporate discount rates for long-term financial projections (the climate aspect is one among several other component factors of this risk)<br>Risk category: transition<br>Perspective: medium to long term | Progressive climate change is affecting climate policies of individual states and organizations, and may potentially shape the operating principles of the system of $CO_2$ emission allowances and pricing of these allowances. It is one of the factors having an impact on this risk. | Occurrence of unexpected costs caused by wrong assumptions for long-term financial projections. Losses or higher financial performance related to underestimation/overestimation of the assumed price paths. | Periodic updates of price paths. |

| Business area of the ENEA Group | Risk | Description of the risk factor | How the risk affects the ENEA Group | Methods applied in risk management |
|---|---|---|---|---|
| TRADING | Risk of the unavailability of channels for the purchase of $CO_2$ emission allowances in forward contracts<br>Risk category: transition<br>Perspective: short term | Growing price listings of contracts lead to lower trading limits in the individual channels and consequently limited ability to conclude forward contracts for $CO_2$ emission allowances.<br>Change of financial institutions' policies towards ENEA as regards contribution to environmental protection in line with the EU climate policy (e.g. banking capital adequacy requirements). | Inability to hedge the purchase price of emission allowances that is a component of the CDS margin in relation to electricity production. Inability to hedge the CDS margin. | Conclusion of contracts with new counterparties.<br>Other sources of debt financing.<br>An analysis of the possibility to use other available tools to hedge the commodity price (EUA).<br>Contracting on exchanges. |

## Opportunities resulting from climate change

Climate risks can be transformed into new opportunities that open up paths to new products or services, to mitigate or adapt to climate change.

Climate-related opportunities are formulated as possibilities arising from the impact of climate change on the enterprise, which can have a positive effect on the company. Adaptation to climate change is understood as anticipating its effects and taking appropriate measures to counteract or reduce the damage it may cause. Climate change mitigation, on the other hand, refers to efforts to reduce or prevent greenhouse gas emissions.

In its analyses, the ENEA Group consistently identifies and assesses climate-related opportunities in the short term (until 2025), medium-term (until 2030) and long-term (until 2050) time perspectives.

Among the broad catalog of opportunities arising from climate change, opportunities are identified as ensuing from the following sources:

- resource efficiency (saving of resources),
- reduction of transmission losses,
- use of lower-emission energy sources,
- development and/or expansion of new low-emission products and services,
- access to new markets and technologies,
- diversification of supply sources (security of supply).

In the course of working with companies in a bottom-up approach, and based on the strategy's assumptions, a range of climate-related opportunities and responses have been identified, including the following.

| Category | Description of the opportunity | Impact on the ENEA Group | Opportunity management process |
|---|---|---|---|
| Market/regulatory opportunity | Legal regulations, dictated by concerns about preserving the natural environment and its components, impose a change and imply the need to narrow the choice of available technologies. Poland lies outside the zone of intense tectonic movements and earthquakes, which represent the greatest threat to the stability of SMR generating units; hence other climate changes, both short and long term (changes in temperatures, fluctuations in water levels, variability in hydrological years) have a negligible impact on the operation of nuclear power plants, and thus on the health and quality of life of ENEA Group's employees and customers. According to the latest EU regulation, nuclear technology has been designated not as low, but as a zero-carbon technology, which guarantees not only improved energy efficiency, but also no emissions of other harmful, volatile substances. | The development of zero-carbon nuclear technology creates new opportunities for generation, diversification and stabilization of the grid. Furthermore, it opens up investment opportunities in the area of R&D&I, as well as regards the development of advanced, low-carbon products and services, including cheaper electricity for households, products for energy-intensive industries (demand for high-temperature steam) and services of ENEA Group acting as an operator of SMR-type units – a competitive advantage over other electricity suppliers in the country. Development of the nuclear power supply chain is an opportunity to establish business relationships with global leaders in SMR technology as well as domestic players that are just entering the market. | Investment in the innovative SMR technology (there is no commercial SMR units in the world, yet). |
| Market/technological opportunity | Development opportunity in connection with the European Union policy – aiming to increase the share of energy from renewable sources in the total balance of production. | New investments in the renewable energy sector are not only a guarantee of new sources of revenue, but also a reputational opportunity – presenting ENEA as a modern, environmentally friendly and responsible supplier. | New investments in the renewable energy sector – subsidies for the implementation of investment projects. |
| Market/technological opportunity | Opportunity to develop new (hydrogen) technologies that reduce carbon footprint and guarantee significant reductions in greenhouse gas emissions that cause air pollution. Opportunity to develop and implement modern technologies for the production and storage of green hydrogen. | Opportunity to develop and implement modern technologies for the production and storage of green hydrogen. However, the risk of relatively large capital expenditures on research and new technologies for producing green hydrogen must be considered. | Efforts to obtain funding from government and European support programs for modern production technologies and storage of green hydrogen. |
| Market opportunity | Implementation of modern technological solutions related to cooling of buildings, especially district cooling. Warming climate is generating increased demand for cooling of buildings, which could make district heat-generated cooling a competitive product. | A new product and service.<br>New revenue sources and their diversification.<br>Increased competitiveness by taking advantage of opportunities to invest in district heat cooling, which is in increasing demand due to climate warming. | Investment in a new product/service.<br>Diversification of revenue sources. |
| Market/technological opportunity | Development of modern energy technologies (RES, energy storage, smart metering and energy management systems) creates opportunities to enter new markets, such as creation and operation of distributed heat facilities. | The ability to make up for a possible decline in revenues from sales of district heating, caused by the trend of increasing average temperatures during the heating season, thanks to the development of distributed heat technology and the thermal modernization of buildings. | Diversification of revenue sources. Investment in state-of-the-art technologies. |
| Market/technological opportunity | Investment in own low-carbon energy sources (gas and steam), resulting in lower energy generation costs and ensuring business continuity while reducing greenhouse gas emissions. | The high flexibility of gas-steam units enables smooth operation of the PPS in the context of developing RES technologies in the country. In the initial phase of its journey towards climate neutrality, with the view to maintaining Poland's energy security, the ENEA Group intends to use, among others, gas as a low-carbon transition fuel. Conventional low-carbon sources will stabilize the developing RES capacity. | Conducting a socio-economic analysis of the implemented investment project, with its ongoing update. |

| Category | Description of the opportunity | Impact on the ENEA Group | Opportunity management process |
|---|---|---|---|
| Market/technological opportunity | Replacement of individual coal-fired heat sources, which may no longer meet current standards, with heat generated by an efficient district heating system. | Potential increase in ordered thermal capacity by new system heat customers.<br>Increased revenue from ordered thermal power and sales of heat, thereby maintaining the status of an efficient district heating system. | Investment in an efficient district heating system. |
| Market opportunity | Potentially increasing market share in electricity sales and growing competitiveness through investment in products that promote consumption efficiency or increase the share of RES generation, e.g. cPPA, SMART product, Eco product. | Maintaining market share, increasing revenue from sales of goods and services.<br>Development of customer loyalty.<br>Increase of revenues relative to the number of new customers, volumes sold, length of contract term. | Streamlining the implementation of new products.<br>Use of renewable energy sources with low carbon footprint. Obtaining certificates of renewable sources. |
| Market/technological opportunity | The rapid effects of climate change that may occur over the next few years may increase the failure rate of newly built RES generation assets vulnerable to weather conditions (wind, solar).<br>Electricity storage will provide an alternative to cover electricity demand for a few, up to over ten hours, including the protection of critical infrastructure customers. | Opportunity to develop and implement modern technologies for energy storage, such as e.g. flow technology.<br>Creation of viable electricity reserves.<br>Improvement of energy efficiency and reduction of energy consumption during peak demand. | Construction of energy storage system infrastructure.<br>Implementation of innovative solutions in energy storage. |
| Market opportunity | Developing cooperation with local communities and building modern, comprehensive solutions, e.g. in connection with the implementation of the concept of energy clusters (energy cooperatives, self-sufficient energy communities). | Possibility to build competitive edge and/or customer loyalty by creating an offer of participation in their investment projects. | Initiation of pilot projects in cooperation with local governments, e.g. IT tools contributing to energy security and management (cooperation with energy clusters). |
| Market/technological opportunity | Development of energy technologies and R&D&I investments, including energy storage technologies, smart metering and energy management systems, electromobility, alternative fuels, hydrogen technologies, SMR/MMR technologies, participation in the creation and operation of energy islands. | Opportunity to build a competitive advantage and invest and develop modern, innovative and improved technologies that use energy more efficiently. | New investments in the sector – subsidies for the implementation of investment projects. |
| Market/technological opportunity | The development of electromobility creates opportunities for growth, which will consequently seek to reduce the generation of vehicle exhaust fumes.<br>Influence on the transformation of the energy sector and the transportation sector directly. | Better system balancing, efficient use of the night valley and integration of capacity from renewable energy sources. In the long run, it could contribute to the spread of revolutionary solutions such as energy storage.<br>Infrastructure development and construction of an extensive network of charging points. | Initiation of new investment.<br>Support of legislative changes and introduction of soft incentives.<br>Institutionalization of cooperation among all stakeholders. |

**Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning**

In 2023, the Group adopted the *ENEA Group Climate Policy*. The policy responds to the challenges of transforming the electricity sector with a view to ensuring energy security in the context of the ENEA Group's efforts to reduce global warming and its actions to adapt to ongoing climate change.

As a complementary document to the Strategy, the Policy defines the ENEA Group's ambitions to reduce its climate impact and indicate how it will manage adaptation to the existing and forecasted climate change. The pursuit of the Policy will also help achieve the objectives of the EU's climate and energy policy and attain the goals of international commitments related to the reduction of greenhouse gas emissions.

The ENEA Group plans to adjust its development strategy to lead to a sustainable transformation that builds the ENEA Group's value growth by achieving climate neutrality. To this end, the ENEA Group intends to embark on the following actions:

1. development of renewable energy sources based on state-of-the-art technologies. The increase in the RES installed capacity will be achieved through:
- acquisitions,
- own projects,
- with participation of business partners,
2. creation of long-term customer loyalty and solid relationship with customers. Owing to modern technologies, it will be possible to reduce the cost of reaching the customer, and thus maintain constant contact,
3. as well as implement innovations and new technologies within the ENEA Group. Efficient implementation of RES projects in the field of new technologies, and prioritization of such projects, will enable ENEA to develop a competitive advantage in generation.

In the initial phase of its efforts towards climate neutrality, to maintain energy security, the Group intends to use biomass and gas as a low-emission transition fuel. Investment in this area will be limited to the replacement of some generation capacities. Conventional low-carbon sources will stabilize the developing RES capacity.

**Describe the resilience of the organization's strategy to climate change, taking into consideration different climate-related scenarios, including the scenario of 2°C or lower average temperature growth.**

The climate change, as well as the energy transition aimed at slowing it down, may create both new opportunities and threats to the ENEA Group's operations. Therefore, the Group continually analyzes possible future scenarios, including those that are in line with the Paris Agreement, aiming at limiting the global temperature increase to less than 2°C, and ultimately to 1.5°C relative to the pre-industrial era. The scenario analysis conducted provided insight into the factors that could affect the ENEA Group's value and business opportunities.

The Group's 2023 climate scenario analysis covered three time horizons and two climate scenarios:

- short term – until 2025,
- medium term – until 2030, in two climate scenarios: below 2°C and 4°C,
- long term – until 2050, in two climate scenarios: below 2°C and 4°C.

The ENEA Group identifies, among others, the following activities that enable adaptation to climate change by mitigating climate risks:

- adapting the ENEA Group's assets and business operations, as well as adopting appropriate directions of its development to the changing climate conditions,
- offering products and/or services allowing customers to adapt to climate change,
- creating higher revenue from sales of environmentally-friendly products and services,
- taking climate aspects (including climate-related risks and opportunities) into account in the assessment of new investments,
- taking active part in efforts to transition towards a climate-resilient circular economy,
- cooperation with business partners and social stakeholders to adapt to climate change and improve efficiency of energy use.

### Risk management

**Describe the organization's processes for identifying and assessing climate-related risks**

The ENEA Group regularly identifies enterprise risks, including non-financial risks, related to its operations and manages them accordingly, making sure that the organization is well-prepared for the potential consequences should any of the risks materialize.

The cyclical assessment of enterprise risks is carried out in accordance with the requirements of the *ENEA Group Enterprise Risk Management Methodology,* by the respective risk owners. It involves updating the assessment of the likelihood of risk materialization and the potential implications in the financial and reputational dimensions, in terms of health and safety impact, as well as environmental impact. The estimation of the likelihood of risk materialization and the assessment of potential implications enable the classification of risks as critical, key, medium and low. Risk owners define mitigating actions aimed at reducing the likelihood of their occurrence and of the effects of risk materialization, as well as response plans to be followed in the event of risk materialization.

All identified and assessed risks related to the operations of the respective Group company are entered in the so-called Risk Register. Members of the companies' management boards are notified of new and archived risks, material changes in risks as well as potential operational events related to the identified risks. Moreover, these management boards and the ENEA S.A. Management Board receive periodic reports on the status of enterprise risks.

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

- managing enterprise risk in the ENEA Group,
- managing business continuity in the ENEA Group,

- managing the Compliance area in the ENEA Group,
- managing insurance policy in the ENEA Group.

**Describe the organization's processes for managing climate-related risks**

Pursuant to the *ENEA Group Climate Policy* adopted in 2023, particular attention will be devoted to risks related to climate change. It means that in the future the risks will be identified under a dedicated process. These risks will be subject to ongoing and periodical monitoring and reporting for the needs of the ENEA Group. Mitigation measures will also be planned for the identified climate risks.

As part of this process, organizational units of the ENEA Group companies will identify and periodically report climate risks to the ENEA S.A. Climate Transition Office, which will coordinate and support the development of recommended courses of action to be taken by the ENEA Group companies in connection with the influence on climate or direct impact of climate on the assets of the ENEA Group.

Owners of the identified climate risks will be responsible for their management, monitoring, prioritizing and identification of the relevant mitigating actions.

**Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.**

So far , risks related to climate have been selected from among enterprise risks, in compliance with the *ENEA Group Enterprise Risk Management Policy* and the *ENEA Group Enterprise Risks Management Methodology*, and periodically assessed by their owners within the framework of the enterprise risk management process, in compliance with the assumptions of the *ENEA Group Enterprise Risk Management Policy* and the *ENEA Group Enterprise Risk Management Methodology*. These risks, like other types of enterprise risks, are subject to ongoing and cyclical monitoring and reporting for the benefit of both the parent company and the ENEA Group as a whole.

Since the adoption of the *ENEA Group Climate Policy*, climate risks are identified within the framework of a dedicated process laid down in the methodology constituting a separate internal regulation. These risks will be managed, prioritized and periodically assessed by their owners within the framework of the climate risk management process.

### Metrics and targets

**Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process**

The Group has established metrics whose values reflect climate change, including:

- greenhouse gas emissions, Scope 1, 2, 3 (Chapter 12.6.5. Table: Greenhouse gas emissions in the ENEA Group),
- consumption of electricity (Chapter 12.6.5. Table: Consumption of electricity by the ENEA Group in 2023),
- intensity of greenhouse gas emissions (Chapter 12.6.5. Table: Intensity of greenhouse gas emissions from the ENEA Group's generation units),
- assumptions for investment in new RES capacity – as estimated capital expenditures (Chapter 12.3.7. Drawing: Planned capital expenditures until 2042).

Moreover, the established energy efficiency values are seen as a tool to support the organization in achieving its emission reduction targets. The Group also selects metrics and targets used to assess the potential impact of climate change on the organization and the opportunities arising from climate change. Furthermore, the Group is developing a system of monitoring and reporting which ensures progress in the implementation of goals arising from international climate commitments.

**Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks**

The ENEA Group is committed to minimizing carbon emissions throughout our value chain, with the goal of achieving climate neutrality in 2050. Thus, the Group aligns with the implementation of the European Union's climate goals and public expectations. The main directions of the ENEA Group's climate neutrality efforts include, in addition to the transition away from combustion of fossil fuels, the development of renewable energy sources and the improvement of energy efficiency.

The ENEA Group's climate policy is based on the Paris Agreement, which stipulates that the EU economy will be the first to become carbon neutral by 2050, which will make it possible to achieve the goal of limiting the global average temperature increase to no more than 1.5°C above pre-industrial levels. The Group's efforts to achieve these goals are aimed at mitigating climate risks: the transition risks and physical risks.

Disclosure of greenhouse gas emissions for 2023 can be found in Chapter 12.6.5 in Table: Greenhouse Gas Emissions in the ENEA Group

**Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.**

The Group sets short- and long-term climate-related goals and revises them at least once every 5 years. They include:

- achieving climate neutrality from 2050 onwards (in terms of greenhouse gas emissions in Scopes 1 and 2),
- reduction of greenhouse gas emissions until 2050:
  - 2025 – 192 kg $CO_2$/MWh,

- 2030 – 254 kg $CO_2$/MWh,
- 2040 – 201 kg $CO_2$/MWh.

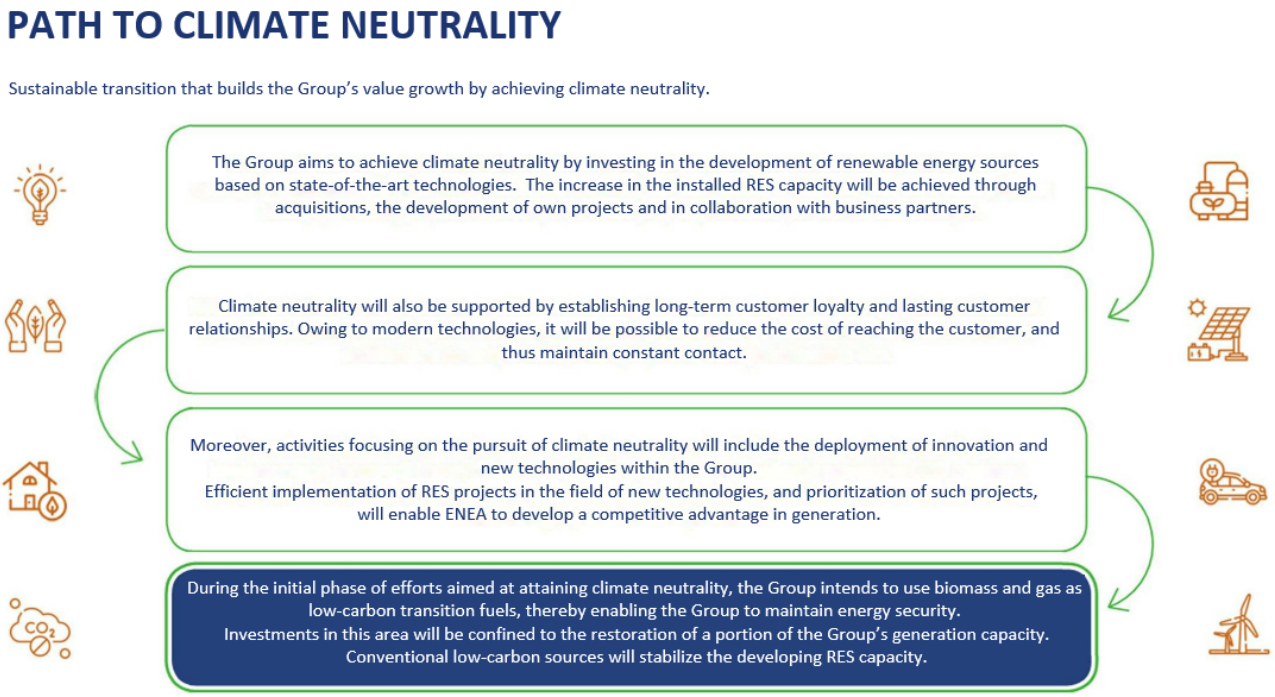
- increase of the installed RES capacity in the ENEA Group:
  - 2025 – 920 MW,
  - 2030 – 1,510 MW,
  - 2040 – 3,580 MW.
- goals of investment in new RES capacity:

  in 2023 – 2024, the planned capital expenditures for Renewable Energy Sources are estimated at PLN 13.8 billion. The structure of capital expenditures for new capacity from renewable energy sources is as follows:
  - offshore 19%,
  - onshore 21%,
  - photovoltaics 36%,
  - biogas 7%,
  - energy storage facilities 16%.

## 12.6. Environmental issues – description of due diligence policies and procedures, and their results

Generation and supply of electricity and heat in a way that is safe for the environment and compliant with standards and laws is one of the main priorities for the ENEA Group. We also strive to rationally manage natural resources and to ensure biodiversity and sustainability of environmental processes in our surroundings.

The ENEA Group is committed to minimizing carbon emissions throughout its value chain, with the goal of achieving climate neutrality in 2050. This way the organization is aligned with the European Union's climate objectives and social expectations. The main directions of the Group's climate neutrality efforts include, in addition to the transition away from the combustion of fossil fuels, the development of renewable energy sources and the improvement of energy efficiency.




The ENEA Group's main priority relating to energy efficiency is to reduce electricity losses incurred in the distribution process.

The ENEA Group conducts numerous activities aimed at reducing its negative impact on the environment. These include both large infrastructure investments that reduce atmospheric emissions of pollutants generated by production processes and minor changes in daily operations. Continuous efforts are also made to increase environmental awareness of our employees. At the same time environmental education is pursued in the Group's communities, and projects are executed to actively protect the nature.

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

The *ENEA Group Development Strategy until 2030 with an outlook to 2040* adopted a concept of Poland's power industry transition which provides for unbundling of coal-fired generating assets from power industry groups.

The Roadmap to climate neutrality is based on the Paris Agreement, which stipulates that the EU economy will be the first to become carbon neutral by 2050. This will make it possible to limit the global average temperature increase to no more than 1.5°C above pre-industrial levels.

The ENEA Group, being an active and conscious participant of the energy transition, adopted the *ENEA Group Climate Policy* (further described in subsection 6.1 Climate policy and oversight of climate-related issues). The main aim of the document is to determine the climate impact of the ENEA Group's operations and to indicate directions for action and management mechanisms ensuring responsible business activity of the Group, while using natural resources of our planet in a sustainable way.

At the same time, in line with the *ENEA Group Development Strategy until 2030 with an outlook to 2040* in effect, ENEA Group actively participates in the development of RES projects, both on its own and through the acquisition of ready-made assets.

The strategy emphasizes, among other things, the transformation of ENEA Operator's distribution network into a Smart Grid. The development of the technical infrastructure using innovative technologies will increase the efficiency of grid operation and generate increased possibilities of remote monitoring and control, which is particularly important considering the dynamically growing share of distributed sources and the need to adapt the distribution system to this trend. The development of the smart grid is integral to

the development of energy storage, electromobility and better integration in the system of energy generated in RES units, and a step towards building a new, decentralized energy system.

Coordinated actions will also be taken to enable ENEA Operator to prepare for the new challenges posed to Distribution System Operators (DSOs) in the emerging electricity market model. The ongoing shifts in the energy system, consisting in the growing share of renewable and distributed sources, two-way energy flow and the increasing importance of new information technologies are changing the role of DSOs. These should be increasingly active entities that provide non-discriminatory support to increasingly active customers. The new model is based on the assumption of transitioning the energy system into a zero-carbon system, in which the growing share of renewable energy sources, increasing number of prosumers, popularization of energy clusters, energy cooperatives and civic energy communities will require adapting distribution systems to the trend towards decentralizing power generation and an increased role of the local dimension of power engineering industry. To ensure the conditions for system development, investments carried out in the distribution systems will contribute to the gradual transition of the passive network (one-way) into an active network (two-way), which, together with the implemented solutions for increasing network flexibility, will enable the development of distributed energy systems, the active participation of end users as well as the use of electric vehicle charging points and energy storage facilities.

ENEA Group companies are striving to monitor and minimize their environmental impact. These impacts are mitigated also through circular economy activities promoting optimization of resource consumption. Moreover, the *ENEA Group Climate Policy,* which elaborates on the *ENEA Group Development Strategy until 2030 with an outlook to 2040* when it comes to climate, provides the basis and guidelines for managing the Group's activities in terms of environmental impact. It also fits into the latest standards for socially and environmentally responsible companies. Both documents also address the expectations of financial markets supporting the development of zero-carbon energy as well as those of shareholders and investors who are aware of the potential environmental impact of large companies. They also confirm the Group's willingness to report transparently on its activities and sustainability within the ambitious ESRS (European Sustainability Reporting Standards) standards.

In addition, environmental issues are regulated by a number of policies and procedures in effect within the Group.

In this respect *ENEA Group Code of Ethics,* provides, among other things, for:

- taking environmental factors into account when developing new services and products,
- investing in solutions satisfying stringent environmental standards,
- working on technological solutions to increase production of energy from renewable sources, making rational use of energy and natural resources and striving to reduce generated waste and pollution,
- initiating and actively participating in educational campaigns for environmental protection and building environmental awareness,
- preventing any breakdowns that may be dangerous for the environment.

The *Code of Ethics for LW Bogdanka Group* and *ENEA Group Compliance Policy* requires the Group to:

- take actions to minimize pollution emissions and to ensure reasonable management of natural resources,
- undertake initiatives to retain the balance between the Group's operations and the natural environment,
- carry out capital expenditures using environmentally friendly technologies,
- support renewable energy sources,
- cooperate with environmental organizations.

The *ENEA Group Procurement Policy* contains a rule that, when selecting suppliers of products and services, non-price criteria should be taken into account, including environmental factors such as energy efficiency of the subject of contract (the selected environmental aspects are part of the tender process only if they are considered relevant to the subject matter of the contract). Contracts with all suppliers contain obligatory provisions requiring them to observe the provisions of the ENEA Group's *Code of Conduct for Contractors*, which contains the Group's environmental protection expectations. Some of the principles, e.g. the ones setting out the requirements for handling the waste produced, must be observed by external entities performing work on the sites of and for Group companies.

In addition, the *ENEA Group Communication Policy* is implemented in a manner that promotes environmentally friendly values, and the Group's sponsorship activities focus, without limitation, on the domain of environmental protection.

The individual companies have and update on an ongoing basis their own policies, procedures, instructions and regulations, which are suitable to their unique character, obligating them to protect the environment and use it in a sustainable way. Furthermore, Group companies monitor and document the factors impacting the environment and the effects of environmental measures they take.

## Selected due diligence policies, standards and procedures in the area of environmental management in selected ENEA Group companies

| Company | Due diligence policies, standards and procedures in the area of environmental management |
|---|---|
| ENEA S.A. | – *ENEA Group Climate Policy,*<br>– *ENEA S.A. Environmental Policy* |
| ENEA Bioenergia | – *Procedure for accounting for the use of combustion by-products based on a contract concluded with Elektrownia Połaniec S.A.,*<br>– *Procedure for accounting for combustion by-products with external buyers,*<br>– *Operating instruction for waste registration in the BDO (Waste Data Base) system,*<br>– *Instruction for average volume density and humidity of ash and slag mixture,*<br>– *Instruction for running the warehouse at ENEA Bioenergia,*<br>– In addition, the company is bound by the following Połaniec Power Plant's Instructions: *Instruction for running the combustion waste storage facility "Pióry"* and *Instruction on accounting for and use of gypsum produced at the Power Plant*. |
| ENEA Elektrownia Połaniec | – *Procedure for identification and evaluation of environmental aspects,*<br>– *Environmental monitoring procedure,*<br>– *Environmental Management Program.* |
| ENEA Nowa Energia | – *Waste management policy for ENEA Nowa Energia sp. z o.o.,*<br>– *Procedure on the use of fluorinated greenhouse gases,*<br>– *Procedure on handling the removal of trees or shrubs from land owned or held in perpetual usufruct by ENEA Nowa Energia sp. z o.o.,*<br>– *Instruction on managing dangerous and hazardous substances and mixtures,*<br>– *Emergency preparedness and response procedure,*<br>– *Instruction on water management for the cascade hydro power plant on the Brda River (Koronowo, Tryszczyn, Smukała),*<br>– *Instruction on water management for the hydro power plants on the Wda River (Żur and Gródek),*<br>– *Instruction on water management for all hydro power plants on the Rega River,*<br>– *Instruction on water management for the Hydro Power Plant Oborniki,*<br>– *Instruction on water management for the cascade hydro power plant on the Gwda River.* |
| ENEA Operator | – *Procedure for registering power devices containing at least 6 kg of $SF_6$ gas and operations performed on them,*<br>– *Procedure for management of dismantling materials and waste in ENEA Operator sp. z o.o.* |
| ENEA Oświetlenie | – *Procedure "Waste Management at ENEA Oświetlenie sp. z o.o."* |
| ENEA Ciepło Białystok CHP Plant Division | – *Environmental Management System Policy* and procedures based thereon,<br>– *Procedure "Identification of threats and determining how to respond to environmental emergencies at ENEA Ciepło sp. z o.o. – Białystok CHP Plant Division"*<br>– *Procedure "Prevention and reduction of the impact of emergencies on the environment at ENEA Ciepło sp. z o.o. – Białystok CHP Plant Division"*<br>– *Procedure "Conduct in the event of environmental emergencies at the Białystok CHP Plant"*<br>– *Sustainable Development Criteria System Book (SDC)* |
| ENEA Ciepło – Head Office | – *Environmental Management System Policy* and the following procedures based on this policy:<br>– Internal procedures:<br>o *Procedure "Identification of environmental aspects",*<br>o *Procedure "Responding to danger and failure",*<br>o *Procedure "Waste management",*<br>o *Procedure "System of monitoring and measuring parameters affecting the environment",*<br>o *Quality instruction "Program for prevention of severe industrial accidents relating to the storage and use of hazardous substances and materials at the "Zachód" Heat Plant*<br>o *Instruction on the disposal of combustion by-products from the "Zachód" Heat Plant,*<br>o *Instruction "Internal inspections and training of Employees on the proper handling of waste in the "Zachód" Heat Plant and in heat distribution networks and hubs",*<br>o *Instruction "Instruction on handling spills of petroleum substances or chemical substances",*<br>o *Instruction "Instruction on the use of excavated soil",*<br>o Internal instructions on monitoring and reporting $CO_2$ emissions. |
| EkoTRANS Bogdanka | – *Quality and Environmental Policy,*<br>– *Procedure "Management of waste generated at Łęczyńska Energetyka in Bogdanka",*<br>– *Procedure "Identification of Environmental Objectives",*<br>– *Procedure "Identification and evaluation of environmental aspects and impacts".* |
| Łęczyńska Energetyka | – *Quality and Environmental Policy,*<br>– *Procedure "Management of waste generated at Łęczyńska Energetyka in Bogdanka",*<br>– *Procedure "Identification of Environmental Objectives",*<br>– *Procedure "Identification and evaluation of environmental aspects and impacts".* |
| Miejska Energetyka Cieplna Piła | – *Instruction "Waste management,"*<br>– *Procedures referred to in the $CO_2$ emissions monitoring plan,*<br>– *Procedures referred to in the $CO_2$ monitoring methodology plan,* |
| Lubelski Węgiel Bogdanka | – *Policy of the Integrated Quality, Environmental and OHS Management System* with related environmental procedures. |

## 12.6.1. Climate policy and oversight of climate-related issues

The main objective of the *ENEA Group Climate Policy* adopted in December 2023 is to set out ambitious plans for the ENEA Group in terms of reducing the impact of the Group's activities on its surroundings as, being a responsible participant in the energy transition, it conducts its business constantly minimizing its environmental impact.

The *Climate Policy* encompasses all activities carried out within the value chain that may have an impact on climate change. In particular, the Policy takes into account actions to mitigate and reduce global warming, and actions to adapt the Group to the ongoing climate change. The document sets out the Group's priorities in three areas:

- actions to mitigate and reduce global warming,
- actions to adapt to the ongoing climate change,
- actions to raise awareness of climate change and impact on it.

The ENEA Group focuses on the development of renewable energy sources and energy storage technologies. Efficient implementation of projects and their prioritization will enable the development of a competitive advantage in generation, and contribute to long-term environmental protection and the reduction of adverse changes resulting from human activity.

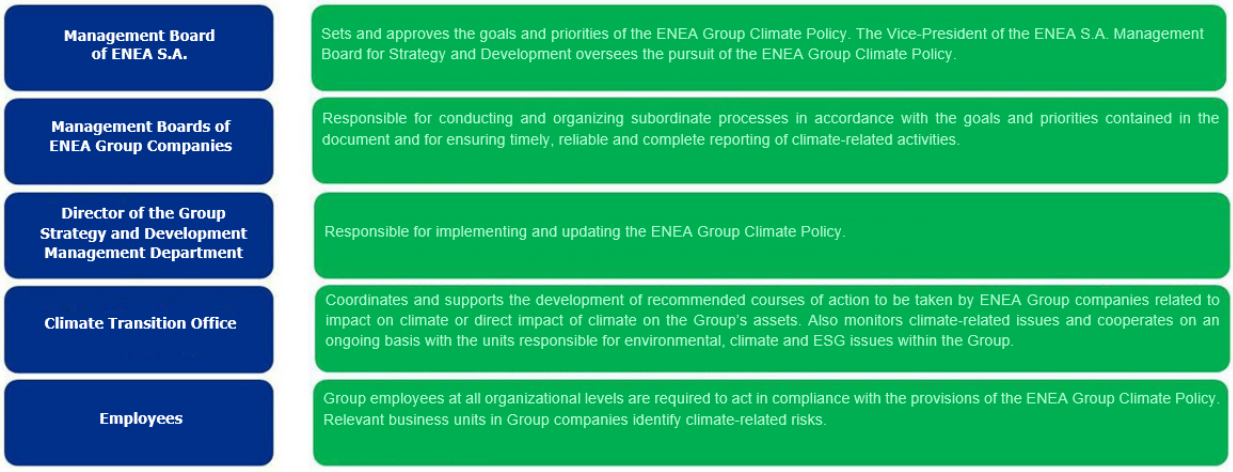
| Actions to mitigate and reduce global warming | Actions to adapt to the ongoing climate change | Actions to raise awareness of climate change and impact on it. |
|---|---|---|
| – Striving for energy efficiency improvements in terms of reducing or not increasing fuel and energy consumption.<br>– Applying innovative and new technologies and solutions to reduce greenhouse gas emissions.<br>– Developing renewable energy, including, inter alia, hybrid installations, energy storage, photovoltaics, on- and off-shore.<br>– Replacing conventional energy based on fossil fuels with highly efficient low- and zero-carbon energy.<br>– Taking climate aspects into account in the assessment of concepts and assumptions for new investments.<br>– Continuous development of the energy infrastructure (including smart grid) needed to decarbonize the energy system.<br>– Seeking innovative technical and business solutions that minimize the impact of ENEA Group's operations on climate change.<br>– Offering products and/or services to customers to mitigate adverse climate change.<br>– Monitoring greenhouse gas emissions from ENEA Group's sources.<br>– Working together with business and social partners to support activities to mitigate adverse climate change and improve efficiency of the energy use.<br>– Supporting electromobility and/or climate-neutral mobility. | – Adapting assets and business activities as well as adopting appropriate directions for the ENEA Group development to changing climate phenomena.<br>– Offering customers products and/or services that contribute to adaptation to climate change.<br>– Creating higher revenue from sales of environmentally-friendly products and services.<br>– Taking climate aspects into account (including climate-related risks and opportunities) in the assessment of new investments.<br>– Taking an active part in efforts to transition towards a climate-resilient circular economy.<br>– Working together with business and social partners to support activities to adapt to adverse climate change and improve efficiency of the energy use.<br>– Implementing in corporate documents issues related to climate aspects, including climate mitigation actions and the impact of climate on the ENEA Group's business operations.<br>– When considering and implementing proposed initiatives, giving a priority to those related to climate protection.<br>– Ongoing monitoring of the proposed regulations in the context of climate impacts and mitigation actions that have or may have an impact on the Group.<br>– Providing priority funding and cooperation in obtaining support for climate protection projects, including in particular those aimed at improving energy efficiency, reducing $CO_2$ emissions, increasing low-carbon energy production.<br>– Taking part in organizations working to reduce negative climate impacts and working together with state institutions to develop recommendations, actions and solutions related to climate protection aspects. | – Promoting the knowledge and culture of climate responsibility among Group employees, customers, service contractors and suppliers throughout the value chain.<br>– Activities aimed at providing access to pro-environmental materials and information that develop the Employees' knowledge, skills and competences in the context of climate change issues.<br>– Promoting activities aimed at raising public awareness of the need to save energy and increasing energy efficiency.<br>– Supporting grassroots initiatives by employees in the context of climate change mitigation and pro-environmental measures.<br>– Forming relationships with local power engineering communities by developing environmental education initiatives for young people, raising awareness of modern generation technologies and clean energy storage.<br>– Initiating pilot projects in cooperation with local governments, e.g. IT tools contributing to energy security and management (cooperation with Energy Clusters). |

The *ENEA Group Climate Policy* defines the level of obligations of the Management Board and key executives of the parent company ENEA S.A. and ENEA Group companies in matters relating to climate change. In line with the solutions adopted, the ENEA S.A. Management Board sets and approves the goals and priorities of the *ENEA Group Climate Policy*. In 2023, the Vice-President of the Management Board for Operations and the Vice-President for Strategy and Development were responsible for managing ENEA Group's climate impact issues. The Vice-President of the ENEA S.A. Management Board for Strategy and Development oversaw the implementation of the ENEA Group Climate Policy in 2023. The management boards of the Group's respective companies are responsible for conducting and organizing processes they are in charge of in accordance with the

objectives and priorities of the Policy. Their tasks also include ensuring timely, reliable and complete reporting of climate-related activities.

The Director of the Group Strategy and Development Management Department is responsible for implementing and updating the *ENEA Group Climate Policy.* The Climate Transition Office at this Department coordinates and supports the development of recommended courses of action to be taken by Group companies related to impact on climate or direct impact of climate on the assets of the ENEA Group. In addition, the Climate Policy also requires all Group employees to act in accordance with its provisions.

Policies on engagement of the Management Board and Directors and Officers, particularly regarding their responsibilities in respect of climate change, allow stakeholders to analyze the organization's level of awareness of climate issues.




**How the *ENEA Group Climate Policy* is implemented:**

- the Group takes environmental factors into account when developing new services and products,
- the Group companies invest in solutions satisfying stringent environmental standards,
- the Group works on technological solutions to increase production of energy from renewable sources,
- Group companies make rational use of energy and natural resources and strive to reduce the volumes of generated waste and pollution,
- the Group initiates and actively participates in educational campaigns for environmental protection and building environmental awareness,
- the Group companies prevent any breakdowns that may be dangerous for the environment,
- the Group, when selecting suppliers of products and services, takes non-price criteria into account, including environmental factors such as energy efficiency of the subject of contract,
- the Group's communication is conducted in a manner that promotes environmentally friendly values and its sponsorship activities focus, without limitation, on the domain of environmental protection.
- the Group companies require external companies that carry out work on the premises of and for the Group companies to comply with strict rules relating to environmental safety, including waste generated during the work,
- Group companies apply methodologies for monitoring and documenting specific environmental impacts and effects of their pro-environmental activities.

The relevant business units in the Group companies identify risks related to the company's climate impact and risks related to the impact of climate change on the company (climate risks are described in subsection 5.3 Climate risks and opportunities).

## 12.6.2. ENEA Group's products with a positive environmental impact

The ENEA Group offers customers electricity and packages containing additional services or products, such as smart home/facility management devices. Products related to the production of energy from renewable sources are also available to our customers.

**Selected products for households in 2023:**

**Enea Smart** – electricity combined with solutions which, in selected packages, facilitate a more efficient management of electricity consumption and heating in respective rooms.

**Fotowoltaika+** – an offering including the sale of photovoltaic installations and devices increasing the self-consumption of energy from the photovoltaic installation, such as energy storage, charging stations, heat pumps and storage heaters. The products are available to the customer together with the PV installation or as complementary products with the option of purchasing each product separately. The devices are sold by experienced ENEA S.A. Partners. Partners offer services including design, delivery, assembly and commissioning of the photovoltaic installation and products selected by the customer included in the Fotowoltaika+ offering.

**EKO Oferta** – an offering comprising the sale of energy together with ENEA's obligation to purchase guarantees of origin referred to in the Act of 20 February 2015 on renewable energy sources. Guarantees of origin constitute a document certifying the environmental values resulting from avoided greenhouse gas emissions and that the amount of electricity injected into the distribution network or transmission network specified in the guarantee of origin has been generated from renewable sources in RES installations.

**Offering for G12as tariff group customers** – offering lower rates for electricity used at night provided it is used for environmentally-friendly home heating or charging an electric car.

**Selected products for companies in 2023:**

**Fotowoltaika+** – an offering including the sale of photovoltaic installations and devices increasing the self-consumption of energy from the photovoltaic installation, such as energy storage, charging stations, heat pumps and storage heaters. The products are available to the customer together with the PV installation or as complementary products with the option of purchasing each product separately. The devices are sold by experienced ENEA S.A. Partners. Partners offer services including design, delivery, assembly and commissioning of the photovoltaic installation and products selected by the customer included in the Fotowoltaika+ offering.

**Enea Smart Biznes** – electricity combined with smart solutions which, in selected packages, facilitate a more efficient management of electricity consumption and heating in respective rooms.

**PPA service** – a service that allows the customer to purchase energy from an electricity producer of its choice, with ENEA S.A. offering to balance and secure the supply of any missing volume.

**Guarantees of origin** – sale of the guarantees of origin referred to in the Renewable Energy Sources Act of 20 February 2015. Guarantees of origin constitute a document certifying the environmental values resulting from avoided greenhouse gas emissions and that the amount of electricity injected into the distribution network or transmission network specified in the guarantee of origin has been generated from renewable sources in RES installations.

## 12.6.3. Environmental impact of the ENEA Group

Competent units operating within the ENEA Group companies deal with monitoring and minimizing the environmental impact of the Group's activities. The pro-environmental impact is achieved through the implemented initiatives representing the idea of circular economy and concepts optimizing the consumption of natural resources. However, the Group is aware that, despite strict adherence to legal requirements and due diligence, the complete elimination of the impact of mining and manufacturing activities on the environment is not possible. Therefore, the Group has put in place mechanisms providing for adequate remedial action in justified cases and the payment of due compensation. In addition, the ENEA Group conducts a dialogue with local communities aimed, among other things, to build mutual understanding and to support the Group's social initiatives.

Identified potential factors related to the Group's activities that may adversely affect the well-being of local communities:

- restrictions in access to water,
- destruction of biodiversity in places where mining and generating units are located,
- production of combustion waste (ash, slag),
- production of large quantities of mining waste,
- withdrawal and discharge of considerable quantities of water from the Vistula river for cooling purposes,
- subsidence of land caused by coal mining using the top coal caving method, which may lead to degradation of arable land,
- impact of the mining operations on water management (among others discharge of mineralized mine water to the Świnka river),
- impact of linear construction projects on the landscape of the neighboring agricultural and forest areas,
- disruption of the morphological continuity of rivers through the use of damming of water for hydroelectric purposes,
- emission of dust and gas pollution from fuel combustion installations (Kozienice Power Plant, Połaniec Power Plant, Białystok CHP Plant),

- impact related to the transportation (exhaust fumes, noise, dust).

The power plants in the ENEA Group's portfolio have all the necessary safeguards in place limiting the possibility of a major accident occurring in them. The technical infrastructure of the units in Połaniec and Kozienice is maintained in an appropriate condition, and the organizational structures responsible for them operate in accordance with relevant procedures governing the operation of the power plants and their facilities. This includes rules for the handling of hazardous substances used at the plants.

In 2023, steps were taken in the ENEA Group to take a comprehensive inventory and report full data on the volume of greenhouse gas emissions in accordance with the GHG Protocol standard[1]. The data collection and reporting process covered Scopes 1 and 2 as well as selected categories of Scope 3. The data inventory for 2023 for some ENEA Group companies consisted in increasing the scope and level of calculation of $CO_2$-equivalent emissions compared to previous years, addressing supply chain data in more detail. The focus was on verifying the flow of raw materials between ENEA Group companies. The only exclusion was the non-inclusion of the company Farma Wiatrowa Bejsce sp. z o.o., as it has not yet commenced operations.

ENEA Group has calculated emissions for 2023 in the following scopes of the GHG Protocol:

- Scope 1 – direct emissions from sources owned or controlled by ENEA Group, i.e. emissions from combustion of fuels in installations and vehicles, fugitive emissions from technological processes, emissions from leakage of refrigerants,
- Scope 2 – indirect third-party emissions as a result of the production of: electricity, heat, cooling and process steam purchased by the ENEA Group,
- Scope 3 – other indirect emissions not covered by Scope 2.

In the process of calculating emissions, information, documents and data were collected on the company operations and on the identified emission sources as well as organizational boundaries and the resulting operational boundaries of the inventory in Scopes 1, 2 and 3 were established and emission sources were analyzed and categorized by emitter type and scope.

In addition, appropriate emission calculation methodologies and GHG emission factors were selected for the emission sources identified. For the purpose of setting the ENEA Group's organizational boundaries for the GHG inventory, the operational control method was defined. According to this control method, the accounting of GHG emissions is "binary", i.e. emissions are attributed to the company in full, if the company has control over the process or are not attributed at all if the company has no control over the process.

In order to simplify the collection and analysis of emissions data, the Group companies (covered by the GHG emissions inventory) have been divided into four business areas:

Non-manufacturing companies:

- ENEA S.A.,
- ENEA Operator,
- ENEA Pomiary,
- ENEA Serwis,
- ENEA Trading,
- ENEA Centrum,
- ENEA Oświetlenie,
- ENEA Power&Gas Trading,
- ENEA Innowacje,
- ENEA Bioenergia,
- ENEA Elkogaz

Production of electricity and heat:

- ENEA Elektrownia Połaniec,
- ENEA Wytwarzanie,
- Przedsiębiorstwo Energetyki Cieplnej w Obornikach,
- ENEA Ciepło,
- ENEA Nowa Energia,
- PRO-WIND,
- PV Tykocin,
- PV Genowefa,
- Miejska Energetyka Cieplna Piła.

[1] The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard Revised Edition and Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

Mining:

- LW Bogdanka Group

Logistics:

- ENEA Logistyka.

### Compliance with environmental regulations

The activities of Group companies are carried out in compliance with:

- generally applicable laws and regulations,
- the internal regulations adopted,
- the content of the necessary permits and administrative decisions, including emission allowances, decisions on environmental conditions, project permits or permits required under the Water Law Act.

**No significant non-financial penalties or sanctions imposed on ENEA Group companies for non-compliance with environmental protection laws and regulations in 2023**

### Environmental impact of the mining activities

Mining activities in the ENEA Group are related to the operations of the Lubelski Węgiel Bogdanka Group. It is one of Poland's largest hard coal producers, hence its environmental impact is significant. It mainly includes changes in land use and water use, and the impact on water balance, waste management and greenhouse gas emissions.

Bearing in mind the significant impacts, the *LW Bogdanka Group Development Strategy for 2023-2030 with an outlook to 2040* envisages conducting operations in harmony with the environment primarily through:

1. sustainable use of spoil tips,
2. climate and eco-friendly action,
3. use of mining waste recycling technology,
4. support for the local natural environment,
5. equitable transition of mining regions.

The LWB Group carries out various activities to minimize its environmental impact. Above all, it carries out continuous monitoring of rock mass movements using modern measurement methods, conducts ongoing mine reclamation efforts, including by planting trees and shrubs, also continues activities related to the use of pit water for technological purposes, carries out continuous maintenance of drainage infrastructure in the mining area and hydrotechnical works related to the elimination of mining damage.

The impact on the natural environment is primarily due to carrying out operations in areas of high value for biodiversity. LWB neighbors five ecologically valuable areas (two Natura 2000 sites, the Łęczna Lake District Landscape Park, the Polesie Protected Landscape Area and the Chełm Landscape Park), and there is also the Polesie National Park in the vicinity. This carries investment risks, which the LWB Group strives to mitigate. The most important activities are consulted with the Scientific Council for Environmental Protection at Lubelski Węgiel Bogdanka S.A. with a view to selecting the most favorable course of action while respecting the natural values of the local environment. A number of activities are also being carried out to improve the quality of the natural environment. To this end, cooperation with the Polesie National Park has been launched, among others. Its aim is to establish an Environmental Research and Action Fund in the Lublin Coal Basin and to cooperate on Polesie National Park's implementation of selected tasks set out in the Protection Plan for the Polesie National Park.

Another significant threat is the impact on the water environment, which may lead to disrupting the local water balance, lowering the groundwater table thus reducing groundwater resources, causing municipal wells, intakes and surface watercourses to dry up as well as deteriorating surface and groundwater quality. LWB carries out various measures to mitigate the negative impact on water. One of these is pumping water from the underground workings to the surface, where it is treated in a pit water reservoir, then discharged into a surface watercourse and then into the river. Pit water is used, among other things, for technological, air-conditioning and cooling as well as fire-fighting purposes. In addition, the company has had a *Microbiological Fire Protection Program* in place since 2015. On the basis of this document, activities are carried out in the area of maintaining proper water quality in the network (in pipelines and reservoirs). Also since 2015, to supplement the shortage of process water, the company has been supplied with water from the Surface Water Treatment Plant, thus creating a closed-loop system.

In order to limit the negative impact, remedial actions are carried out, i.e.:

- ongoing monitoring of operations,
- constant supervision and ongoing maintenance and, if necessary, modernization of individual installations,
- competence and awareness raising training for employees,
- ongoing and continuous monitoring of legal acts and decisions of industry authorities to be introduced and being introduced.

Mining activities are also associated with the generation of significant amounts of waste. Therefore, measures are taken to limit the generation of waste consisting, among other things, in:

- recovery and recycling of mining waste and industrial waste,

- reclamation of the mining waste disposal facility,
- rational management of the deposit and seeking new possibilities for mining waste recycling,
- limiting rock excavation and seam opening works to the necessary minimum,
- using appropriate equipment and machinery in the exploitation of seams,
- limiting the falling of roof layers,
- using specialized equipment for the pre-treatment of coal extracted from waste rock,
- using waste rock for technological works in underground workings,
- land reclamation involving the removal of mining damage,
- reclamation of the mining waste disposal facility,
- continuing efforts to have mining waste with a granulation of 20-50 mm recognized as a by-product with applications in the ceramics industry (production of building materials).

### Water management in selected ENEA Group companies

**ENEA Elektrownia Połaniec**

The power plant in Połaniec withdraws surface water from two intakes:

- water withdrawal from the Vistula River using two pumping stations; water is taken for cooling and firefighting purposes, to supplement water in the closed hydraulic ash handling system, for the purposes of the flue gas desulfurization system,
- water withdrawal from the Wschodnia River for the production of demineralized water to supplement the circulating water in the water and steam systems of the power units.

The power plant has an open cooling system – it withdraws water directly from the Vistula River. As it passes through the turbine condensers, the cooling water cools the turbine exhaust steam and is itself heated. The technology ensures that the water level in the river remains intact. The circuit is equipped with splash coolers, which ensure compliance with the conditions of the Water Law permit for the discharge of cooling water and that the permissible temperature is not exceeded. The cooling system is a sealed system, which means that no contaminated water or wastewater enters the circuit.

The discharge of cooling water into the Vistula River does not cause adverse changes to the river's ecosystem, as confirmed by expert opinions from the Institute of Power Engineering. Industrial wastewater, rainwater and snowmelt are discharged into the cooling water channel after being treated in dedicated mechanical-chemical or mechanical treatment plants. The discharge of the mixture of the cooling water, industrial wastewater, rainwater and snowmelt is carried out through the cooling water channel into the Vistula River.

The company strictly adheres to the provisions arising from the Water Law permit relating to permitted quantities of surface water withdrawn, instream flow requirements and frequency of measurements of physicochemical parameters as well as to the integrated permit regarding the monitoring of discharged wastewater concerning quality and permitted quantities. The treated wastewater from the flue gas desulfurization plant meets the requirements of the BAT Conclusions for large combustion plants. Rainwater or snowmelt discharged to the Vistula River meets the quantitative and qualitative requirements resulting from the provisions of the Water Law and Integrated Permit. This is confirmed by physicochemical tests carried out by accredited laboratories and by quantity measurements by the installed flow meters of water withdrawn and of wastewater discharged alike.

In order to protect the water environment, the company:

- uses closed water circuits,
- uses flexible operating systems in the cooling water intake system, that are adapted to the flow conditions of the Vistula River and prevent excessive water withdrawal,
- reuses water (part of the cooling water is subsequently used in the flue gas desulfurization system and also transferred to the "Osiek" sulfur mine).
- uses the generated wastewater where technically possible,
- uses a distributed sewage network and wastewater treatment system before discharging wastewater into the surface waters of the Vistula River,
- treats wastewater prior to further use in the hydraulic ash handling system,
- treats industrial wastewater from the Flue Gas Desulfurization (FGD) plant in a mechanical-chemical wastewater treatment plant with a maximum capacity of 80 $m^3/h$,
- treats wastewater from the hydraulic ash handling circuit by filtration and sedimentation to remove suspended solids, and discharges excess wastewater through the cooling water discharge canal,
- treats wastewater from the washing of rotary screens, lubricating water filters and rinse water filters in two-chamber settling tanks where suspended solids are retained and contaminants are sedimented, before being discharged into the cooling water discharge canal.

- treats household wastewater in a mechanical-biological wastewater treatment plant, with the treated wastewater being used to replenish fluids in the hydrotransport system,
- treats rainwater and snowmelt from wood and biomass storage yards, vehicle parking lots as well as roofs and green areas, in a stormwater treatment facility, before discharging it into the discharge canal,
- uses a permanent mechanical floating dam on the cooling water discharge canal to protect the waters of the Vistula River from possible oil spills in emergencies in case of a leak in the turbogenerator lubrication and cooling system,
- monitors the volume and quality of water withdrawn and the mixture of industrial wastewater discharged into surface waters as well as the quality of surface waters above and below the wastewater discharge point,
- monitors the flow of the Vistula River on a daily basis,
- monitors all wastewater discharges for quantity and emissions of pollutants,
- uses sealed sewer interceptors and surfaces in buildings to prevent sewage from entering the ground.

ENEA Elektrownia Połaniec submits relevant reports containing quantitative and qualitative data on the withdrawn water and discharged wastewater to the relevant entities, including the State Water Holding Polish Waters and the Voivodeship Inspectorate of Environmental Protection.

**Miejska Energetyka Cieplna Piła**

The company uses water mainly as a heat carrier in installations (boiler houses, heating network) and for domestic purposes. Water is withdrawn from the water supply system belonging to MWiK (Municipal Water and Sewage Company) in Piła.

**Łęczyńska Energetyka**

The Company operates deep-water intakes in the Bogdanka, Stefanów and Nadrybie fields. Water extraction is carried out in accordance with the applicable permits. In addition, a water treatment plant is operated at the Bogdanka Field, which uses pit water for the production of drinking and process water. The Company regularly carries out physical and chemical analyses of the drinking and process water produced.

**ENEA Ciepło – Head Office**

The “Zachód” Heat Plant withdraws underground water from its own deep-water intakes – the water is used for the Water Treatment Plant, for cooling the heat plant equipment and for slag quenching. Water is drawn from the municipal water supply system and used for domestic purposes, for fire-fighting and for technological purposes of the flue gas desulfurization plant (pump cooling).

Water from own intakes is withdrawn by submersible pumps and transferred to two interconnected covered retention tanks with a capacity of 500 $m^3$ each. From the tanks, it is directed to the Water Treatment Plant by means of hydrophore pumps. There, the water flow is divided into water for treatment and water for equipment cooling and slag quenching.

The “Zachód” Heat Plant uses a closed circuit of water taken from deep wells for technological purposes. Water from the closed-loop cooling circuit (circulating pumps, mixing pumps, stabilizing pumps, blow fans, coal dust distributors, coal dust stokers) is collected in a transition tank and then returned to the raw water retention tanks.

### Waste management in selected ENEA Group companies

| Waste management in selected ENEA Group companies | |
|---|---|
| ENEA Elektrownia Połaniec | The priority in waste management is the prevention and reuse of waste. Waste generated at ENEA Elektrownia Połaniec is segregated and transferred for reuse to external entities with a regulated legal status.<br>Gypsum is produced in FGD at the Połaniec Power Plant as a full-value raw material with properties similar to natural gypsum in accordance with the notification of recognition of gypsum waste as a by-product (in accordance with the obtained Decision No. OWŚ-VII.7221.2.23). Pursuant to decisions issued in 2019, ashes produced in the process of energy production obtained the status of a product. In 2022, a new decision was obtained for fly ash generated from the co-firing of coal and biomass, which increases the amount of ash recognized as a by-product from 500,000 Mg/year to 550,000 Mg/year. All of the combustion waste and gypsum generated in the energy production process has been transferred to ENEA BIOENERGIA since 2019. |
| ENEA Ciepło Białystok | The company ensures that the waste generated is handled correctly and in accordance with legal requirements. It carries out safe waste management ensuring that waste is properly segregated, recovered or disposed of by specialist companies in accordance with environmental requirements.<br>A market reconnaissance has been carried out to change the status of the following waste into a by-product:<br>– reaction waste from flue gas desulfurization units,<br>– bottom waste from coal combustion,<br>– fly ash and bottom waste from biomass combustion – as a result of the actions taken, a decision was obtained in 2023 issued by the Podlaskie Voivodeship Marshal confirming that the conditions for recognition as a by-product of waste were met. |
| ENEA Operator | Measures have been taken in relation to the circular economy involving, among other things, reusing, repairing and renewing the existing materials for as long as possible – examples include transformers, meters and concrete poles. In this way, the life cycle of the materials mentioned is extended, which in practice means a reduction in waste. |
| ENEA Nowa Energia | Waste, mainly related to the maintenance of the plant, is reused wherever possible. The remaining waste is stored selectively until it is collected by an external entity holding the appropriate waste management license. At the biogas power plant, the company is able to recover agricultural waste, contributing to the proper management and use of waste. In addition, it holds all legally required permits for waste management, keeps waste records and reports through the BDO system. |

## 12.6.4. Environmental activity in 2023

In 2023, the ENEA Group companies continued their activities aimed at reducing their negative impact on the environment. These included both large infrastructure investments that reduced air and atmospheric emissions of pollutants generated by production processes as well as minor changes in daily operations. Continuous efforts were also made to increase environmental awareness of the employees. The activities undertaken also included environmental education in the Group's communities and projects to actively protect the nature.

### Selected pro-environmental initiatives of ENEA Group companies in 2023

| Company | Pro-environmental initiatives | Total amount earmarked for investments in the environmental area in 2023 |
|---|---|---|
| ENEA Elektrownia Połaniec | Continuation of electrostatic precipitator modernization (the project consisting in EEP adaptation to the requirements of the BAT conclusions).<br>Continuation of the project "Adaptation of ENEA Elektrownia Połaniec S.A. to Capacity Market requirements after 1 July 2025" | PLN 39.3 million |
| ENEA Ciepło Białystok | Completion of the project of reconstruction of the rainwater and industrial wastewater settling tank.<br>Reconstruction of the oil sump and foundation of transformer TB3.<br>Modernization of the chimney of the back-up boiler house at the Dojlidy Brewery site to enable periodic measurements of pollutant emissions.<br>Continuation of the project of construction of a biomass-fired cogeneration unit. | PLN 3.133 million |
| ENEA Ciepło – Head Office | Modernization of K-2 and K-3 coal boilers in the "Zachód" Heat Plant and rebuilding of the dust removal installation.<br>Development of tender documentation for the modernization of coal-fired boilers K-4 and K-5 to comply with environmental requirements (conversion of coal-fired boilers to gas- or oil-fired boilers). | PLN 2.56 million |
| ENEA Nowa Energia | Cooperation with the Regional Directorate for Environmental Protection in Szczecin and the Drawa National Park to make the Drawa River passable – a fish ladder has been built, work has started on improving the operation of the fish ladder at the Kamienna hydro power plant and improving its performance monitoring. | The company's cooperation and involvement were in the form of knowledge transfer, provision of facilities, without incurring any expenses. |

## 12.6.5. Effects of the implemented environmental protection policies

### Greenhouse gas emissions in the ENEA Group

| Company | Scope 1 [tons of $CO_2e$] | Scope 2 location-based method [tons of $CO_2e$] | Scope 2 market-based method [tons of $CO_2e$] | Scope 3 [tons of $CO_2e$] |
|---|---|---|---|---|
| ENEA Operator | 7,793 | 26,325 | 26,394 | 1,491,413 |
| ENEA Pomiary | 233 | 122 | 85 | 5,270 |
| ENEA Serwis | 1,301 | 873 | 666 | 4,776 |
| ENEA Elektrownia Połaniec | 5,060,622 | 11,871 | 1,567 | 1,742,179 |
| ENEA Bioenergia | 2,220 | 399 | 399 | 31,911 |
| ENEA Wytwarzanie | 12,798,243 | 49 | 5 | 2,691,476 |
| ENEA Trading sp. z o.o. | 53 | 6 | 6 | 2,381 |
| Przedsiębiorstwo Energetyki Cieplnej | 13,980 | 514 | 0 | 6,534 |
| ENEA Ciepło – Head Office | 16,334 | 4,676 | 4,545 | 3,284 |
| ENEA Ciepło – Białystok Division | 219,852 | 4 | 4 | 107,454 |
| Miejska Energetyka Cieplna Piła | 91,375 | Data not available | Data not available | 13,558 |
| LW Bogdanka Group | 49,688[1] | 250,289[1] | 250,289[1] | 19,803,610[1] |
| ENEA Innowacje | Data not available | Data not available | Data not available | 187 |
| ENEA Nowa Energia | 312 | 1,032 | 972 | 106,354 |
| ENEA Centrum | 181 | 1,152 | 1,152 | 670,412 |
| ENEA Oświetlenie | 196 | 150 | 7 | 47 |
| ENEA Logistyka | 189 | 193 | 193 | 457 |
| ENEA Elkogaz | 22 | Data not available | Data not available | 14 |
| ENEA Power&Gas Trading | 18 | Data not available | Data not available | 5 |
| ENEA S.A. | 43 | 1,795 | 1,782 | 11 |
| PRO-WIND | 0 | 43 | 32 | 186 |
| PV Tykocin | 0 | 8 | 8 | Data not available |
| PV Genowefa | 0 | 107 | 0 | Data not available |
| **Total** | **18,262,655** | **299,608** | **288,106** | **26,681,518** |
| **Total (exclusive of LW Bogdanka Group)[1]** | **18,212,967** | **49,319** | **37,817** | **6,877,909** |

[1] Information on the volume of emissions of the Lubelski Węgiel Bogdanka Group was calculated by the Company individually and provided for the compilation. Data provided by the Lubelski Węgiel Bogdanka Group was not subject to verification in terms of flows between ENEA Group companies. The data represents the emissions of the LW Bogdanka Group.

### Biogenic $CO_2$ emissions in the ENEA Group in 2023

| Company | Biogenic $CO_2$ emissions [tons] |
|---|---|
| ENEA Elektrownia Połaniec | 2,758,647 |
| Lubelski Węgiel Bogdanka Group | 202[1] |
| ENEA Ciepło – Białystok Division | 434,953 |
| ENEA Nowa Energia | 5,786 |
| **Total** | **3,199,588** |
| **Total (exclusive of LW Bogdanka Group)[1]** | **3,199,386** |

[1] Information on the volume of emissions of the Lubelski Węgiel Bogdanka Group was calculated by the Company individually and provided for the compilation. Data provided by the Lubelski Węgiel Bogdanka Group was not subject to verification in terms of flows between ENEA Group companies. The data represents the emissions of the LW Bogdanka Group.

## Intensity of greenhouse gas emissions from the ENEA Group's generation units

| Unit $CO_2$ emissions related to electricity generation [kg/MWh][1)] | 2021 | 2022 | 2023 |
|---|---|---|---|
| Total greenhouse gas emissions intensity from the ENEA Group's generation units | 764 | 793 | 768 |

[1] Ratio of $CO_2$ emissions related to electricity generation to total gross electricity generation. In the case of the power plants in Kozienice and Połaniec, the calculations are based on total $CO_2$ emissions for sources that generate only electricity or cogenerate electricity and trace quantities of heat, because for the latter type of installations, it is not possible to separate emissions into those related to the production of individual energy types. In the case of MEC Piła and ENEA Ciepło, the presented data concern only $CO_2$ emissions related directly to the generation of electricity, i.e. they do not include emissions related to the generation of heat. Unit emissions for 2020 and 2021 were adjusted in relation to the values published earlier, thanks to the access to more precise data for MEC Piła and ENEA Ciepło.

## Consumption of electricity by the ENEA Group in 2023

| Consumption of electricity [MWh][1, 2] | 2021 | 2022 | 2023 |
|---|---|---|---|
| Total consumption of electricity by the ENEA Group | 2,893,177 | 2,819,327 | 2,483,147 |
| including from renewable sources | 67,776 | 72,463 | 175,853 |

[1] Real properties for which there are no detailed data on electricity consumption (e.g. because the respective companies settle their accounts with administrators on a lump sum basis) and the network needs of ENEA Operator have not been taken into account.
[2] A decrease in energy production from conventional sources in 2023 (by 21.5%) resulted in a decrease in energy consumption for the ENEA Group's own needs

## Water withdrawal by the ENEA Group

| Water withdrawal [Ml] [1, 2, 3] | 2021 | 2022 | 2023 |
|---|---|---|---|
| Total water withdrawal by ENEA Group companies | 3,582,082 | 2,942,127 | 2,490,594 |

[1] Real properties for which there are no detailed data on water consumption (e.g. because the respective companies settle their accounts with administrators on a lump sum basis) have not been taken into account.
[2] 99% of the water withdrawal by the Kozienice Power Plant and the Połaniec Power Plant is the intake/return of water from the Vistula river for cooling purposes.
[3] A decrease in energy production from conventional sources in 2023 (by 21.5%) resulted in a decrease in water withdrawal at the ENEA Group

## Waste generated by the ENEA Group in 2023

| Generated waste [Mg][1] | 2021 | 2022 | 2023 |
|---|---|---|---|
| Total mass of waste generated in the ENEA Group: | 5,973,745 | 6,028,435 | 6,206,448 |
| Of which hazardous waste: | 976 | 951 | 830 |
| Of which non-hazardous waste: | 5,972,769 | 6,027,484 | 6,205,618 |

[1] Real properties for which there are no detailed data on generated waste (e.g. because the respective companies settle their accounts with administrators on a lump sum basis) have not been taken into account.

## Inputs and raw materials used by the ENEA Group in 2023

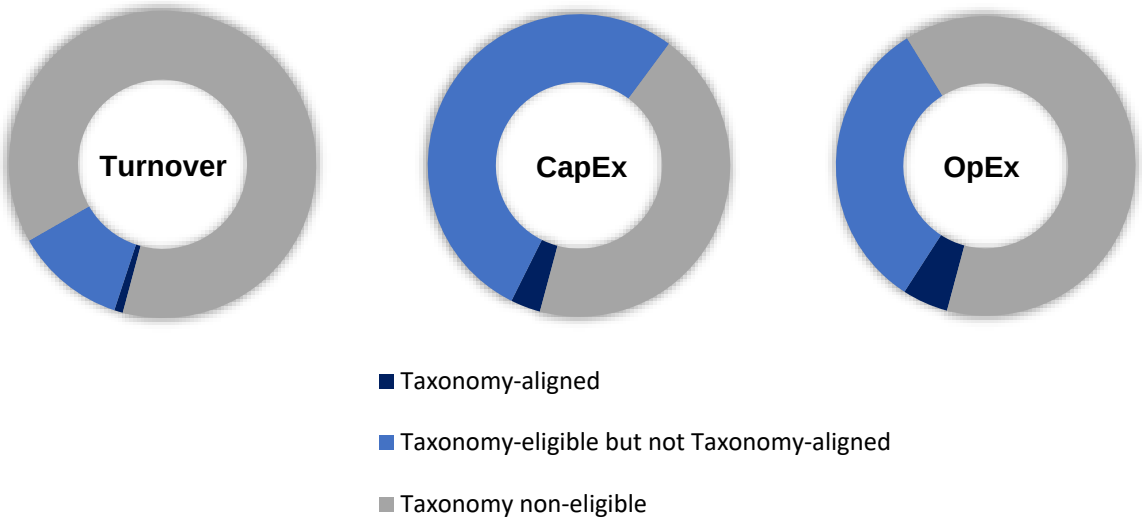
| Fuel type | Quantity [thousand tons] |
|---|---|
| Bituminous coal | 7,437 |
| Biomass | 1,311 |
| (Heavy) fuel oil [1] | 37 |
| (Light) fuel oil [2] | 43 |
| Gas [thousand $Nm^3$][3, 4] | 75 |

[1] Light up fuel in units 1-10 of the Kozienice Power Plant and units 1-7 of the Połaniec Power Plant
[2] Light-up fuel in unit 11 of the Kozienice Power Plant, unit 9 of the Połaniec Power Plant, MEC Piła (boiler house of KO Staszyce, which may be gaseous fuel or oil-fired).
[3] Used for generation of electricity and heat in MEC Piła.
[4] Used for production of heat in "Zachód" Heat Plant.

## 12.7. Alignment of environmentally sustainable activities with the EU Taxonomy

### Summary of the ENEA Group's Taxonomy disclosures for 2023

| Categories of activity of the ENEA Group[1] | Turnover | CapEx | OpEx |
|---|---|---|---|
| Taxonomy-aligned | 0.91% | 3.20% | 4.83% |
| Taxonomy-eligible but non-Taxonomy-aligned | 11.65% | 52.77% | 31.24% |
| non-Taxonomy-eligible | 87.44% | 44.03% | 63.93% |




[1] The following part of the disclosure provides a detailed explanation of the Taxonomy-aligned assessment approach adopted by the ENEA Group

#### Assumptions related to climate objectives

In response to the assumptions for the European Union's climate targets, in March 2018, the European Commission announced the Action Plan on financing sustainable growth, with the following three main objectives:

- reorienting capital flows towards a more sustainable economy,
- mainstreaming sustainability into risk management,
- fostering transparency in economic and financial activities by using a "common language" in defining what is "green".

One of the main tools to support the reorientation of capital flows towards more sustainable investments is a classification system establishing a list of environmentally sustainable economic activities, commonly referred to as the EU Taxonomy, which was implemented into European law by Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment.

The EU Taxonomy, along with the following Commission Delegated Regulations (EU): 2021/2139[1], 2022/1214[2], 2021/2178[3], 2023/2485[4] and 2023/2486[5], establishes a classification of environmentally sustainable economic activities, defining which categories of economic activity, provided that they fulfill certain relevant criteria, including in the technical and social domains, may be considered environmentally friendly. They must considerably contribute to the achievement of at least one of the following six environmental objectives set forth in Article 9 of the EU Taxonomy:

- climate change mitigation;
- climate change adaptation;
- 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.

[1] Delegated Regulation establishing the technical screening criteria for climate change mitigation and adaptation
[2] Delegated Regulation establishing the technical screening criteria and reporting requirements for nuclear and natural gas activities
[3] Delegated Regulation specifying the content and presentation of Taxonomy-related information
[4] Delegated Regulation establishing new technical screening criteria under the existing two environmental objectives of climate change mitigation and adaptation
[5] Delegated Regulation establishing the technical screening criteria for the remaining four environmental objectives

An activity makes a significant contribution to one of the above objectives if certain technical screening criteria set out for respective types of activity are satisfied. These criteria are used to define the conditions, which must be satisfied for an economic activity to qualify as one making a substantial contribution to one or more of the six environmental objectives. Also, an environmentally sustainable activity must not cause any serious harm to any other objective (the “do no significant harm” principle), and must be conducted in accordance with the minimum safeguards, meaning that the company’s procedures must ensure compliance with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the ILO Declaration on Fundamental Principles and Rights at Work and the principles and rights set out in the International Bill of Human Rights. If these requirements are met, an economic activity may be viewed as Taxonomy-aligned.

Any company that is required to disclose its non-financial information under the NFRD[1] must also disclose in its non-financial statement how and to what extent its activities are associated with economic activities that are Taxonomy-aligned. An analysis of Taxonomy alignment is required by the regulator for the 2022 disclosures, published as of 1 January 2023, in accordance with Article 10 of Delegated Regulation 2021/2178, and applies to activities that provide a substantial contribution to the objective of climate change mitigation or adaptation. As a result of the commenced application of Delegated Regulations 2023/2485 and 2023/2486, as of 1 January 2024, the mandatory disclosures have been expanded to include the reporting of information on Taxonomy-eligible activities for the remaining four environmental objectives and on new activities for the existing two environmental objectives. The mandatory disclosures of non-financial companies pertain to key performance indicators and accompanying information, as defined in Annexes I, II and XII of Delegated Regulation 2021/2178. Key performance indicators refer to the percentage of economic activities that are Taxonomy-aligned, Taxonomy-eligible and non-Taxonomy-eligible[2] in terms of three indicators:

- turnover,
- capital expenditures (CapEx),
- operating expenses (OpEx).

Accompanying information includes: accounting policy, assessment of compliance with Regulation (EU) 2020/852 and context-related information.

The Taxonomy-aligned disclosures for 2023 refer solely to the two first environmental objectives: climate change mitigation and climate change adaptation. At the same time, the 2023 disclosures include the identification of Taxonomy-eligible activities for the remaining four environmental objectives, namely the sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control, and the protection and restoration of biodiversity and ecosystems, along with new activities for the existing two environmental objectives.

### Accounting policies

ENEA Group companies keep their accounts in accordance with International Accounting Standards and International Financial Reporting Standards (IAS/IFRS), as endorsed by the European Union. This has enabled them to identify all amounts (expressed in monetary units) associated with the identified activities satisfying first the definitions included in Delegated Regulation 2021/2178 concerning key performance indicators, namely:

- turnover (net revenue from sales of products and services, including intangible assets),
- capital expenditures (CapEx),
- operating expenses (OpEx),

which constituted the **denominator** of each of the three indicators, and then, to allocate the amounts (expressed in monetary units) of all three figures between the groups deemed to be non-Taxonomy-eligible, Taxonomy-eligible but non-Taxonomy-aligned, and Taxonomy-aligned (which then constitute the **numerator** of each of the three indicators).

[1] Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups

[2] Economic activity described in the delegated regulations adopted pursuant to Article 10(3), Article 11(3), Article 12(2), Article 13(2), Article 14(2) and Article 15(2) of Regulation (EU) 2020/852, irrespective of whether such economic activity satisfies any or all technical eligibility criteria set forth in those delegated regulations.

The following are the said definitions included in Regulation 2021/2178:

**Turnover**

Net turnover recognized in accordance with IAS 1 item 82(a), as defined in Article 2(5) of Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013:

> *'net turnover' means the amounts derived from the sale of products and the provision of services after deducting sales rebates and value added tax and other taxes directly linked to turnover.*

Accordingly, this included consolidated net turnover (for the most part, recognized in accordance with IFRS 15), including revenue recognized under IFRS 16 (ENEA Group identifies itself as a lessor) and compensation due to the Group under the Act of 27 October 2022 on Emergency Measures to Reduce Electricity Prices and Support Certain Consumers in 2023. The ENEA Group recognizes that these compensations fall within the definition contained in Directive 2013/34/EU.

The relevant amounts can be found in the consolidated statement of comprehensive income, in the revenue from sales and other income item (which consists of net revenue from sales, compensation and revenue from leases and operating subleases) and in note 8 to the consolidated statement of comprehensive income.

**Capital expenditures (CapEx)**

Capital expenditures defined as increases in property, plant and equipment and intangible assets, right-of-use assets and investment properties, including those resulting from business combinations, as defined in the relevant IAS/IFRSs:

a) IAS 16 Property, Plant and Equipment,
b) IAS 38 Intangible Assets,
c) IFRS 16 Leases,
d) IAS 40 Investment Property.

This included the period's consolidated increases in property, plant and equipment, intangible assets and right-of-use assets. In 2023, the ENEA Group did not acquire any investment properties.

The relevant amounts are included in the Group's consolidated financial statements in the Notes to the consolidated statement of financial position, in a manner similar to the items indicated above:

a) note 14. Property, plant and equipment – rows: Acquisition and Settlement of the acquisition of subsidiaries,
b) note 15. Intangible assets and goodwill (where goodwill has been omitted for the purposes of the key performance indicator) – row: Acquisition,
c) note 16. Right-of-use assets – rows: Acquisition and Settlement of the acquisition of subsidiaries,
d) note 17. Investment properties (with negligible increases in this area in 2023).

**Operating expenses (OpEx)**

Operating expenses understood as one of the five categories of direct, uncapitalized costs:

a) related to research and development work,
b) related to building renovation activities,
c) related to short-term leases,
d) related to maintenance and repair work,
e) any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment by the undertaking or third party to whom activities are outsourced that are necessary to ensure the continued and effective functioning of such assets.

This way, the consolidated amounts of costs incurred by the ENEA Group in 2023 relating to any of the above categories were taken into account.

As regards the OpEx ratio, given to its specific definition in the Taxonomy, it was not possible to make a direct reference to the consolidated financial statements. In this context, it should be noted that the denominator of the OpEx ratio for the purposes of the EU Taxonomy is not equal to the sum of operating expenses incurred by the ENEA Group. The denominator of the OpEx ratio calculated for EU Taxonomy purposes was about PLN 936 million, while the Group's operating expenses were almost PLN 43.6 billion (as specified in note 9 to the Group's consolidated financial statements), which means that the basis for calculating the OpEx ratio for EU Taxonomy purposes was only 2% of all operating expenses (without taking any other operating activities into account).

The most important operating expenses (OpEx) in the ENEA Group include mainly: repair and maintenance costs (both as consumption of repair and maintenance materials and third-party repair and maintenance services) due to the extensive range of property, plant and equipment owned by the Group, including high-voltage lines, substations, switching stations (owned by ENEA Operator), power units with boilers and auxiliary equipment, including the Green Unit (ENEA Elektrownia Połaniec), mining pits and world-class machinery at LW Bogdanka or lighting assets such as road lighting (ENEA Oświetlenie).

The ENEA Group performed an analysis of the various categories included in the definition of operating expenses, observing the disclosure requirements set forth in the Regulation 2021/2178, on the basis of which, within the category of "other expenditures relating to the day-to-day servicing of assets of property, plant and equipment", it included in the denominator costs from the following categories: fire protection services and other fire prevention measures, cleaning services, mandatory specialized training for employees whose professional duties include solely the maintenance of power poles.

### Identification of numerators of the key performance indicators

The base of three monetary quantities (turnover, capital expenditures (CapEx) and operating expenses (OpEx)) established in such a manner was further analyzed for Taxonomy eligibility and then for Taxonomy alignment. Accordingly, the KPIs have the following **numerators**:

- for the turnover KPI: the net revenues that are included in the denominator and that are associated with Taxonomy-aligned activities, including enabling activities pursuant to Article 11(1)(b) of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020,
- for the CapEx KPI: the capital expenditures that are included in the denominator and that are associated with assets or processes related to Taxonomy-aligned economic activities,
- for the OpEx KPI: the operating expenses that are included in the denominator and that are associated with assets or processes related to Taxonomy-aligned economic activities, including training and other needs related to the adaptation of human resources and direct uncapitalized costs of research and development.

The economic activities that contribute to the KPIs, both in their numerators and in their denominators, are stated in the consolidated form, i.e. including transactions carried out exclusively with entities from outside of the ENEA Group. Additionally, all the activities treated as Taxonomy-aligned were matched to only one of the first two environmental objectives, namely climate change mitigation or climate change adaptation (similarly, activities treated as Taxonomy-eligible but non-Taxonomy-aligned were also matched to only one of all six environmental objectives). In other words, no economic activities were identified that would contribute to several environmental objectives at the same time. This ensures that double counting at any stage was avoided when the monetary values were calculated for the KPIs.

### Assessment of compliance with Regulation 2020/852

Mandatory disclosures for the EU Taxonomy are applicable to companies that meet the criteria set forth in Article 19a or 29a of Directive 2013/34/EU. The ENEA Group, as an entity subject to the obligations arising from the Directive, which prepares the non-financial statement in accordance with the amended Accounting Act, is required to make Taxonomy-related disclosures for 2023. The Group's Taxonomy-related reporting is compliant with Regulation 2020/852 of 18 June 2020 and Commission Delegated Regulations 2021/2178, 2021/2139, 2022/1214, 2023/2485 and 2023/2486 thereto, because it meets the regulator's requirements for non-financial corporations regarding key performance indicators and accompanying information as defined within Annex I, II and XII of Delegated Regulation 2021/2178.

### Analysis of ENEA Group's activities in terms of Taxonomy alignment

In the process of assessing its activities for Taxonomy alignment, the ENEA Group used its experience acquired during the preparation of last year's Management Board Report on the activity of ENEA S.A. and the ENEA Group in 2022 and the Taxonomy-related disclosures contained therein. It should be emphasized that in the previous year (that is, from 1 January to 31 December 2022), the rules were in place for verifying activities in the context of requirements for the disclosures of non-financial corporations regarding Taxonomy eligibility and Taxonomy alignment with respect to the objectives of climate change mitigation and adaptation.

This year's disclosures were prepared on an expanded scope basis, based on an analysis of Taxonomy eligibility and Taxonomy alignment of the activities for the first two environmental objectives (climate change mitigation and adaptation) and eligibility alone for the remaining four environmental objectives (sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems).

In order to fulfill the obligations under Commission Delegated Regulation (EU) 2021/2178 with respect to the 2023 disclosures, all ENEA Group entities were engaged in the process of evaluating their business activities. A number of internal training workshops and consultations were conducted to familiarize and consolidate the knowledge of representatives of the companies with the applicable regulatory requirements to ensure their ability to thoroughly analyze the activities of these companies in terms of the eligibility and alignment of their activities with the Taxonomy.

### Analysis of the technical screening criteria and the "do no significant harm" principle

The analysis of the technical screening criteria and the "do no significant harm" principle was carried out by the departments and business units responsible for reporting data of those companies in the ENEA Group that, in a preliminary analysis, established Taxonomy eligibility of their business activities. Industry experts were also involved to support the analysis of the technical screening criteria and the "do no significant harm" principle. The Group's Controlling Department was responsible for the collection and aggregation of data. We have engaged industry experts responsible for technical aspects related to revenue-generating infrastructure, our investments or expenses to confirm the requirements set forth in Commission Delegated Regulation (EU) 2021/2139 and Commission Delegated Regulation (EU) 2022/1214.

### Assessment of physical climate risks for the "do no significant harm" analysis

In the case of the economic activities assessed for their substantial contribution to climate change mitigation, we had to conduct an assessment of climate risk and exposure to that risk in order to satisfy the "do no significant harm" requirement. In the case of economic activities assessed for their substantial contribution to climate change adaptation, the condition for satisfying the significant contribution condition is to conduct an assessment of climate risk and exposure to that risk.

The risk and exposure assessment was carried out by the departments and business units responsible for data reporting in the following entities: ENEA S.A., ENEA Elektrownia Połaniec, ENEA Nowa Energia, ENEA Pomiary, the LW Bogdanka Group, ENEA

Operator, ENEA Serwis, ENEA Centrum, ENEA Ciepło, ENEA Logistyka, ENEA Power&Gas, ENEA Trading, ENEA Wytwarzanie and MEC Piła. Other ENEA Group companies did not report any Taxonomy-eligible economic activities. Among the companies mentioned above, the analysis of physical climate risks revealed Taxonomy alignment and a substantial contribution to climate change mitigation by ENEA S.A., ENEA Elektrownia Połaniec, ENEA Nowa Energia, ENEA Pomiary, the LW Bogdanka Group, ENEA Operator, ENEA Serwis, ENEA Ciepło and ENEA Wytwarzanie.

Each of the economic activities reviewed in terms of Taxonomy alignment for climate change mitigation as well as climate change adaptation objectives, was assessed in the context of the twenty-eight physical climate-related hazards listed in the classification in Appendix A to Commission Delegated Regulation (EU) 2021/2139. At the first stage of climate risk assessment, for each activity verified for Taxonomy alignment, the companies identified the existence of appropriate system elements enabling the conduct of the respective activity: product/service manufacturing sites, transportation lines, administrative buildings, critical suppliers, key customers, necessary utilities, employees and others. A compilation of system elements was made in terms of their locations determining the exposure to climate-related hazards, and in terms of the recorded realization of physical climate risks for the respective system element in the past. Based on this information, climate-related hazards that have no effect on the activity subject to the review due to their absence in the locations where the activity is conducted or the absence of a causal link between the harmful effects and the reviewed activity.

After the initial analysis of the exposure to climate-related hazards, we produced a list of hazards identified as relevant to the reviewed activities for each company and each system element. At the second stage of the risk and exposure assessment process, the companies assessed the effects and likelihood of materialization of each relevant risk for the economic activities subject to the assessment. The companies applied the risk assessment criteria defined for Enterprise Risks according to the ENEA Group Enterprise Risk Management Methodology. The analysis of the identified risks was performed for two time horizons required by the Regulation: up to 10 years and from 10 to 30 years. In the analysis process, no risks were assessed as “critical” or “key”. The majority of risks were assessed as “low”, with few risks with a “medium” rating.

In the case of Miejska Energetyka Cieplna Piła, activity *4.15 Distribution in district heating/cooling systems*, which was identified as Taxonomy-eligible with respect to the objective of climate change adaptation, the climate risk and the exposure to climate risk were assessed in a similar manner as under the “do no significant harm” analysis, and adaptation solutions to mitigate the identified potential risks by adjusting the damming built in the past for hydroelectric power plants in such a way as to ensure that these plants operate safely and do not generate risks have already been implemented in accordance with the requirements of substantial contribution to climate change adaptation.

All other activities considered to be Taxonomy-aligned have demonstrated a substantial contribution to the environmental objective of climate change mitigation. In their case, as mentioned earlier, the assessment of climate risk and exposure to this risk was limited to “do no significant harm” requirements.

### Analysis of minimum safeguards

We have also carried out an analysis of compliance of economic activities carried out in 2023 with the minimum safeguards as defined in Article 18 of Regulation (EU) 2020/852. The assessment was overseen by the ENEA Group Controlling Department and involved internal units responsible for specific areas relevant to minimum safeguards, such as those responsible for the HR and compliance areas. For the analysis, we used Article 18 of Regulation (EU) 2020/852 of the European Parliament and of the Council as a starting point, while relying on the explanations provided in the Platform on Sustainable Finance (*Final Report on Minimum Safeguards*), the *OECD Guidelines for Multinational Enterprises* and the *United Nations Guiding Principles for Business and Human Rights*.

Following the assessment, we concluded that the ENEA Group conducted its activity in 2023 in accordance with the minimum safeguards. The due diligence process in terms of the above guidelines is based in the Group on a number of policies, notably the *ENEA Group Compliance Policy* establishing the compliance system in the ENEA Group, the *ENEA Group Code of Ethics*, the *Policy for reporting breaches and protecting whistleblowers in the ENEA Group* and the *Enea Group Code of Conduct for Contractors*, which define the values and principles of conduct adopted by the ENEA Group. Their observance is required of both employees of ENEA Group companies and their counterparties.

In 2023, three proceedings for the reinstatement of employees due to ENEA S.A.’s unlawful termination of employment relationships with them were completed. In assessing the impact of these cases on compliance with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, consideration was given to the recommendations of the EU Platform on Sustainable Finance, which indicated that for certain categories of breaches, the status of non-compliance with the minimum safeguards continues until the company proves that measures for improvement have been taken, thus making the recurrence of the breach unlikely[1]. Accordingly, it was concluded that the measures taken by the Group’s Human Resources Management Department even before the completion of the proceedings in response to the breaches, aimed at, among other aspects, minimizing the risk of unlawful termination of employment, make the recurrence of the breaches in question unlikely. In addition to the situations described above, in 2023 no other judgments were issued against ENEA Group companies and no other proceedings were completed with an ascertainment of the existence of breaches related to minimum safeguards (such as breaches in the areas of human rights, labor rights, corruption or fair competition). For this reason, it was inferred that the ENEA Group’s operations in 2023 were conducted in accordance with the minimum safeguards.

[1] https://finance.ec.europa.eu/system/files/2022-10/221011-sustainable-finance-platform-finance-report-minimum-safeguards_en.pdf

The ENEA Group intends to improve its approach to implementing the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

### Description of Taxonomy-eligible and Taxonomy-aligned activities and contextual information

**Turnover**

- After analyzing all activities described in the Taxonomy, we concluded that Taxonomy-eligible but non-Taxonomy-aligned turnover represented 11.65% (PLN 5,613 million), while Taxonomy-aligned turnover represented 0.91% (PLN 439 million) of all turnover from the Group's activities in FY 2023. Accordingly, non-Taxonomy-eligible turnover represents 87.44% (PLN 42,131 million) of all turnover from the Group's activities in FY 2023.
- Taxonomy-eligible but non-Taxonomy-aligned turnover is derived from the following activities:

| Code(s) | Economic activity | [PLN 000s] | % of the denominator |
|---|---|---|---|
| **CCM 4.9. / CCA 4.9.** | Transmission and distribution of electricity | 5,357,917 | 11.11% |
| **CCM 4.15. / CCA 4.15.** | District heating/cooling distribution | 142,326 | 0.30% |
| **CCA 4.30. / CCM 4.30.** | High-efficiency cogeneration of heat/cooling energy and electricity from fossil gases | 61,873 | 0.13% |
| **CCM 6.2. / CCA 6.2.** | Freight rail transport | 27,905 | 0.06% |
| **CCA 4.15. / CCM 4.15.** | District heating/cooling distribution | 18,924 | 0.04% |
| **CCM 4.8. / CCA 4.8.** | Electricity generation from bioenergy | 2,688 | 0.01% |
| **CCM 7.7. / CCA 7.7.** | Acquisition and ownership of buildings | 1,095 | 0.00% |
| **BIO 2.1.** | Hotels, vacation homes, campgrounds and similar accommodation facilities | 186 | 0.00% |
| **CCM 6.5. / CCA 6.5.** | Transport by motorbikes, passenger cars and commercial vehicles | 73 | 0.00% |
| **CCM 7.2. / CCA 7.2. / CE 3.2.** | Renovation of existing buildings | 35 | 0.00% |
| **CCM 5.1.** / CCA 5.1. | Construction, extension and operation of water collection, treatment and supply systems | 26 | 0.00% |
| **CCM 5.3.** / CCA 5.3. | Construction, extension and operation of waste water collection and treatment | 10 | 0.00% |

- Taxonomy-aligned turnover is derived from the following activities:

| Code(s) | Economic activity | [PLN 000s] | % of the denominator |
|---|---|---|---|
| **CCM 4.8. / CCA 4.8.** | Electricity generation from bioenergy | 393,641 | 0.82% |
| **CCM 4.3. / CCA 4.3.** | Electricity generation from wind power | 38,023 | 0.08% |
| **CCM 4.5. / CCA 4.5.** | Electricity generation from hydropower | 6,842 | 0.01% |
| **CCM 7.6. / CCA 7.6.** | Installation, maintenance and repair of renewable energy technology systems | 630 | 0.00% |
| **CCM 7.4. / CCA 7.4.** | Installation, maintenance and repair of electric vehicle charging stations in buildings (and in car parks near buildings) | 313 | 0.00% |
| **CCM 4.1. / CCA 4.1.** | Electricity generation using solar photovoltaic technology | 12 | 0.00% |

- The most important activity, accounting for nearly 90% of the numerator of the key performance indicator related to turnover (and 0.82% of its denominator), is activity 4.8. Electricity generation from bioenergy (environmental objective: climate change mitigation). ENEA Elektrownia Połaniec, following a comprehensive analysis, determined Taxonomy alignment of revenue from activities related to the operation of the Green Unit at the Połaniec Power Plant. Given that the activities related to the Green Unit consist of the electricity generation and sales to wholesale and other customers, including Regulatory System Services, revenues in this respect were also recognized in accordance with IFRS 15. In 2023, the value of revenue from this activity clearly increased compared to the previous year, as did its share in the indicator's numerator – as the company generated a greater volume of electricity in the Green Unit. Energy prices in the market also exceeded those prevailing in 2022, which additionally also translated into an increase in turnover.

- The second most valuable Taxonomy-aligned activity of the ENEA Group in terms of revenue generated is activity 4.3. Electricity generation from wind energy (environmental objective: climate change mitigation). ENEA Nowa Energia, having conducted a complete analysis, ascertained Taxonomy alignment with regard to revenues generated by its wind farms, primarily in Bardy in Zachodniopomorskie Voivodship (to a lesser extent in Darżyno and Lubno). In 2023, these revenues increased in absolute terms compared to 2022, but due to the significantly greater percentage increase in the denominator of this key performance indicator, their share in the revenues of the ENEA Group as a whole declined. The finance departments recognized the turnover in question in accordance with IFRS 15.
- At the same time, the predominant activity recognized as Taxonomy-eligible but non-Taxonomy-aligned was activity 4.9. Transmission and distribution of electricity, which accounts for more than 11% of the denominator of the turnover KPI. ENEA Operator generates revenue from licensed activities, i.e. sales of distribution services to end users and revenue from grid connection fees. These are revenues originating from the grid assets held and are recognized for the most part under IFRS 15, where the main groups of contracts are contracts for distribution services. In these contracts, the service is provided on a continuous basis and the amount of turnover depends on the amount of distribution fees calculated in accordance with the DSO's tariff. The share of this turnover in the total is at a level similar to that of the previous year.
- A small contribution to the amount of turnover eligible for but not aligned with the Taxonomy is also provided by ENEA Ciepło as part of its activity described as 4.15. Distribution in heating/cooling systems. The company has its own heat networks, primarily in Białystok, with which it provides facilities across the city with district heating flowing from nearby heat plants (including the Białystok CHP Plant owned by ENEA Ciepło) – accordingly, the turnover included in this instance consists of revenue from heat transmission and distribution. As before, here too the main accounting standard used for revenue recognition is IFRS 15. The share of this activity in the denominator of the turnover KPI declined compared to 2022 despite the fact that in absolute terms the company generated more revenue than the year before – which was due to the large increase in total revenue from sales generated by the ENEA Group.
- The denominator of the turnover ratio is PLN 48,183 million. The noticeable increase in consolidated revenues generated by the ENEA Group (leading to an increase in the denominator of the turnover KPI compared to 2022) is explained in the Management Board Report on the Activities of the ENEA Group.

### Capital expenditures (CapEx)

- An analysis of all capital expenditures (CapEx) shows that Taxonomy-eligible but non-Taxonomy-aligned expenditures represent 52.77% (PLN 1,911 million), while Taxonomy-aligned CapEx represent 3.20% (PLN 116 million) of the denominator of this key performance indicator of the ENEA Group in FY 2023. Accordingly, non-Taxonomy-eligible CapEx represent 44.03% (PLN 1,594 million) of the Group's total CapEx in FY 2023.
- Taxonomy-eligible but non-Taxonomy-aligned capital expenditures were incurred in the following activities:

| Code(s) | Economic activity | [PLN 000s] | % of the denominator |
|---|---|---|---|
| **CCM 4.9.** / CCA 4.9. | Transmission and distribution of electricity | 1,793,067 | 49.52% |
| **CCM 4.15.** / CCA 4.15. | District heating/cooling distribution | 37,129 | 1.03% |
| **CCM 7.3.** / CCA 7.3. | Installation, maintenance and repair of energy efficiency equipment | 16,731 | 0.46% |
| **CCM 6.5.** / CCA 6.5. | Transport by motorbikes, passenger cars and commercial vehicles | 11,911 | 0.33% |
| **CCM 4.29.** / CCA 4.29. | Electricity generation from fossil gaseous fuels | 10,401 | 0.29% |
| **CCM 7.1.** / CCA 7.1. / CE 3.1. | Construction of new buildings | 9,608 | 0.27% |
| **CCM 7.2.** / CCA 7.2. / CE 3.2. | Renovation of existing buildings | 9,531 | 0.26% |
| **CCM 6.2.** / CCA 6.2. | Freight rail transport | 9,231 | 0.25% |
| **CCA 4.15.** / CCM 4.15. | District heating/cooling distribution | 5,797 | 0.16% |
| **CCM 7.7.** / CCA 7.7. | Acquisition and ownership of buildings | 3,560 | 0.10% |
| **CCM 6.6.** / CCA 6.6. | Road freight transport services | 2,928 | 0.08% |
| **CCM 7.6.** / CCA 7.6. | Installation, maintenance and repair of renewable energy technology systems | 819 | 0.02% |
| **CCM 4.8.** / CCA 4.8. | Electricity generation from bioenergy | 65 | 0.00% |
| **CCM 3.1.** / CCA 3.1. | Generation using renewable energy technologies | 45 | 0.00% |

- Taxonomy-aligned capital expenditures (CapEx) are incurred in the following activities:

| Code(s) | Economic activity | [PLN 000s] | % of the denominator |
|---|---|---|---|
| **CCM 4.1.** / CCA 4.1. | Electricity generation using solar photovoltaic technology | 74,772 | 2.06% |
| **CCM 4.8.** / CCA 4.8. | Electricity generation from bioenergy | 25,961 | 0.72% |
| **CCM 6.5.** / CCA 6.5. | Transport by motorbikes, passenger cars and commercial vehicles | 5,394 | 0.15% |
| **CCM 4.5.** / CCA 4.5. | Electricity generation from hydropower | 5,223 | 0.14% |
| **CCM 7.3.** / CCA 7.3. | Installation, maintenance and repair of energy efficiency equipment | 1,522 | 0.04% |
| **CCM 4.20.** / CCA 4.20. | Cogeneration of heat/cooling energy and electricity from bioenergy | 1,344 | 0.04% |
| **CCM 7.4.** / CCA 7.4. | Installation, maintenance and repair of electric vehicle charging stations in buildings (and in car parks near buildings) | 757 | 0.02% |
| **CCM 7.6.** / CCA 7.6. | Installation, maintenance and repair of renewable energy technology systems | 605 | 0.02% |
| **CCM 4.3.** / CCA 4.3. | Electricity generation from wind power | 444 | 0.01% |

- The most important Taxonomy-aligned activity is activity 4.1. Generation of electricity using photovoltaic technology (environmental objective: climate change mitigation), which accounts for over 64% of the numerator of the CapEx KPI. ENEA Nowa Energia, after a full analysis, ascertained Taxonomy alignment with regard to capital expenditures in photovoltaic farms, and these expenditures themselves were significantly greater than in 2022. Investments in farms, both in the form of acquisitions and own investments, constitute a strategic element of the company's operations. Accordingly, large subsequent increases in fixed assets related to broadly construed renewable energy sources are expected. In addition to ENEA Nowa Energia, the LW Bogdanka Group also indicated the year's capital expenditures of a similar kind as Taxonomy-aligned. This resulted in activity 4.1. accounting for 2.06% of the denominator of the key performance indicator in 2023, compared to only 0.14% a year earlier. These increases were accounted for mostly in accordance with IAS 16 Property, Plant and Equipment.
- Another significant activity, accounting for over 22% of the numerator of the CapEx KPI, is activity 4.8. Electricity generation from bioenergy (environmental objective: climate change mitigation), while the share of capital expenditures in the total decreased significantly during the year. This was because in 2022 ENEA Elektrownia Połaniec incurred expenditures for the overhaul of the Green Unit and the adaptation of its units to the BAT conclusions – in turn, in 2023, capital expenditures were no longer incurred at a similar level. Those that were incurred were mostly accounted for in accordance with IAS 16 Property, Plant and Equipment.
- The predominant share among the activities considered eligible for but not aligned with the Taxonomy is attributable to activity 4.9. Transmission and distribution of electricity, accounting for nearly half of all capital expenditures (CapEx denominator) of the entire ENEA Group. The company carrying out the transmission activity is ENEA Operator, whose grid investments include, among others: connection of new customers, new sources and the associated construction of new networks, the upgrading and rehabilitation of existing assets, meters and metering systems, and ICT infrastructure forming an integral part of the distribution grid operated by the company. In 2023, the company incurred much greater expenditures in fixed assets than in the previous year, because the investments incurred on the cost side were significantly more expensive and larger scopes were realized. Difficulties were experienced in the market in terms of access to specialized equipment, including difficulties on the part of the contractors themselves in securing appropriate human resources; on top of that, labor costs are also constantly on the rise. The expenditures required to carry out new assignments are at historically high levels. The vast majority of capital expenditures incurred in this way have been accounted for in accordance with IAS 16 Property, Plant and Equipment.
- The denominator of the CapEx ratio is PLN 3,621 million. It increased relative to 2022, with the capital expenditures of ENEA Operator (described above) accounting for the largest portion, but also with noticeably greater capital expenditures incurred by the LW Bogdanka Group and the ENEA Group's acquisition of control over several farms (including, most notably, the Genowefa photovoltaic farm in Wielkopolskie Voivodship and the Bejsce wind farm in Świętokrzyskie Voivodship). This confirms the Group's intended direction of growth, which is towards increasing generation capacity from renewable sources, which in turn, from the Taxonomy's perspective, provides an opportunity to improve the KPIs to be reported on in future years.
- All significant values in the numerator of the CapEx key performance indicator resulted from increases recorded by the ENEA Group's existing companies. In other words, no significant amounts related to asset acquisitions resulting from business combinations within the meaning of IFRS 3 were included as Taxonomy-aligned or Taxonomy-eligible but non-Taxonomy-aligned.

### Operating expenses (OpEx)

- An analysis of all operating expenses (OpEx) shows that Taxonomy-eligible but non-Taxonomy-aligned expenditures represent 31.24% (PLN 292 million), while Taxonomy-aligned operating expenses represent 4.83% (PLN 45 million) of the Group's denominator in FY 2023. Non-Taxonomy-eligible OpEx therefore represented 63.93% (PLN 598 million) of the Group's total OpEx in FY 2023.
- Taxonomy-eligible but non-Taxonomy-aligned operating expenses were incurred in the following activities:

| Code(s) | Economic activity | [PLN 000s] | % of the denominator |
|---|---|---|---|
| **CCM 4.9.** / CCA 4.9. | Transmission and distribution of electricity | 247,294 | 26.43% |
| **CCM 7.7.** / CCA 7.7. | Acquisition and ownership of buildings | 21,915 | 2.34% |
| **CCM 4.8.** / CCA 4.8. | Electricity generation from bioenergy | 5,889 | 0.63% |
| **CCM 6.2.** / CCA 6.2. | Freight rail transport | 5,116 | 0.55% |
| **CCM 4.15.** / CCA 4.15. | District heating/cooling distribution | 3,819 | 0.41% |
| **CCA 4.15.** / CCM 4.15. | District heating/cooling distribution | 2,746 | 0.29% |
| **CCA 4.30.** / CCM 4.30. | High-efficiency cogeneration of heat/cooling energy and electricity from fossil gases | 2,010 | 0.21% |
| **CCM 7.3.** / CCA 7.3. | Installation, maintenance and repair of energy efficiency equipment | 1,496 | 0.16% |
| **CCM 6.5.** / CCA 6.5. | Transport by motorbikes, passenger cars and commercial vehicles | 1,162 | 0.12% |
| **CCM 6.6.** / CCA 6.6. | Road freight transport services | 493 | 0.05% |
| **CCM 7.2.** / CCA 7.2. / CE 3.2. | Renovation of existing buildings | 260 | 0.03% |
| **BIO 1.1.** | Protection, including restoration, of habitats, ecosystems and species | 145 | 0.02% |
| **CCM 5.3.** / CCA 5.3. | Construction, extension and operation of waste water collection and treatment | 6 | 0.00% |
| **BIO 2.1.** | Hotels, vacation homes, campgrounds and similar accommodation facilities | 5 | 0.00% |

- Taxonomy-aligned operating expenses (OpEx) were incurred in the following activities:

| Code(s) | Economic activity | [PLN 000s] | % of the denominator |
|---|---|---|---|
| **CCM 4.8.** / CCA 4.8. | Electricity generation from bioenergy | 15,546 | 1.66% |
| **CCM 4.3.** / CCA 4.3. | Electricity generation from wind power | 14,564 | 1.56% |
| **CCM 4.5.** / CCA 4.5. | Electricity generation from hydropower | 8,414 | 0.90% |
| **CCM 4.20.** / CCA 4.20. | Cogeneration of heat/cooling energy and electricity from bioenergy | 6,335 | 0.68% |
| **CCM 7.3.** / CCA 7.3. | Installation, maintenance and repair of energy efficiency equipment | 276 | 0.03% |
| **CCM 4.1**. / CCA 4.1. | Electricity generation using solar photovoltaic technology | 42 | 0.00% |
| **CCM 7.4.** / CCA 7.4. | Installation, maintenance and repair of electric vehicle charging stations in buildings (and in car parks near buildings) | 17 | 0.00% |
| **CCM 6.5**. / CCA 6.5. | Transport by motorbikes, passenger cars and commercial vehicles | 7 | 0.00% |

- The largest Taxonomy-aligned operating expenses by value are those incurred in connection with activity 4.8. Generation of electricity from bioenergy (environmental objective: climate change mitigation), accounting for slightly more than 34% of the value of the numerator of the OpEx key performance indicator. ENEA Elektrownia Połaniec, following a comprehensive analysis, determined Taxonomy alignment of operating expenses (OpEx) related to the operation of the Green Unit. Their share in the denominator decreased as expenditures of a lower value were incurred compared to 2022.
- The second-largest share, accounting for more than 32% of the numerator of the OpEx KPI, is also held by ENEA Nowa Energia due to expenses for repair and maintenance services of the generating units in activity 4.3. Electricity generation from wind energy (environmental objective: climate change mitigation; maintenance of wind turbines at farms, such as those in Darżyno and Bardy). Last year, these costs were lower in absolute terms (due to inflation, among other factors), but still their share declined as a result of the rising OpEx denominator.
- In addition to activity 4.3. described above, ENEA Nowa Energia also incurred operating expenses it considered, after a full analysis, to be Taxonomy-aligned as part of activity 4.5. Electricity generation from hydropower (environmental objective: climate change mitigation). The company operates hydro power plants in Poland's four voivodships, and the expenditures posted relate to the maintenance of the assets therein. As before, as a result of the increasing OpEx denominator, the share of this activity in the denominator decreased compared to 2022.
- In the context of operating expenses, activity 4.9. Transmission and distribution of electricity, accounts for 26.43% of the denominator of the OpEx KPI and is considered a Taxonomy-eligible but non-Taxonomy-aligned activity of the

Group. This is largely attributable to ENEA Operator, which incurs expenditures related to repair and maintenance work on its grid assets, costs of in-house work and related costs indispensable for the operation of the grid (without which the assets would be unable to perform their functions effectively). The most important category among these costs are without a doubt staff costs (payroll fund, social security contributions, charges for the Company Social Benefit Fund) linked to maintenance and repair workers.

- The denominator of the OpEx KPI is PLN 936 million, a major hike compared to the denominator of the same ratio in 2022 (taking account of the restatement of comparable data). Most ENEA Group companies reported increases in their expenditures incurred for repairs and maintenance of assets in proper technical condition related to the general price increases across the economy.

### Adjustment and comparison of Taxonomy alignment indicators with the 2022 disclosure

The key change arising from the improved processes within the ENEA Group made during the preparation of the Taxonomy disclosures for 2023 relative to 2022 is the reclassification of activity 4.9. Transmission and distribution of electricity (environmental objective: climate change mitigation). In the process of assessing the compliance of operations classified as activity 4.9., in 2023 ENEA Operator adopted a prudent approach of not reporting any Taxonomy alignment. This resulted from the absence of a consistent approach to interpreting the technical screening criteria for activity 4.9. and a lack of guidance on possible supporting documentation, reports and documents to establish, with certainty and for the whole grid, compliance with the technical screening criteria for a substantial contribution to one of the environmental objectives and the “do no significant harm” principle vis-à-vis the other environmental objectives. Activity 4.9. is also reported on by ENEA Serwis, which also prudentially deemed it Taxonomy-eligible (but non-Taxonomy-aligned) for the same reasons.

Due to the ENEA Group’s position as a leader in the energy market and the associated obligation to set best practices in its reports, including Taxonomy disclosures, for 2023, activity 4.9. Electricity transmission and distribution was prudentially recognized by ENEA Operator and ENEA Serwis as Taxonomy-eligible but non-Taxonomy-aligned. Along with expected upcoming progress in market practices related to evaluation of the fulfillment of technical screening criteria for activity 4.9. and the collection of relevant supporting documentation, it will likely be possible to change the status of this activity in the future. At the same time, an adjustment was made in this regard taking into account comparative data (for 2022). In the event that ENEA Operator and ENEA Serwis consider activity 4.9. to be Taxonomy-aligned, they would report the following indicators:

| | Indicators for Taxonomy alignment to be reported at the ENEA Group level in the event that activity 4.9. Transmission and distribution of electricity is considered Taxonomy-aligned in 2023 (voluntary disclosure) | % |
|---|---|---|
| 1 | Key performance indicators related to turnover | 12.03% |
| 2 | Key performance indicators related to capital expenditures (CapEx) | 52.72% |
| 3 | Key performance indicators related to operating expenses (OpEx) | 31.26% |

Moreover, a major difference related to the analysis of Taxonomy eligibility of activities carried out by ENEA Oświetlenie is, compared to the 2022 disclosure, the removal of activity 7.3. Installation, maintenance and repair of energy efficiency equipment from the list of Taxonomy-eligible activities. ENEA Oświetlenie is not involved in any maintenance or upkeep of buildings or any real estate-related activities. Its business is focused on road infrastructure activities, which, according to the provisions of the Regulation, are not classified as Taxonomy-eligible activities. Accordingly, the comparative figures were adjusted in this regard as well.

Another significant change in the ENEA Group’s approach related to improving the process of identifying activities that are Taxonomy-eligible, and thus to preparing disclosures for 2023 relative to 2022, is the allocation of operating expenses (OpEx) resulting from the costs of materials related to building maintenance, real estate operating expenses, building administration expenses (building cleaning costs, janitorial services, excluding greenery cleaning services, solid and liquid waste removal and garbage collection) to activity 7.7. Acquisition and ownership of buildings. The year before, corresponding expenses were allocated to activity 7.2. Renovation of existing buildings.

In addition to the foregoing, as a result of the increasing understanding and the questions and answers published by the European Commission regarding the understanding of specific concepts in the Taxonomy, ENEA Wytwarzanie identified that the denominator of its OpEx key performance indicator was understated by nearly PLN 103 million in 2022 as a result of the omission of certain expense categories recommended by the European Commission to be included therein. Consequently, the comparative data for 2022 were adjusted in this regard as well.

## Key performance indicators related to turnover – restatement of comparative data

| Economic activity (1) | Code(s) (2) | Approved data for 2022 | | Impact of the change in comparative data | | Restated comparative data | |
|---|---|---|---|---|---|---|---|
| | | Turnover (absolute value) (3) | Part of turnover (4) | Turnover (absolute value) (3) | Part of turnover (4) | Turnover (absolute value) (3) | Part of turnover (4) |
| | | [PLN 000s] | % | [PLN 000s] | % | [PLN 000s] | % |
| **A. TAXONOMY-ELIGIBLE ACTIVITIES** | | | | | | | |
| **A.1 Types of environmentally sustainable (Taxonomy-aligned) activities** | | | | | | | |
| (…) | (…) | (…) | (…) | (…) | (…) | (…) | (…) |
| Transmission and distribution of electricity | 4.9. | 3,416,156 | 11.34% | -3,416,156 | -11.34% | 0 | 0.00% |
| (…) | (…) | (…) | (…) | (…) | (…) | (…) | (…) |
| **Turnover from environmentally sustainable (Taxonomy-aligned) activities (A.1)** | | **3,553,567** | **11.80%** | **-3,416,156** | **-11.34%** | **137,411** | **0.46%** |
| **A.2 Taxonomy-eligible but not environmentally sustainable (non-Taxonomy-aligned) activities** | | | | | | | |
| (…) | (…) | (…) | (…) | (…) | (…) | (…) | (…) |
| Transmission and distribution of electricity | 4.9. | 7,146 | 0.02% | 3,416,156 | 11.34% | 3,423,302 | 11.36% |
| Installation, maintenance and repair of energy efficiency equipment | 7.3. | 90,459 | 0.30% | -90,337 | -0.30% | 122 | 0.00% |
| (…) | (…) | (…) | (…) | (…) | (…) | (…) | (…) |
| **Turnover from Taxonomy-eligible but not environmentally sustainable (non-Taxonomy-aligned) activities (A.2)** | | **264,990** | **0.88%** | **3,325,819** | **11.04%** | **3,590,809** | **11.92%** |
| **Total (A.1 + A.2)** | | **3,818,557** | **12.68%** | **-90,337** | **-0.30%** | **3,728,220** | **12.38%** |
| **B. NON-TAXONOMY-ELIGIBLE ACTIVITIES** | | | | | | | |
| **Turnover from non-Taxonomy-eligible activities (B)** | | 26,299,295 | **87.32%** | 90,337 | **0.30%** | 26,389,632 | **87.62%** |
| **Total (A + B)** | | **30,117,852** | **100%** | | | **30,117,852** | **100%** |

## Key performance indicators related to capital expenditures (CapEx) – restatement of comparative data

| Economic activity (1) | Code(s) (2) | Approved data for 2022 | | Impact of the change in comparative data | | Restated comparative data | |
|---|---|---|---|---|---|---|---|
| | | Capital expenditures in absolute terms (3) | % of capital expenditures (4) | Capital expenditures in absolute terms (3) | % of capital expenditures (4) | Capital expenditures in absolute terms (3) | % of capital expenditures (4) |
| | | [PLN 000s] | % | [PLN 000s] | % | [PLN 000s] | % |
| **A. TAXONOMY-ELIGIBLE ACTIVITIES** | | | | | | | |
| **A.1 Types of environmentally sustainable (Taxonomy-aligned) activities** | | | | | | | |
| (…) | (…) | (…) | (…) | (…) | (…) | (…) | (…) |
| Transmission and distribution of electricity | 4.9. | 1,383,964 | 52.45% | -1,383,964 | -52.45% | 0 | 0.00% |
| (…) | (…) | (…) | (…) | (…) | (…) | (…) | (…) |
| **Capital expenditures related to environmentally sustainable (Taxonomy-aligned) activities (A.1)** | | **1,439,227** | **54.54%** | **-1,383,964** | **-52.45%** | **55,263** | **2.09%** |
| **A.2 Taxonomy-eligible but not environmentally sustainable (non-Taxonomy-aligned) activities** | | | | | | | |
| (…) | (…) | (…) | (…) | (…) | (…) | (…) | (…) |
| Transmission and distribution of electricity | 4.9. | 0 | 0.00% | 1,383,964 | 52.45% | 1,383,964 | 52.45% |
| Installation, maintenance and repair of energy efficiency equipment | 7.3. | 31,287 | 1.19% | -29,972 | -1.13% | 1,315 | 0.06% |
| (…) | (…) | (…) | (…) | (…) | (…) | (…) | (…) |
| **Capital expenditures related to Taxonomy-eligible but not environmentally sustainable (non-Taxonomy-aligned) activities (A.2)** | | **123,636** | **4.69%** | **1,353,992** | **51.32%** | **1,477,628** | **56.01%** |
| **Total (A.1 + A.2)** | | **1,562,862** | **59.23%** | **-29,972** | **-1.13%** | **1,532,890** | **58.10%** |
| **B. NON-TAXONOMY-ELIGIBLE ACTIVITIES** | | | | | | | |
| **Capital expenditures related to non-Taxonomy-eligible activities (B)** | | 1,075,675 | **40.77%** | 29,972 | **1.13%** | 1,105,647 | **41.90%** |
| **Total (A + B)** | | **2,638,537** | **100%** | | | **2,638,537** | **100%** |

## Key performance indicators related to operating expenses (OpEx) – restatement of comparative data

| Economic activity (1) | Code(s) (2) | Approved data for 2022 | | Impact of the change in comparative data | | Restated comparative data | |
|---|---|---|---|---|---|---|---|
| | | Operating expenses in absolute terms (3) | % of operating expenses (4) | Operating expenses in absolute terms (3) | % of operating expenses (4) | Operating expenses in absolute terms (3) | % of operating expenses (4) |
| | | [PLN 000s] | % | [PLN 000s] | % | [PLN 000s] | % |
| **A. TAXONOMY-ELIGIBLE ACTIVITIES** | | | | | | | |
| **A.1 Types of environmentally sustainable (Taxonomy-aligned) activities** | | | | | | | |
| (…) | (…) | (…) | (…) | (…) | (…) | (…) | (…) |
| Transmission and distribution of electricity | 4.9. | 200,444 | 30.92% | -200,444 | -30.92% | 0 | 0.00% |
| (…) | (…) | (…) | (…) | (…) | (…) | (…) | (…) |
| **Operating expenses related to environmentally sustainable (Taxonomy-aligned) activities (A.1)** | | **242,509** | **37.41%** | **-200,444** | **-31.81%** | **42,065** | **5.60%** |
| **A.2 Taxonomy-eligible but not environmentally sustainable (non-Taxonomy-aligned) activities** | | | | | | | |
| (…) | (…) | (…) | (…) | (…) | (…) | (…) | (…) |
| Transmission and distribution of electricity | 4.9. | 0 | 0.00% | 200,444 | 26.68% | 200,444 | 26.68% |
| Installation, maintenance and repair of energy efficiency equipment | 7.3. | 28,522 | 4.40% | -27,747 | -4.28% | 775 | 0.12% |
| (…) | (…) | (…) | (…) | (…) | (…) | (…) | (…) |
| **Operating expenses related to Taxonomy-eligible but not environmentally sustainable (non-Taxonomy-aligned) activities (A.2)** | | **71,985** | **11.10%** | **172,697** | **21.47%** | **244,682** | **32.57%** |
| **Total (A.1 + A.2)** | | **314,495** | **48.51%** | **-27,747** | **-10.34%** | **286,748** | **38.17%** |
| **B. NON-TAXONOMY-ELIGIBLE ACTIVITIES** | | | | | | | |
| **Operating expenses related to non-Taxonomy-eligible activities (B)** | | 333,836 | **51.49%** | 130,691 | **10.34%** | 464,527 | **61.83%** |
| **Total (A + B)** | | **648,330** | **100%** | **102,944** | | **751,274** | **100%** |

## Key performance indicators related to turnover (Turnover KPIs)

| Financial year 2023 | | Year | | Substantial contribution criteria | | | | | | Criteria for the "do no significant harm" (DNSH) principle | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Economic activity (1) | Code(s) (2) | Turnover (3) | Part of turnover, 2023 (4) | Climate change mitigation (5) | Climate change adaptation (6) | Water and marine resources (7) | Pollution (8) | Circular economy (9) | Biodiversity (10) | Climate change mitigation (11) | Climate change adaptation (12) | Water and marine resources (13) | Pollution (14) | Circular economy (15) | Biodiversity (16) | Minimum safeguards (17) | Share of Taxonomy-aligned activities (A.1.) or Taxonomy-eligible activities (A.2.) Turnover, 2022 (18) | Enabling activity category (19) | Transitional activity category (20) |
| *Text* | | *[PLN 000s]* | *%* | *Y; N; N/EL* | *Y; N; N/EL* | *Y; N; N/EL* | *Y; N; N/EL* | *Y; N; N/EL* | *Y; N; N/EL* | *Y/N* | *Y/N* | *Y/N* | *Y/N* | *Y/N* | *Y/N* | *Y/N* | *%* | *E* | *Y* |
| **A. TAXONOMY-ELIGIBLE ACTIVITIES** | | | | | | | | | | | | | | | | | | | |
| **A.1 Types of environmentally sustainable (Taxonomy-aligned) activities** | | | | | | | | | | | | | | | | | | | |
| Electricity generation using solar photovoltaic technology | CCM 4.1. / CCA 4.1. | 12 | 0.00% | Y | N | N/EL | N/EL | N/EL | N/EL | Y | Y | Y | Y | Y | Y | Y | 0.00% | | |
| Electricity generation from wind power | CCM 4.3. / CCA 4.3. | 38,023 | 0.08% | Y | N | N/EL | N/EL | N/EL | N/EL | Y | Y | Y | Y | Y | Y | Y | 0.12% | | |
| Electricity generation from hydropower | CCM 4.5. / CCA 4.5. | 6,842 | 0.01% | Y | N | N/EL | N/EL | N/EL | N/EL | Y | Y | Y | Y | Y | Y | Y | 0.02% | | |
| Electricity generation from bioenergy | CCM 4.8. / CCA 4.8. | 393,641 | 0.82% | Y | N | N/EL | N/EL | N/EL | N/EL | Y | Y | Y | Y | Y | Y | Y | 0.31% | | |
| Installation, maintenance and repair of electric vehicle charging stations in buildings (and in car parks near buildings) | CCM 7.4. / CCA 7.4. | 313 | 0.00% | Y | N | N/EL | N/EL | N/EL | N/EL | Y | Y | Y | Y | Y | Y | Y | 0.00% | E | |
| Installation, maintenance and repair of renewable energy technology systems | CCM 7.6. / CCA 7.6. | 630 | 0.00% | Y | N | N/EL | N/EL | N/EL | N/EL | Y | Y | Y | Y | Y | Y | Y | 0.00% | E | |
| **Turnover related to environmentally sustainable (Taxonomy-aligned) activities (A.1)** | | **439,461** | **0.91%** | 0.91% | 0.00% | 0% | 0% | 0% | 0% | Y | Y | Y | Y | Y | Y | Y | **0.46%** | | |
| **Including enabling activity** | | 943 | 0.00% | 0.00% | 0.00% | 0% | 0% | 0% | 0% | Y | Y | Y | Y | Y | Y | Y | 0.00% | E | |
| **Including transitional activity** | | 0 | 0.00% | 0.00% | | | | | | Y | Y | Y | Y | Y | Y | Y | 0.00% | | Y |
| **A.2 Taxonomy-eligible but not environmentally sustainable (non-Taxonomy-aligned) activities** | | | | *EL; N/EL* | *EL; N/EL* | *EL; N/EL* | *EL; N/EL* | *EL; N/EL* | *EL; N/EL* | | | | | | | | | | |
| Electricity generation from bioenergy | CCM 4.8. / CCA 4.8. | 2,688 | 0.01% | EL | EL | N/EL | N/EL | N/EL | N/EL | | | | | | | | 0.01% | | |
| Transmission and distribution of electricity | CCM 4.9. / CCA 4.9. | 5,357,917 | 11.11% | EL | EL | N/EL | N/EL | N/EL | N/EL | | | | | | | | 11.36% | | |
| District heating/cooling distribution | CCM 4.15. / CCA 4.15. | 142,326 | 0.30% | EL | EL | N/EL | N/EL | N/EL | N/EL | | | | | | | | 0.42% | | |
| Construction, extension and operation of water collection, treatment and supply systems | CCM 5.1. / CCA 5.1. | 26 | 0.00% | EL | EL | N/EL | N/EL | N/EL | N/EL | | | | | | | | 0.00% | | |
| Construction, extension and operation of waste water collection and treatment | CCM 5.3. / CCA 5.3. | 10 | 0.00% | EL | EL | N/EL | N/EL | N/EL | N/EL | | | | | | | | 0.00% | | |
| Freight rail transport | CCM 6.2. / CCA 6.2. | 27,905 | 0.06% | EL | EL | N/EL | N/EL | N/EL | N/EL | | | | | | | | 0.06% | | |
| Transport by motorbikes, passenger cars and commercial vehicles | CCM 6.5. / CCA 6.5. | 73 | 0.00% | EL | EL | N/EL | N/EL | N/EL | N/EL | | | | | | | | 0.00% | | |
| Renovation of existing buildings | CCM 7.2. / CCA 7.2. / CE 3.2. | 35 | 0.00% | EL | EL | N/EL | N/EL | EL | N/EL | | | | | | | | 0.00% | | |
| Acquisition and ownership of buildings | CCM 7.7. / CCA 7.7. | 1,095 | 0.00% | EL | EL | N/EL | N/EL | N/EL | N/EL | | | | | | | | 0.01% | | |
| High-efficiency cogeneration of heat/cooling energy and electricity from fossil gases | CCA 4.30. / CCM 4.30. | 61,873 | 0.13% | EL | EL | N/EL | N/EL | N/EL | N/EL | | | | | | | | 0.00% | | |
| District heating/cooling distribution | CCA 4.15. / CCM 4.15. | 18,924 | 0.04% | EL | EL | N/EL | N/EL | N/EL | N/EL | | | | | | | | 0.00% | | |
| Hotels, vacation homes, campgrounds and similar accommodation facilities | BIO 2.1. | 186 | 0.00% | N/EL | N/EL | N/EL | N/EL | N/EL | EL | | | | | | | | 0.00% | | |
| High-efficiency cogeneration of heat/cooling energy and electricity from fossil gases | CCM 4.30. / CCA 4.30. | 0 | 0.00% | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | | | | | | | | 0.05% | | |
| **Turnover related to Taxonomy-eligible but not environmentally sustainable (non-Taxonomy-aligned) activities (A.2)** | | **5,613,058** | **11.65%** | 11.48% | 0.17% | 0.00% | 0.00% | 0.00% | 0.00% | | | | | | | | **11.92%** | | |
| **A. Turnover related to Taxonomy-eligible activities *(A.1+A.2)*** | | **6,052,519** | **12.56%** | 12.39% | 0.17% | 0.00% | 0.00% | 0.00% | 0.00% | | | | | | | | **12.38%** | | |
| **B. NON-TAXONOMY-ELIGIBLE ACTIVITIES** | | | | | | | | | | | | | | | | | | | |
| **Turnover related to non-Taxonomy-eligible activities** | | 42,130,900 | **87.44%** | | | | | | | | | | | | | | | | |
| **TOTAL** | | **48,183,419** | **100%** | | | | | | | | | | | | | | | | |

## Key performance indicators related to capital expenditures (CapEx KPIs)

| Financial year 2023 | | Year | | Substantial contribution criteria | | | | | | Criteria for the "do no significant harm" (DNSH) principle | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Economic activity (1) | Code(s) (2) | Capital expenditures (3) | Percentage of capital expenditures, 2023 (4) | Climate change mitigation (5) | Climate change adaptation (6) | Water and marine resources (7) | Pollution (8) | Circular economy (9) | Biodiversity (10) | Climate change mitigation (11) | Climate change adaptation (12) | Water and marine resources (13) | Pollution (14) | Circular economy (15) | Biodiversity (16) | Minimum safeguards (17) | Share of Taxonomy-aligned activities (A.1.) or Taxonomy-eligible activities (A.2.) Capital expenditures, 2022 (18) | Enabling activity category (19) | Transitional activity category (20) |
| *Text* | | *[PLN 000s]* | *%* | *Y; N; N/EL* | *Y; N; N/EL* | *Y; N; N/EL* | *Y; N; N/EL* | *Y; N; N/EL* | *Y; N; N/EL* | *Y/N* | *Y/N* | *Y/N* | *Y/N* | *Y/N* | *Y/N* | *Y/N* | *%* | *E* | *Y* |
| **A. TAXONOMY-ELIGIBLE ACTIVITIES** | | | | | | | | | | | | | | | | | | | |
| **A.1 Types of environmentally sustainable (Taxonomy-aligned) activities** | | | | | | | | | | | | | | | | | | | |
| Electricity generation using solar photovoltaic technology | CCM 4.1. / CCA 4.1. | 74,772 | 2.06% | Y | N | N/EL | N/EL | N/EL | N/EL | Y | Y | Y | Y | Y | Y | Y | 0.14% | | |
| Electricity generation from wind power | CCM 4.3. / CCA 4.3. | 444 | 0.01% | Y | N | N/EL | N/EL | N/EL | N/EL | Y | Y | Y | Y | Y | Y | Y | 0.00% | | |
| Electricity generation from hydropower | CCM 4.5. / CCA 4.5. | 5,223 | 0.14% | Y | N | N/EL | N/EL | N/EL | N/EL | Y | Y | Y | Y | Y | Y | Y | 0.21% | | |
| Electricity generation from bioenergy | CCM 4.8. / CCA 4.8. | 25,961 | 0.72% | Y | N | N/EL | N/EL | N/EL | N/EL | Y | Y | Y | Y | Y | Y | Y | 1.66% | | |
| Cogeneration of heat/cooling energy and electricity from bioenergy | CCM 4.20. / CCA 4.20. | 1,344 | 0.04% | Y | N | N/EL | N/EL | N/EL | N/EL | Y | Y | Y | Y | Y | Y | Y | 0.00% | | |
| Transport by motorbikes, passenger cars and commercial vehicles | CCM 6.5. / CCA 6.5. | 5,394 | 0.15% | Y | N | N/EL | N/EL | N/EL | N/EL | Y | Y | Y | Y | Y | Y | Y | 0.00% | | Y |
| Installation, maintenance and repair of energy efficiency equipment | CCM 7.3. / CCA 7.3. | 1,522 | 0.04% | Y | N | N/EL | N/EL | N/EL | N/EL | Y | Y | Y | Y | Y | Y | Y | 0.03% | E | |
| Installation, maintenance and repair of electric vehicle charging stations in buildings (and in car parks near buildings) | CCM 7.4. / CCA 7.4. | 757 | 0.02% | Y | N | N/EL | N/EL | N/EL | N/EL | Y | Y | Y | Y | Y | Y | Y | 0.00% | E | |
| Installation, maintenance and repair of renewable energy technology systems | CCM 7.6. / CCA 7.6. | 605 | 0.02% | Y | N | N/EL | N/EL | N/EL | N/EL | Y | Y | Y | Y | Y | Y | Y | 0.02% | E | |
| Generation using renewable energy technologies | CCM 3.1. / CCA 3.1. | 0 | 0.00% | N | N | N | N | N | N | | | | | | | | 0.01% | | |
| **Capital expenditures related to environmentally sustainable (Taxonomy-aligned) activities (A.1)** | | **116,022** | **3.20%** | 3.20% | 0.00% | 0% | 0% | 0% | 0% | Y | Y | Y | Y | Y | Y | Y | **2.09%** | | |
| **Including enabling activity** | | 2,884 | 0.08% | 0.08% | 0.00% | 0% | 0% | 0% | 0% | Y | Y | Y | Y | Y | Y | Y | 0.06% | E | |
| **Including transitional activity** | | 5,394 | 0.15% | 0.15% | | | | | | Y | Y | Y | Y | Y | Y | Y | 0.00% | | Y |
| **A.2 Taxonomy-eligible but not environmentally sustainable (non-Taxonomy-aligned) activities** | | | | | | | | | | | | | | | | | | | |
| | | | | *EL; N/EL* | *EL; N/EL* | *EL; N/EL* | *EL; N/EL* | *EL; N/EL* | *EL; N/EL* | | | | | | | | | | |
| Generation using renewable energy technologies | CCM 3.1. / CCA 3.1. | 45 | 0.00% | EL | EL | N/EL | N/EL | N/EL | N/EL | | | | | | | | 0.08% | | |
| Electricity generation from bioenergy | CCM 4.8. / CCA 4.8. | 65 | 0.00% | EL | EL | N/EL | N/EL | N/EL | N/EL | | | | | | | | 0.01% | | |
| Transmission and distribution of electricity | CCM 4.9. / CCA 4.9. | 1,793,067 | 49.52% | EL | EL | N/EL | N/EL | N/EL | N/EL | | | | | | | | 52.45% | | |
| District heating/cooling distribution | CCM 4.15. / CCA 4.15. | 37,129 | 1.03% | EL | EL | N/EL | N/EL | N/EL | N/EL | | | | | | | | 1.71% | | |
| Electricity generation from fossil gaseous fuels | CCM 4.29. / CCA 4.29. | 10,401 | 0.29% | EL | EL | N/EL | N/EL | N/EL | N/EL | | | | | | | | 0.08% | | |
| Freight rail transport | CCM 6.2. / CCA 6.2. | 9,231 | 0.25% | EL | EL | N/EL | N/EL | N/EL | N/EL | | | | | | | | 0.00% | | |
| Transport by motorbikes, passenger cars and commercial vehicles | CCM 6.5. / CCA 6.5. | 11,911 | 0.33% | EL | EL | N/EL | N/EL | N/EL | N/EL | | | | | | | | 0.16% | | |
| Road freight transport services | CCM 6.6. / CCA 6.6. | 2,928 | 0.08% | EL | EL | N/EL | N/EL | N/EL | N/EL | | | | | | | | 0.07% | | |
| Construction of new buildings | CCM 7.1. / CCA 7.1. / CE 3.1. | 9,608 | 0.27% | EL | EL | N/EL | N/EL | EL | N/EL | | | | | | | | 0.82% | | |
| Renovation of existing buildings | CCM 7.2. / CCA 7.2. / CE 3.2. | 9,531 | 0.26% | EL | EL | N/EL | N/EL | EL | N/EL | | | | | | | | 0.53% | | |
| Installation, maintenance and repair of energy efficiency equipment | CCM 7.3. / CCA 7.3. | 16,731 | 0.46% | EL | EL | N/EL | N/EL | N/EL | N/EL | | | | | | | | 0.06% | | |
| Installation, maintenance and repair of renewable energy technology systems | CCM 7.6. / CCA 7.6. | 819 | 0.02% | EL | EL | N/EL | N/EL | N/EL | N/EL | | | | | | | | 0.00% | | |
| Acquisition and ownership of buildings | CCM 7.7. / CCA 7.7. | 3,560 | 0.10% | EL | EL | N/EL | N/EL | N/EL | N/EL | | | | | | | | 0.01% | | |
| District heating/cooling distribution | CCA 4.15. / CCM 4.15. | 5,797 | 0.16% | EL | EL | N/EL | N/EL | N/EL | N/EL | | | | | | | | 0.00% | | |
| Manufacture of energy efficiency equipment for buildings | CCM 3.5. / CCA 3.5. | 0 | 0.00% | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | | | | | | | | 0.01% | | |
| Storage of electricity | CCM 4.10. / CCA 4.10. | 0 | 0.00% | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | | | | | | | | 0.01% | | |
| Research, development and innovation for direct air capture of $CO_2$ | CCM 9.2. | 0 | 0.00% | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | | | | | | | | 0.01% | | |
| **Capital expenditures related to Taxonomy-eligible but not environmentally sustainable (non-Taxonomy-aligned) activities (A.2)** | | **1,910,823** | **52.77%** | 52.61% | 0.16% | 0.00% | 0.00% | 0.00% | 0.00% | | | | | | | | **56.01%** | | |
| **A. Capital expenditures related to non-Taxonomy-eligible activities *(A.1+A.2)*** | | **2,026,845** | **55.97%** | 55.81% | 0.16% | 0.00% | 0.00% | 0.00% | 0.00% | | | | | | | | **58.10%** | | |
| **B. NON-TAXONOMY-ELIGIBLE ACTIVITIES** | | | | | | | | | | | | | | | | | | | |
| **Capital expenditures related to non-Taxonomy-eligible activities** | | 1,593,896 | **44.03%** | | | | | | | | | | | | | | | | |
| **TOTAL** | | **3,620,741** | **100%** | | | | | | | | | | | | | | | | |

## Key performance indicators related to operating expenses (OpEx KPIs)

| Financial year 2023 | | Year | | Substantial contribution criteria | | | | | | Criteria for the "do no significant harm" (DNSH) principle | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Economic activity (1) | Code(s) (2) | Operating expenses (3) | Percentage of operating expenses, 2023 (4) | Climate change mitigation (5) | Climate change adaptation (6) | Water and marine resources (7) | Pollution (8) | Circular economy (9) | Biodiversity (10) | Climate change mitigation (11) | Climate change adaptation (12) | Water and marine resources (13) | Pollution (14) | Circular economy (15) | Biodiversity (16) | Minimum safeguards (17) | Share of Taxonomy-aligned activities (A.1.) or Taxonomy-eligible activities (A.2.) Operating expenses, 2022 (18) | Enabling activity category (19) | Transitional activity category (20) |
| *Text* | | *[PLN 000s]* | *%* | *Y; N; N/EL* | *Y; N; N/EL* | *Y; N; N/EL* | *Y; N; N/EL* | *Y; N; N/EL* | *Y; N; N/EL* | *Y/N* | *Y/N* | *Y/N* | *Y/N* | *Y/N* | *Y/N* | *Y/N* | *%* | *E* | *Y* |
| **A. TAXONOMY-ELIGIBLE ACTIVITIES** | | | | | | | | | | | | | | | | | | | |
| **A.1 Types of environmentally sustainable (Taxonomy-aligned) activities** | | | | | | | | | | | | | | | | | | | |
| Electricity generation using solar photovoltaic technology | CCM 4.1. / CCA 4.1. | 42 | 0.00% | Y | N | N/EL | N/EL | N/EL | N/EL | Y | Y | Y | Y | Y | Y | Y | 0.00% | | |
| Electricity generation from wind power | CCM 4.3. / CCA 4.3. | 14,564 | 1.56% | Y | N | N/EL | N/EL | N/EL | N/EL | Y | Y | Y | Y | Y | Y | Y | 1.18% | | |
| Electricity generation from hydropower | CCM 4.5. / CCA 4.5. | 8,414 | 0.90% | Y | N | N/EL | N/EL | N/EL | N/EL | Y | Y | Y | Y | Y | Y | Y | 1.48% | | |
| Electricity generation from bioenergy | CCM 4.8. / CCA 4.8. | 15,546 | 1.66% | Y | N | N/EL | N/EL | N/EL | N/EL | Y | Y | Y | Y | Y | Y | Y | 2.88% | | |
| Cogeneration of heat/cooling energy and electricity from bioenergy | CCM 4.20. / CCA 4.20. | 6,335 | 0.68% | Y | N | N/EL | N/EL | N/EL | N/EL | Y | Y | Y | Y | Y | Y | Y | 0.00% | | |
| Transport by motorbikes, passenger cars and commercial vehicles | CCM 6.5. / CCA 6.5. | 7 | 0.00% | Y | N | N/EL | N/EL | N/EL | N/EL | Y | Y | Y | Y | Y | Y | Y | 0.00% | | Y |
| Installation, maintenance and repair of energy efficiency equipment | CCM 7.3. / CCA 7.3. | 276 | 0.03% | Y | N | N/EL | N/EL | N/EL | N/EL | Y | Y | Y | Y | Y | Y | Y | 0.00% | E | |
| Installation, maintenance and repair of electric vehicle charging stations in buildings (and in car parks near buildings) | CCM 7.4. / CCA 7.4. | 17 | 0.00% | Y | N | N/EL | N/EL | N/EL | N/EL | Y | Y | Y | Y | Y | Y | Y | 0.00% | E | |
| Renovation of existing buildings | CCM 7.2. / CCA 7.2. / CE 3.2. | 0 | 0.00% | N | N | N | N | N | N | | | | | | | | 0.06% | | |
| **Operating expenses related to environmentally sustainable (Taxonomy-aligned) activities (A.1)** | | **45,201** | **4.83%** | 4.83% | 0.00% | 0% | 0% | 0% | 0% | Y | Y | Y | Y | Y | Y | Y | **5.60%** | | |
| **Including enabling activity** | | 293 | 0.03% | 0.03% | 0% | 0% | 0% | 0% | 0% | Y | Y | Y | Y | Y | Y | Y | 0.00% | **E** | |
| **Including transitional activity** | | 7 | 0.00% | 0.00% | | | | | | Y | Y | Y | Y | Y | Y | Y | 0.00% | | **Y** |
| **A.2 Taxonomy-eligible but not environmentally sustainable (non-Taxonomy-aligned) activities** | | | | | | | | | | | | | | | | | | | |
| | | | | *EL; N/EL* | *EL; N/EL* | *EL; N/EL* | *EL; N/EL* | *EL; N/EL* | *EL; N/EL* | | | | | | | | | | |
| Electricity generation from bioenergy | CCM 4.8. / CCA 4.8. | 5,889 | 0.63% | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | | | | | | | | 0.09% | | |
| Transmission and distribution of electricity | CCM 4.9. / CCA 4.9. | 247,294 | 26.43% | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | | | | | | | | 26.69% | | |
| District heating/cooling distribution | CCM 4.15. / CCA 4.15. | 3,819 | 0.41% | EL | EL | N/EL | N/EL | N/EL | N/EL | | | | | | | | 0.72% | | |
| Construction, extension and operation of waste water collection and treatment | CCM 5.3. / CCA 5.3. | 6 | 0.00% | EL | EL | N/EL | N/EL | N/EL | N/EL | | | | | | | | 0.00% | | |
| Freight rail transport | CCM 6.2. / CCA 6.2. | 5,116 | 0.55% | EL | EL | N/EL | N/EL | N/EL | N/EL | | | | | | | | 0.00% | | |
| Transport by motorbikes, passenger cars and commercial vehicles | CCM 6.5. / CCA 6.5. | 1,162 | 0.12% | EL | EL | N/EL | N/EL | N/EL | N/EL | | | | | | | | 1.03% | | |
| Road freight transport services | CCM 6.6. / CCA 6.6. | 493 | 0.05% | EL | EL | N/EL | N/EL | N/EL | N/EL | | | | | | | | 0.04% | | |
| Renovation of existing buildings | CCM 7.2. / CCA 7.2. / CE 3.2. | 260 | 0.03% | EL | EL | N/EL | N/EL | EL | N/EL | | | | | | | | 2.81% | | |
| Installation, maintenance and repair of energy efficiency equipment | CCM 7.3. / CCA 7.3. | 1,496 | 0.16% | EL | EL | N/EL | N/EL | N/EL | N/EL | | | | | | | | 0.10% | | |
| Acquisition and ownership of buildings | CCM 7.7. / CCA 7.7. | 21,915 | 2.34% | EL | EL | N/EL | N/EL | N/EL | N/EL | | | | | | | | 0.40% | | |
| High-efficiency cogeneration of heat/cooling energy and electricity from fossil gases | CCA 4.30. / CCM 4.30. | 2,010 | 0.21% | EL | EL | N/EL | N/EL | N/EL | N/EL | | | | | | | | 0.11% | | |
| District heating/cooling distribution | CCA 4.15. / CCM 4.15. | 2,746 | 0.29% | EL | EL | N/EL | N/EL | N/EL | N/EL | | | | | | | | 0.00% | | |
| Protection, including restoration, of habitats, ecosystems and species | BIO 1.1. | 145 | 0.02% | N/EL | N/EL | N/EL | N/EL | N/EL | EL | | | | | | | | 0.00% | | |
| Hotels, vacation homes, campgrounds and similar accommodation facilities | BIO 2.1. | 5 | 0.00% | N/EL | N/EL | N/EL | N/EL | N/EL | EL | | | | | | | | 0.00% | | |
| Cogeneration of heat/cooling energy and electricity from bioenergy | CCM 4.20. / CCA 4.20. | 0 | 0.00% | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | | | | | | | | 0.58% | | |
| **Operating expenses related to Taxonomy-eligible but not environmentally sustainable (non-Taxonomy-aligned) activities (A.2)** | | **292,356** | **31.24%** | 30.72% | 0.50% | 0.00% | 0.00% | 0.00% | 0.02% | | | | | | | | **32.57%** | | |
| **A. Operating expenses related to Taxonomy-eligible activities *(A.1+A.2)*** | | **337,557** | **36.07%** | 35.55% | 0.50% | 0.00% | 0.00% | 0.00% | 0.02% | | | | | | | | **38.17%** | | |
| **B. NON-TAXONOMY-ELIGIBLE ACTIVITIES** | | | | | | | | | | | | | | | | | | | |
| **Operating expenses related to non-Taxonomy-eligible activities** | | 598,266 | **63.93%** | | | | | | | | | | | | | | | | |
| **TOTAL** | | **935,823** | **100%** | | | | | | | | | | | | | | | | |

Key to the designations used in the foregoing tables:

- The code (column 2) represents the abbreviation of the relevant objective for which the economic activity in question is eligible to make a substantial contribution to its attainment and the section number dedicated to the activity in the relevant annex pertaining to the objective (column 2), that is: climate change mitigation (CCM); climate change adaptation (CCA); water and marine resources (WTR); circular economy (CE); pollution prevention and control (PPC); biodiversity and ecosystems (BIO),
- Y (columns 5-10) – Yes, Taxonomy-eligible and Taxonomy-aligned activity for the relevant environmental objective,
- N (columns 5-10) – No, Taxonomy-eligible but non-Taxonomy-aligned activity for the relevant environmental objective,
- EL (columns 5-10) – Taxonomy-eligible activity for the relevant objective,
- N/EL (columns 5-10) – non-Taxonomy-eligible activity for the relevant environmental objective,
- N/A = not applicable,
- Y/N (columns 11-17) = YES/NO in terms of doing no significant harm or meeting minimum safeguards (to be selected between Y or N),
- E (column 19) = designation of economic activity defined in Delegated Regulation 2021/2139 as enabling,
- T (column 20) = designation of economic activity defined in Delegated Regulation 2021/2139 as transitional,

## Scope of eligibility and alignment by environmental objective

| Part of turnover/Total turnover | | |
|---|---|---|
| Objective | Taxonomy alignment by objective | Taxonomy eligibility by objective |
| CCM | 0.91% | 12.39% |
| CCA | 0% | 0.17% |
| WTR | 0% | 0% |
| CE | 0% | 0% |
| PPC | 0% | 0% |
| BIO | 0% | 0% |

| Part of capital expenditures/Total capital expenditures | | |
|---|---|---|
| Objective | Taxonomy alignment by objective | Taxonomy eligibility by objective |
| CCM | 3.20% | 55.81% |
| CCA | 0% | 0.16% |
| WTR | 0% | 0% |
| CE | 0% | 0% |
| PPC | 0% | 0% |
| BIO | 0% | 0% |

| Part of operating expenses/Total operating expenses | | |
|---|---|---|
| Objective | Taxonomy alignment by objective | Taxonomy eligibility by objective |
| CCM | 4.83% | 35.55% |
| CCA | 0% | 0.50% |
| WTR | 0% | 0% |
| CE | 0% | 0% |
| PPC | 0% | 0% |
| BIO | 0% | 0.02% |

CCM – climate change mitigation; CCA – climate change adaptation; WTR – water and marine resources; CE – circular economy; PPC – pollution prevention and control; BIO – biodiversity and ecosystems

## Nuclear and fossil gas related activities

### Turnover

### Template 1. Nuclear and fossil gas related activities

| *Row* | **Activities related to nuclear energy** | |
|---|---|---|
| 1 | The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle. | YES/**NO** |
| 2 | The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies. | YES/**NO** |
| 3 | The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades. | YES/**NO** |
| *Row* | **Fossil gas related activities** | |
| 4 | The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels. | YES/**NO** |
| 5 | The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels. | **YES**/NO |
| 6 | The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels. | **YES**/NO |

### Template 2. Taxonomy-aligned economic activities (denominator)

| *Row* | **Types of economic activity** | **Amount and proportion (the information is to be presented in monetary amounts and as percentages)** | | | | | |
|---|---|---|---|---|---|---|---|
| | | CCM + CCA | | Climate change mitigation (CCM) | | Climate change adaptation (CCA) | |
| | | **Amount (PLN 000s)** | **%** | **Amount (PLN 000s)** | **%** | **Amount (PLN 000s)** | **%** |
| 1 | Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI | 0 | N/A | 0 | N/A | 0 | N/A |
| 2 | Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI | 0 | N/A | 0 | N/A | 0 | N/A |
| 3 | Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI | 0 | N/A | 0 | N/A | 0 | N/A |
| 4 | Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI | 0 | N/A | 0 | N/A | 0 | N/A |
| 5 | Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI | 0 | N/A | 0 | N/A | 0 | N/A |
| 6 | Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI | 0 | N/A | 0 | N/A | 0 | N/A |
| 7 | **Amount and proportion of other Taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI** | **439,461** | **0.91%** | **439,461** | **0.91%** | **0** | **0.00%** |
| 8 | **Total applicable KPI** | **48,183,419** | **100%** | **48,183,419** | **100%** | **48,183,419** | **100%** |

## Template 3. Taxonomy-aligned economic activities (numerator)

| Row | Types of economic activity | Amount and proportion (the information is to be presented in monetary amounts and as percentages) | | | | | |
|---|---|---|---|---|---|---|---|
| | | CCM + CCA | | Climate change mitigation (CCM) | | Climate change adaptation (CCA) | |
| | | Amount (PLN 000s) | % | Amount (PLN 000s) | % | Amount (PLN 000s) | % |
| 1 | Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI | 0 | N/A | 0 | N/A | 0 | N/A |
| 2 | Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI | 0 | N/A | 0 | N/A | 0 | N/A |
| 3 | Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI | 0 | N/A | 0 | N/A | 0 | N/A |
| 4 | Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI | 0 | N/A | 0 | N/A | 0 | N/A |
| 5 | Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI | 0 | N/A | 0 | N/A | 0 | N/A |
| 6 | Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI | 0 | N/A | 0 | N/A | 0 | N/A |
| 7 | **Amount and proportion of other Taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI** | **439,461** | **100%** | **439,461** | **100%** | **0** | **0%** |
| 8 | **Total amount and proportion of Taxonomy-aligned economic activities in the numerator of the applicable KPI** | **439,461** | **100%** | **439,461** | **100%** | **439,461** | **100%** |

## Template 4. Taxonomy-eligible but non-Taxonomy-aligned economic activities

| Row | Types of economic activity | Proportion (the information is to be presented in monetary amounts and as percentages) | | | | | |
|---|---|---|---|---|---|---|---|
| | | CCM + CCA | | Climate change mitigation (CCM) | | Climate change adaptation (CCA) | |
| | | Amount (PLN 000s) | % | Amount (PLN 000s) | % | Amount (PLN 000s) | % |
| 1 | Amount and proportion of Taxonomy-eligible but non-Taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI | 0 | N/A | 0 | N/A | 0 | N/A |
| 2 | Amount and proportion of Taxonomy-eligible but non-Taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI | 0 | N/A | 0 | N/A | 0 | N/A |
| 3 | Amount and proportion of Taxonomy-eligible but non-Taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI | 0 | N/A | 0 | N/A | 0 | N/A |
| 4 | Amount and proportion of Taxonomy-eligible but non-Taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI | 0 | N/A | 0 | N/A | 0 | N/A |
| 5 | Amount and proportion of Taxonomy-eligible but non-Taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI | 61,873 | 0.13% | 0 | N/A | 61,873 | 0.13% |
| 6 | Amount and proportion of Taxonomy-eligible but non-Taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI | 0 | N/A | 0 | N/A | 0 | N/A |
| 7 | **Amount and proportion of other Taxonomy-eligible but non-Taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI** | **5,551,185** | **11.52%** | **0** | **0%** | **5,551,185** | **11.52%** |
| 8 | **Total amount and proportion of Taxonomy-eligible but non-Taxonomy-aligned economic activities in the denominator of the applicable KPI** | **5,613,058** | **11.65%** | **5,613,058** | **11.65%** | **5,613,058** | **11.65%** |

## Template 5. Non-Taxonomy-eligible economic activities

| *Row* | **Types of economic activity** | **Amount** | **%** |
|---|---|---|---|
| 1 | Amount and proportion of economic activity referred to in row 1 of Template 1 that is non-Taxonomy-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI | 0 | N/A |
| 2 | Amount and proportion of economic activity referred to in row 2 of Template 1 that is non-Taxonomy-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI | 0 | N/A |
| 3 | Amount and proportion of economic activity referred to in row 3 of Template 1 that is non-Taxonomy-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI | 0 | N/A |
| 4 | Amount and proportion of economic activity referred to in row 4 of Template 1 that is non-Taxonomy-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI | 0 | N/A |
| 5 | Amount and proportion of economic activity referred to in row 5 of Template 1 that is non-Taxonomy-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI | 0 | N/A |
| 6 | Amount and proportion of economic activity referred to in row 6 of Template 1 that is non-Taxonomy-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI | 0 | N/A |
| 7 | **Amount and proportion of other non-Taxonomy-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI** | **42,130,900** | **87.44%** |
| 8 | **Total amount and proportion of non-Taxonomy-eligible economic activities in the denominator of the applicable KPI** | **42,130,900** | **87.44%** |

## Capital expenditures (CapEx)

### Template 1. Nuclear and fossil gas related activities

| Row | Activities related to nuclear energy | |
|---|---|---|
| 1 | The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle. | YES/**NO** |
| 2 | The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies. | YES/**NO** |
| 3 | The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades. | YES/**NO** |
| *Row* | **Fossil gas related activities** | |
| 4 | The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels. | YES/**NO** |
| 5 | The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels. | **YES**/NO |
| 6 | The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels. | **YES**/NO |

### Template 2. Taxonomy-aligned economic activities (denominator)

| *Row* | Types of economic activity | Amount and proportion (the information is to be presented in monetary amounts and as percentages) | | | | | |
|---|---|---|---|---|---|---|---|
| | | CCM + CCA | | Climate change mitigation (CCM) | | Climate change adaptation (CCA) | |
| | | **Amount (PLN 000s)** | **%** | **Amount (PLN 000s)** | **%** | **Amount (PLN 000s)** | **%** |
| 1 | Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI | 0 | N/A | 0 | N/A | 0 | N/A |
| 2 | Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI | 0 | N/A | 0 | N/A | 0 | N/A |
| 3 | Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI | 0 | N/A | 0 | N/A | 0 | N/A |
| 4 | Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI | 0 | N/A | 0 | N/A | 0 | N/A |
| 5 | Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI | 0 | N/A | 0 | N/A | 0 | N/A |
| 6 | Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI | 0 | N/A | 0 | N/A | 0 | N/A |
| 7 | **Amount and proportion of other Taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI** | **116,022** | **3.20%** | **116,022** | **3.20%** | **0** | **0%** |
| 8 | **Total applicable KPI** | **3,620,741** | **100%** | **3,620,741** | **100%** | **3,620,741** | **100%** |

## Template 3. Taxonomy-aligned economic activities (numerator)

| *Row* | **Types of economic activity** | **Amount and proportion (the information is to be presented in monetary amounts and as percentages)** | | | | | |
|---|---|---|---|---|---|---|---|
| | | CCM + CCA | | Climate change mitigation (CCM) | | Climate change adaptation (CCA) | |
| | | **Amount (PLN 000s)** | **%** | **Amount (PLN 000s)** | **%** | **Amount (PLN 000s)** | **%** |
| 1 | Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI | 0 | N/A | 0 | N/A | 0 | N/A |
| 2 | Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI | 0 | N/A | 0 | N/A | 0 | N/A |
| 3 | Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI | 0 | N/A | 0 | N/A | 0 | N/A |
| 4 | Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI | 0 | N/A | 0 | N/A | 0 | N/A |
| 5 | Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI | 0 | N/A | 0 | N/A | 0 | N/A |
| 6 | Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI | 0 | N/A | 0 | N/A | 0 | N/A |
| 7 | **Amount and proportion of other Taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI** | **116,022** | **100%** | **116,022** | **100%** | **0** | **0%** |
| 8 | **Total amount and proportion of Taxonomy-aligned economic activities in the numerator of the applicable KPI** | **116,022** | **100%** | **116,022** | **100%** | **116,022** | **100%** |

## Template 4. Taxonomy-eligible but non-Taxonomy-aligned economic activities

| Row | Types of economic activity | Proportion (the information is to be presented in monetary amounts and as percentages) | | | | | |
|---|---|---|---|---|---|---|---|
| | | CCM + CCA | | Climate change mitigation (CCM) | | Climate change adaptation (CCA) | |
| | | Amount (PLN 000s) | % | Amount (PLN 000s) | % | Amount (PLN 000s) | % |
| 1 | Amount and proportion of Taxonomy-eligible but non-Taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI | 0 | N/A | 0 | N/A | 0 | N/A |
| 2 | Amount and proportion of Taxonomy-eligible but non-Taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI | 0 | N/A | 0 | N/A | 0 | N/A |
| 3 | Amount and proportion of Taxonomy-eligible but non-Taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI | 0 | N/A | 0 | N/A | 0 | N/A |
| 4 | Amount and proportion of Taxonomy-eligible but non-Taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI | 10,401 | 0.29% | 10,401 | 0.29% | 0 | N/A |
| 5 | Amount and proportion of Taxonomy-eligible but non-Taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI | 0 | N/A | 0 | N/A | 0 | N/A |
| 6 | Amount and proportion of Taxonomy-eligible but non-Taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI | 0 | N/A | 0 | N/A | 0 | N/A |
| 7 | **Amount and proportion of other Taxonomy-eligible but non-Taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI** | **1,900,422** | **52.48%** | **1,900,422** | **52.48%** | **0** | **0%** |
| 8 | **Total amount and proportion of Taxonomy-eligible but non-Taxonomy-aligned economic activities in the denominator of the applicable KPI** | **1,910,823** | **52.77%** | **1,910,823** | **52.77%** | **1,910,823** | **52.77%** |

## Template 5. Non-Taxonomy-eligible economic activities

| *Row* | **Types of economic activity** | **Amount** | **%** |
|---|---|---|---|
| 1 | Amount and proportion of economic activity referred to in row 1 of Template 1 that is non-Taxonomy-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI | 0 | N/A |
| 2 | Amount and proportion of economic activity referred to in row 2 of Template 1 that is non-Taxonomy-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI | 0 | N/A |
| 3 | Amount and proportion of economic activity referred to in row 3 of Template 1 that is non-Taxonomy-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI | 0 | N/A |
| 4 | Amount and proportion of economic activity referred to in row 4 of Template 1 that is non-Taxonomy-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI | 0 | N/A |
| 5 | Amount and proportion of economic activity referred to in row 5 of Template 1 that is non-Taxonomy-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI | 0 | N/A |
| 6 | Amount and proportion of economic activity referred to in row 6 of Template 1 that is non-Taxonomy-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI | 0 | N/A |
| 7 | **Amount and proportion of other non-Taxonomy-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI** | **1,593,896** | **44.03%** |
| 8 | **Total amount and proportion of non-Taxonomy-eligible economic activities in the denominator of the applicable KPI** | **1,593,896** | **44.03%** |

## Operating expenses (OpEx)

### Template 1. Nuclear and fossil gas related activities

| Row | Activities related to nuclear energy | |
|---|---|---|
| 1 | The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle. | YES/**NO** |
| 2 | The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies. | YES/**NO** |
| 3 | The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades. | YES/**NO** |
| *Row* | **Fossil gas related activities** | |
| 4 | The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels. | YES/**NO** |
| 5 | The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels. | **YES**/NO |
| 6 | The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels. | **YES**/NO |

### Template 2. Taxonomy-aligned economic activities (denominator)

| Row | Types of economic activity | Amount and proportion (the information is to be presented in monetary amounts and as percentages) | | | | | |
|---|---|---|---|---|---|---|---|
| | | CCM + CCA | | Climate change mitigation (CCM) | | Climate change adaptation (CCA) | |
| | | **Amount (PLN 000s)** | **%** | **Amount (PLN 000s)** | **%** | **Amount (PLN 000s)** | **%** |
| 1 | Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI | 0 | N/A | 0 | N/A | 0 | N/A |
| 2 | Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI | 0 | N/A | 0 | N/A | 0 | N/A |
| 3 | Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI | 0 | N/A | 0 | N/A | 0 | N/A |
| 4 | Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI | 0 | N/A | 0 | N/A | 0 | N/A |
| 5 | Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI | 0 | N/A | 0 | N/A | 0 | N/A |
| 6 | Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI | 0 | N/A | 0 | N/A | 0 | N/A |
| 7 | **Amount and proportion of other Taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI** | **45,201** | **4.83%** | **45,201** | **4.83%** | **0** | **0%** |
| 8 | **Total applicable KPI** | **935,823** | **100%** | **935,823** | **100%** | **935,823** | **100%** |

## Template 3. Taxonomy-aligned economic activities (numerator)

| Row | Types of economic activity | Amount and proportion (the information is to be presented in monetary amounts and as percentages) | | | | | |
|---|---|---|---|---|---|---|---|
| | | CCM + CCA | | Climate change mitigation (CCM) | | Climate change adaptation (CCA) | |
| | | **Amount (PLN 000s)** | **%** | **Amount (PLN 000s)** | **%** | **Amount (PLN 000s)** | **%** |
| 1 | Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI | 0 | N/A | 0 | N/A | 0 | N/A |
| 2 | Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI | 0 | N/A | 0 | N/A | 0 | N/A |
| 3 | Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI | 0 | N/A | 0 | N/A | 0 | N/A |
| 4 | Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI | 0 | N/A | 0 | N/A | 0 | N/A |
| 5 | Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI | 0 | N/A | 0 | N/A | 0 | N/A |
| 6 | Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI | 0 | N/A | 0 | N/A | 0 | N/A |
| 7 | **Amount and proportion of other Taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI** | **45,201** | **100%** | **45,201** | **100%** | **0** | **0%** |
| 8 | **Total amount and proportion of Taxonomy-aligned economic activities in the numerator of the applicable KPI** | **45,201** | **100%** | **45,201** | **100%** | **45,201** | **100%** |

## Template 4. Taxonomy-eligible but non-Taxonomy-aligned economic activities

| Row | Types of economic activity | Proportion (the information is to be presented in monetary amounts and as percentages) | | | | | |
|---|---|---|---|---|---|---|---|
| | | CCM + CCA | | Climate change mitigation (CCM) | | Climate change adaptation (CCA) | |
| | | **Amount (PLN 000s)** | **%** | **Amount (PLN 000s)** | **%** | **Amount (PLN 000s)** | **%** |
| 1 | Amount and proportion of Taxonomy-eligible but non-Taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI | 0 | N/A | 0 | N/A | 0 | N/A |
| 2 | Amount and proportion of Taxonomy-eligible but non-Taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI | 0 | N/A | 0 | N/A | 0 | N/A |
| 3 | Amount and proportion of Taxonomy-eligible but non-Taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI | 0 | N/A | 0 | N/A | 0 | N/A |
| 4 | Amount and proportion of Taxonomy-eligible but non-Taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI | 0 | N/A | 0 | N/A | 0 | N/A |
| 5 | Amount and proportion of Taxonomy-eligible but non-Taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI | 2,010 | 0.21% | 0 | N/A | 2,010 | 0.21% |
| 6 | Amount and proportion of Taxonomy-eligible but non-Taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI | 0 | N/A | 0 | N/A | 0 | N/A |
| 7 | **Amount and proportion of other Taxonomy-eligible but non-Taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI** | **290,201** | **31.01%** | **0** | **0%** | **290,201** | **31.01%** |
| 8 | **Total amount and proportion of Taxonomy-eligible but non-Taxonomy-aligned economic activities in the denominator of the applicable KPI** | **292,211** | **31.22%** | **292,211** | **31.24%** | **292,211** | **31.22%** |

## Template 5. Non-Taxonomy-eligible economic activities

| *Row* | **Types of economic activity** | **Amount** | **%** |
|---|---|---|---|
| 1 | Amount and proportion of economic activity referred to in row 1 of Template 1 that is non-Taxonomy-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI | 0 | N/A |
| 2 | Amount and proportion of economic activity referred to in row 2 of Template 1 that is non-Taxonomy-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI | 0 | N/A |
| 3 | Amount and proportion of economic activity referred to in row 3 of Template 1 that is non-Taxonomy-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI | 0 | N/A |
| 4 | Amount and proportion of economic activity referred to in row 4 of Template 1 that is non-Taxonomy-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI | 0 | N/A |
| 5 | Amount and proportion of economic activity referred to in row 5 of Template 1 that is non-Taxonomy-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI | 0 | N/A |
| 6 | Amount and proportion of economic activity referred to in row 6 of Template 1 that is non-Taxonomy-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI | 0 | N/A |
| 7 | **Amount and proportion of other non-Taxonomy-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI** | **598,266** | **63.93%** |
| 8 | **Total amount and proportion of non-Taxonomy-eligible economic activities in the denominator of the applicable KPI** | **598,266** | **63.93%** |

## 12.8. Labor issues – description of due diligence policies and procedures and their results

The ENEA Group ensures equitable treatment of all Employees, clear criteria for hiring, remuneration and job promotion, as well as opportunities for professional and personal development. In the Group, stable employment conditions are combined with access to a package of non-renumeration benefits. The organizational culture ensures mutual respect and respect for diversity among the workforce, and all employee rights - in particular to equitable treatment, rest, fair pay, right of association and privacy - are strictly observed in the Group companies.

### 12.8.1. Regulations in the labor area

Employee issues are regulated at the Group level or at the level of individual Group companies. The Group's management foundations in this regard are constituted by, among others:

- work rules and regulations in the ENEA Group companies,
- Internal Collective Bargaining Agreements,
- ENEA Group Code of Ethics and Lubelski Węgiel Bogdanka Group Code of Ethics,
- ENEA Group Compliance Policy and Compliance Policy of Lubelski Węgiel "Bogdanka" S.A., describing, among others, desired Employee conduct and attitudes,
- Estimate Budget of Common Social Activities in the ENEA Group, setting out the scope and the principles for awarding social benefits to employees for the year,
- policy against mobbing, discrimination and other unacceptable conduct in ENEA Group companies,
- Procedure of the ENEA Group Management Committee on the personnel policy as regards appointing Management Boards and Supervisory Boards of the Group Companies.

Additionally, each company has adopted policies and procedures suitable to their respective characteristics. They define, among others, the recruitment process, rules of induction, rules of awarding bonuses, rules of Employee development activities, registration of work time, registration and settlement of business trips or the rules of parting with Employees. The internally enacted regulations ensure that the companies comply with the law.

| Important internal regulations in respect of labor relations adopted in ENEA Group companies that are of key importance from the viewpoint of labor issues | |
|---|---|
| ENEA S.A. | – *ENEA Group Code of Ethics,*<br>– *Multi-Company Collective Bargaining Agreement for Employees of the Energy Sector,*<br>– *Internal Collective Bargaining Agreement for Employees of ENEA S.A. and its Subsidiaries listed in appendix no. 10 to the Agreement,*<br>– *Work Rules and Regulations of ENEA S.A.,*<br>– *Policy against mobbing, discrimination and other unacceptable conduct w ENEA S.A.,*<br>– *Rules and Regulations of Awarding Bonuses to Employees of ENEA S.A.*<br>– *Rules and Regulations for Awarding Bonuses to ENEA S.A. Employees based on the Management by Objectives System,*<br>– *ENEA S.A. Competence Model,*<br>– *ENEA S.A. Recruitment Procedure,*<br>– *ENEA S.A. Employee Development Procedure,*<br>– *ENEA S.A. Employee Induction Rules,*<br>– *Rules of procedure in connection with termination of employment relationship with Employees of ENEA S.A.,*<br>– *Estimate Budget of Common Social Activities in the ENEA Group,*<br>– *ENEA Group Compliance Policy.* |
| ENEA Operator | – *ENEA Group Code of Ethics,*<br>– *Multi-Company Collective Bargaining Agreement for Employees of the Energy Sector,*<br>– *Internal Collective Bargaining Agreement for Employees of ENEA S.A. and its Subsidiaries listed in appendix no. 10 to the Agreement,*<br>– *Work Rules and Regulations in ENEA Operator sp. z o.o.,*<br>– *Policy against mobbing, discrimination and other unacceptable conduct w ENEA Operator sp. z o.o.*<br>– *Recruitment Procedure,*<br>– *Employee Induction Procedure in ENEA Operator sp. z o.o.,*<br>– *Rules and Regulations of the Management by Objectives System in ENEA Operator sp. z o.o.,*<br>– *Rules and Regulations of Organizing Business Trips in ENEA Operator sp. z o.o.,*<br>– *Employee Development Procedure in ENEA Operator sp. z o.o.,*<br>– *Estimate Budget of Common Social Activities in the ENEA Group,*<br>– *ENEA Group Compliance Policy.* |
| Lubelski Węgiel Bogdanka | – *Internal Collective Bargaining Agreement,*<br>– *Work Rules and Regulations,*<br>– *Rules and Regulations of the Company Social Benefit Fund,*<br>– *Lubelski Węgiel Bogdanka Group Code of Ethics,*<br>– *HR Policy of Lubelski Węgiel Bogdanka S.A.,*<br>– *Policy of Employee recruitment and selection for production positions,*<br>– *Policy of Employee recruitment and selection for managerial and specialist positions,*<br>– *Compliance Policy of Lubelski Węgiel "Bogdanka" S.A.,*<br>– *Procedure for Reporting Breaches in Lubelski Węgiel "Bogdanka" S.A.,*<br>– *Policy of Employee Qualifications Raising and Development in Lubelski Węgiel "Bogdanka" S.A.,*<br>LWB Group's subsidiaries have adopted documents equivalent to those listed above. |

| Important internal regulations in respect of labor relations adopted in ENEA Group companies that are of key importance from the viewpoint of labor issues | |
|---|---|
| ENEA Centrum | – *ENEA Group Code of Ethics,*<br>– *Multi-Company Collective Bargaining Agreement for Employees of the Energy Sector,*<br>– *Agreement on Application of Internal Collective Bargaining Agreement at ENEA Centrum sp. z o.o., Additional Protocol no. 1, Additional Protocol no. 2,*<br>– *Agreement - Appendix 1: Rules of stabilization of employment and of disbursement of additional severance payments,*<br>– *Work Rules and Regulations in ENEA Centrum sp. z o.o.*<br>– *Rules and Regulations of Remote Work in ENEA Centrum sp. z o.o.,*<br>– *Rules and Regulations of Awarding Bonuses to ENEA Centrum sp. z o.o. Employees based on the Management by Objectives System,*<br>– *Rules and Regulations of Awarding Bonuses to Employees of Direct Customer Service Department of ENEA Centrum sp. z o.o.,*<br>– *Rules for parting with Employees of ENEA Centrum sp. z o.o.*<br>– *Rules and Regulations of the „Employee with Energy" Competition,*<br>– *Policy against mobbing, discrimination and other unacceptable conduct w ENEA Centrum sp. z o.o.,*<br>– *ENEA Centrum sp. z o.o. Employee Development Procedure,*<br>– *Rules of Employee Induction at ENEA Centrum sp. z o.o.*<br>– *Recruitment Procedure,*<br>– *Estimate Budget of Common Social Activities in the ENEA Group,*<br>– *ENEA Group Compliance Policy.* |
| ENEA Elektrownia Połaniec | – *ENEA Group Code of Ethics,*<br>– *Work Rules and Regulations for Employees of ENEA Elektrownia Połaniec S.A.,*<br>– *Internal Collective Bargaining Agreement for Employees of ENEA Elektrownia Połaniec S.A.,*<br>– *Rules and Regulations for Remunerating Management Personnel,*<br>– *Health Protection Program and agreement on its performance,*<br>– *Policy against mobbing, discrimination and other unacceptable conduct in ENEA Elektrownia Połaniec S.A.,*<br>– *Agreement with Trade Unions of 30 December 1999 on principles of cooperation,*<br>– *Agreement on the participation in costs of trade union activities signed with Companies spun-off in the restructuring process,*<br>– *Agreement on the participation in costs related to the conduct of PKZP signed with Companies spun off in the restructuring process,*<br>– *Rules and Regulations of the Company Social Benefit Fund and the Agreement on Common Social Activities,*<br>– *Instruction for Employee evaluation,*<br>– *Company agreement regarding the Employee Pension Plan,*<br>– *Rules and Regulations for granting awards and distinctions in ENEA Elektrownia Połaniec S.A.,*<br>– *Recruitment Procedure,*<br>– *HR Instruction,*<br>– *Instruction on medical examinations,*<br>– *ENEA Group Compliance Policy.* |
| ENEA Wytwarzanie | – *ENEA Group Code of Ethics,*<br>– *Multi-Company Collective Bargaining Agreement for Employees of the Energy Sector,*<br>– *Internal Collective Bargaining Agreement for Employees of ENEA Wytwarzanie sp. z o.o.,*<br>– *Social Accord on the Transition of the Power Sector and the Lignite Mining Industry, including on the spin-off of Generating and Mining Coal Assets from Companies with State Treasury Shareholding, concluded on 22 December 2022 in Warsaw,*<br>– *Work Rules and Regulations for Employees of ENEA Wytwarzanie sp. z o.o.,*<br>– *Rules and Regulations of the Company Social Benefit Fund in ENEA Wytwarzanie sp. z o.o.,*<br>– *Policy against mobbing, discrimination and other unacceptable conduct w ENEA Wytwarzanie sp. z o.o.,*<br>– *ENEA Wytwarzanie sp. z o.o. Personnel Management Procedure,*<br>– *Rules and Regulations for Granting Bonuses to Employees of ENEA Wytwarzanie sp. z o.o.*<br>– *Rules and Regulations for Granting Annual Bonuses to Employees of ENEA Wytwarzanie sp. z o.o.*<br>– *Recruitment Procedure,*<br>– *Remuneration System for Managers and persons indicated by the Management Board as employees holding special competencies,*<br>– *ENEA Group Compliance Policy,*<br>– *Rules of Employee Induction at ENEA Wytwarzanie sp. z o.o* |

The primary principle at the policy level is the obligation of equitable treatment in employment. The ENEA Group companies have, among others, committed to:

- prevent discrimination in employment, in particular on the basis of gender, age, disability, race, religion, nationality, political opinion, trade union membership, ethics origin, sexual orientation, as well as employment for a definite or indefinite period of time or in full-time or part-time positions,
- base the rules applied in the companies of the ENEA Group on objective criteria, ensuring transparent rules for Employees in, among others, recruitment processes, employee development, access to training, and access to employee benefits,
- guarantee equitable treatment of Employees performing equal work or work of equal value.

At the Group level, all Employees are ensured equitable and fair access to:

- non-renumeration benefits,
- opportunities to develop and raise professional qualifications,
- unrestricted communication and knowledge sharing,
- leisure time and maintaining a work-private life balance,
- freedom of association,

- social activities,
- recruitment,
- training and development,
- remuneration.

### Training

In addition to the mandatory training received by Employees depending on management needs and their responsibilities, or training that is required by mandatory provisions of the law, every year managers of the organizational units, in consultation with Employees, prepare lists defining training needs to improve competencies, based on which ENEA Group companies execute their respective Employee development programs. Employees can also propose their own suggestions to the training plan. Moreover, the relevant units organizing training in ENEA Group companies offer training dedicated to managers.

In 2023, ENEA S.A. executed among others:

- a training for managerial staff on preventing corruption,
- the “Manager with Good Energy” training, with the aim to tap more into Employees’ potential in the organization, enhance their sense of empowerment, grow Employees' motivation and dedication, as well as augment their productivity and creativity,
- training “Managing dispersed teams in remote work”, which developed the skills of managing dispersed teams, and in particular setting of objectives, delegation of tasks, motivating, growing Employees’ productivity and enforcement of deliverables,
- training “Effective communication in difficult and conflict situations”,
- training “Sales Manager Academy” - “The boss in relation to the team”,
- specialist training, including in the area of sales, Energy Law, Labor Law, risk management, financial modelling, renewable energy sources, cybersecurity.

**BEST PRACTICE**

In addition to traditional training courses, ENEA Group companies provide their Employees with permanent access to training courses available on its e-learning platform. This form of education provides flexibility in the choice of the time of training, and is tailored to the individual pace of knowledge acquisition. The e-learning formula significantly reduces the cost of training, while concurrently allowing more people to use this learning opportunity. Employees have permanent, unlimited access to the training courses available on the e-learning platform, including after a given training course has been completed. Training courses in this format provide a rich source of knowledge on enterprise internal regulations.

**BEST PRACTICE**

In the majority of ENEA Group companies, Employees can receive subsidies for education in the form of studies (e.g., postgraduate, engineering, master's, bachelor's, MBA) or for language courses.

### Diversity management and preventing discrimination

The ENEA Group has not developed a separate diversity management policy, and diversity data is not reported to the respective Management Boards and Supervisory Boards of the Group’s companies. However, the Group endeavors to ensure that diversity among its Employees, e.g. diversity of experience, knowledge or interests, is taken into account in its practices. The principle of equitable treatment is observed with respect to gender, age, financial status and political opinions. Provisions governing diversity are included in the *ENEA Group Code of Ethics* and the *Code of Ethics of the Lubelski Węgiel Bogdanka Group*, internal collective bargaining agreements, policies against mobbing, discrimination and other unacceptable conduct, as well as the *ENEA Group Compliance Policy.*

Striving to counteract any unacceptable conduct, the Group has created:

- Anti-mobbing committees and teams in ENEA Group companies,
- The ENEA Group Compliance Committee.

In the majority of ENEA Group companies, diversity management is regulated, among others, by the following documents:

- The Internal Collective Bargaining Agreement for the Employees of ENEA S.A. and its Subsidiaries listed in the Appendix no. 10 to the Agreement, as amended, covering issues such as principles of remuneration adequate in respect of the type of work and in connection with its quality and productivity,
- Work Rules and Regulations,
- ENEA Group Code of Ethics,
- ENEA Group Compliance Policy,
- Code of Conduct for Contractors of the ENEA Group,
- policies against mobbing, discrimination and other unacceptable behavior,
- recruitment procedures.

The Group supports initiatives designed to ensure a work-private life balance. Under the provisions of generally applicable laws, Employees may work remotely and enjoy the rights attributable to parents, i.e. the maternity leave, parental leave, paternity leave or days off for childcare. The ENEA Group also celebrates the International Family Day, which falls on May 15. As part of the campaign "Two Hours for the Family", most of the Group's companies (including ENEA S.A., ENEA Operator, ENEA Serwis, ENEA Oświetlenie, ENEA Centrum, ENEA Pomiary) reduce the working time on a day selected by the Employee by two hours, which - according to the recommendation - can be spent with one's loved ones, building good relations and nurturing family ties.

## 12.8.2. Employment in ENEA Group companies

As at 31 December 2023, the ENEA Group companies employed in total 18,227 persons under employment contracts, including 460 persons in ENEA S.A.

The tables below, which present headcount data in the ENEA Group, include employees with a temporary suspension of employment, i.e. on parental leaves, unpaid leaves above 30 days, and those receiving rehabilitation benefits. Employees on unpaid leave in one Group company and at the same time working for another company under an employment contract are taken into account twice in the categories presented below.

### Employment structure in the ENEA Group in 2023

| | ENEA Group | ENEA S.A. |
|---|---|---|
| **Total number of staff employed under employment contracts** | **18,227** | **460** |
| full-time employees – women | 3,481 | 254 |
| full-time employees – men | 14,683 | 198 |
| part-time employees – women | 28 | 6 |
| part-time employees – men | 35 | 2 |
| persons employed under employment contracts for an indefinite term – women | 3,017 | 251 |
| persons employed under employment contracts for an indefinite term – men | 13,019 | 186 |
| including other contract types (probationary period, fixed term, industrial placement, and replacement contracts) – women | 492 | 9 |
| including other contract types (probationary period, fixed term, industrial placement and replacement contracts) – men | 1,699 | 14 |

### Gender diversity in the ENEA Group

| Gender diversity in respect of position rank | ENEA Group | ENEA S.A. |
|---|---|---|
| senior management (i.e. members of Management Board and Supervisory Board) – women[1] | 35 | 1 |
| senior management (i.e. members of Management Board and Supervisory Board) – men[1] | 139 | 12 |
| directors – women | 48 | 11 |
| directors – men | 177 | 20 |
| junior managers – women[2] | 297 | 40 |
| junior managers – men[2] | 997 | 35 |
| Operational Employees – women | 320 | 0 |
| Operational Employees – men | 9,813 | 0 |
| Administrative Employees – women | 2,844 | 209 |
| Administrative Employees – men | 3,731 | 145 |

[1] Includes individuals working under management contracts and Employees appointed to supervisory boards.
[2] Including head foremen and dispatchers.

| Men and women under employment contract, by age | ENEA Group | ENEA S.A. |
|---|---|---|
| Employees under 30 years of age – women | 462 | 19 |
| Employees under 30 years of age – men | 1,847 | 11 |
| Employees aged 30-50 – women | 2,229 | 213 |
| Employees aged 30-50 – men | 8,725 | 157 |
| Employees over 50 years of age – women | 818 | 28 |
| Employees over 50 years of age – women | 4,146 | 32 |

## Employment changes in ENEA Group companies

| New recruitment | 2021 | 2022 | 2023 |
|---|---|---|---|
| **Total number of new staff employed under employment contracts[1]** | **1,010** | **1,152** | **2,162** |
| including women | 219 | 337 | 594 |
| including men | 791 | 815 | 1,568 |
| employees under 30 years of age | 431 | 509 | 740 |
| employees aged 30-50 | 483 | 551 | 1,134 |
| employees over 50 years of age | 96 | 92 | 288 |
| **New Employees ratio[2]** | **5.80%** | **6.50%** | **11.86%** |

| *including: ENEA S.A.* | 2021 | 2022 | 2023 |
|---|---|---|---|
| **Total number of new staff employed under employment contracts[1]** | **41** | **64** | **72** |
| including women | 22 | 34 | 34 |
| including men | 19 | 30 | 38 |
| employees under 30 years of age | 5 | 11 | 13 |
| employees aged 30-50 | 29 | 47 | 52 |
| employees over 50 years of age | 7 | 6 | 7 |
| **New Employees ratio[2]** | **10.00%** | **15.20%** | **15.65%** |

[1)] Number of Employees hired by ENEA Group companies both through external and internal recruitment, as well as a result of acquisitions pursuant to Article 23 (1) of the Labor Code.
[2)] The ratio of new Employees to all Employees.

| Number of Employees leaving the companies | 2021 | 2022 | 2023 |
|---|---|---|---|
| **Total number of Employees leaving under employment contracts[1]** | **1,019** | **1,023** | **1,295** |
| including women | 204 | 202 | 327 |
| including men | 815 | 821 | 968 |
| employees under 30 years of age | 205 | 209 | 204 |
| employees aged 30-50 | 319 | 354 | 517 |
| employees over 50 years of age | 496 | 460 | 574 |
| **Employee rotation[2]** | **5.80%** | **5.80%** | **7.10%** |

| *including: ENEA S.A.* | 2021 | 2022 | 2023 |
|---|---|---|---|
| **Total number of Employees leaving under employment contracts[1]** | **41** | **53** | **33** |
| including women | 18 | 22 | 17 |
| including men | 23 | 31 | 16 |
| employees under 30 years of age | 5 | 2 | 4 |
| employees aged 30-50 | 30 | 43 | 20 |
| employees over 50 years of age | 6 | 8 | 9 |
| **Employee rotation[2]** | **10.00%** | **12.59%** | **7.17%** |

[1] The number of employees who left during the year refers to the termination of employment contracts and transfers between ENEA Group companies pursuant to Article 23 (1) of the *Labor Code*.
[2]The ratio of Employee departing from ENEA Group companies to all Employees.

## 12.8.3. Equal pay

Companies in the ENEA Group observe the principle of equal pay for equal work.

The gender pay gap related to Employees of selected ENEA Group companies working under employment contracts, by Employee category, is as follows:

| Employee group | Gender pay gap[1] | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | ENEA Group[2] | ENEA S.A. | ENEA Operator | ENEA Wytwarzanie | ENEA Elektrownia Połaniec | ENEA Nowa Energia | ENEA Trading | Lubelski Węgiel Bogdanka |
| **Directors** | | | | | | | | |
| Employees under 30 years of age | - | - | - | - | - | - | - | - |
| Employees aged 30-50 | 110% | 109% | 116% | 102% | 90% | - | - | 65% |
| Employees over 50 years of age | 104% | 97% | 124% | 78% | - | - | 91% | 90% |
| Average pay of women/men | 108% | 106% | 116% | 89% | 80% | - | 90% | 86% |
| **Junior officers, i.e. managers and equivalent positions** | | | | | | | | |
| Employees under 30 years of age | 116% | - | - | - | - | - | - | 82% |
| Employees aged 30-50 | 105% | 98% | 96% | 89% | 101% | 114% | 63% | 68% |
| Employees over 50 years of age | 103% | 98% | 102% | 79% | 85% | 106% | 92% | 64% |
| Average pay of women/men | 103% | 98% | 99% | 85% | 88% | 113% | 69% | 67% |
| **Administrative Employees** | | | | | | | | |
| Employees under 30 years of age | 83% | 91% | 88% | 69% | 83% | 132% | 102% | 99% |
| Employees aged 30-50 | 82% | 88% | 84% | 77% | 87% | 93% | 76% | 85% |
| Employees over 50 years of age | 84% | 82% | 87% | 69% | 110% | 128% | 111% | 72% |
| Average pay of women/men | 80% | 85% | 83% | 71% | 88% | 101% | 82% | 83% |
| **Operational Employees** | | | | | | | | |
| Employees under 30 years of age | 95% | - | 60% | 93% | - | - | - | 63% |
| Employees aged 30-50 | 85% | - | 80% | 80% | - | 66% | - | 51% |
| Employees over 50 years of age | 84% | - | 72% | 79% | 58% | 49% | - | 69% |
| Average pay of women/men | 85% | - | 74% | 92% | 65% | 57% | - | 59% |

[1] Basic salary plus additional remuneration, such as work tenure, bonuses including cash bonuses, overtime, equivalents, paid from the payroll fund. The reported data concerns exclusively remuneration of employees under employment contracts.
[2] Data for the ENEA Group, excluding the LWB Group.

In 2023, the ratio of the annual remuneration of the highest paid person to the median annual remuneration of all Employees at ENEA S.A. was 3.45. The ratio of annual salary increases was 0.6. In other words, the median Employee renumeration grew faster than the renumeration of the highest paid person.

## 12.8.4. Freedom of association, social dialog and participation in decision-making

In accordance with the law, companies in the ENEA Group guarantee freedom of association to all Employees. Management Boards of the respective Group's companies are in constant dialogue with trade union representatives, and analyze their comments, requests and observations. Relative to needs, meetings are held a few times a year.

| Trade unions operating in key companies and in companies with the largest headcounts in the ENEA Group | |
|---|---|
| ENEA S.A. | – Inter-Company Trade Union Organization of the Trade Union of Engineers and Technicians in ENEA S.A.,<br>– Inter-Company Power Engineers Trade Union of ENEA Wytwarzanie sp. z o.o.,<br>– Inter-Company Trade Union of the ENEA Group Employees,<br>– "Synergia" Inter-Company Trade Union of the ENEA Group Employees,<br>– NSZZ "Solidarność" Inter-Company Organization of ENEA,<br>– Inter-Company Trade Union of Continuous Operation Employees of the ENEA S.A. Group. |
| ENEA Operator | – Inter-Company Trade Union Organization of the Trade Union of Engineers and Technicians in ENEA S.A.,<br>– Inter-Company Power Engineers Trade Union of ENEA Wytwarzanie sp. z o.o.,<br>– Inter-Company Trade Union of the ENEA Group Employees,<br>– Inter-Company Trade Union of Continuous Operation Employees of the ENEA S.A. Group,<br>– "Synergia" Inter-Company Trade Union of the ENEA Group Employees,<br>– ENEA Inter-Company Union of NSZZ "Solidarność". |
| ENEA Elektrownia Połaniec | – "Energetyk" Inter-Company Trade Union Organization in Połaniec,<br>– NSZZ "Solidarność" Inter-Company Trade Union of Employees of the Połaniec Power Plant and the Companies,<br>– Inter-Company Trade Union of Supervision Employees of the Połaniec Power Plant,<br>– Inter-Company Trade Union of Continuous Operation Employees in Połaniec,<br>– Inter-Company Trade Union of the Połaniec Power Plant in Zawada. |
| ENEA Wytwarzanie | – Inter-Company Committee of NSZZ "Solidarność" at ENEA Wytwarzanie sp. z o.o.,<br>– Inter-Company Power Engineers Trade Union of ENEA Wytwarzanie sp. z o.o.,<br>– Inter-Company Trade Union of Shift Workers of ENEA Wytwarzanie sp. z o.o.,<br>– "Nowa Idea (*New Idea*)" International Inter-Company Trade Union Organization. |
| ENEA Centrum | – Inter-Company Trade Union Organization of the Trade Union of Engineers and Technicians in ENEA S.A.,<br>– Inter-Company Power Engineers Trade Union of ENEA Wytwarzanie sp. z o.o.,<br>– Inter-Company Trade Union of Supervision Employees of the Połaniec Power Plant,<br>– Inter-Company Trade Union of the ENEA Group Employees,<br>– Inter-Company Trade Union at Elektrownia Połaniec S.A. in Zawada,<br>– "Synergia" Inter-Company Trade Union of the ENEA Group Employees,<br>– NSZZ "Solidarność" Inter-Company Organization of ENEA,<br>– Inter-Company Trade Union of Continuous Operation Employees of the ENEA S.A. Group. |
| Lubelski Węgiel Bogdanka | – NSZZ "Solidarność" Inter-Company Organization of Lubelski Węgiel Bogdanka S.A.,<br>– Trade Union of Miners in Poland at Lubelski Węgiel "Bogdanka" S.A.,<br>– "Kadra" Trade Union at Lubelski Węgiel "Bogdanka" S.A.,<br>– "Przeróbka" Trade Union of Mechanical Coal Processing Plants' Employees in Poland at Lubelski Węgiel "Bogdanka" S.A. |

The ENEA Group's Employees influence its operation and operation of their respective companies - by electing their representatives to supervisory boards (of the majority of the Group companies[1]) and by electing Employee representatives to employee councils (currently only in ENEA Elektrownia Połaniec S.A.).

Employees can file complaints about breaches of their rights and other irregularities.

In 2019, a social accord was signed, which in particular sets out the rules of stabilization of employment in the Group's companies. Additionally, in response to postulates of trade unions in respect of renumeration growth, annual salary negotiations are conducted, unless the parties agree otherwise. The year 2021 was such a case, when an agreement governing remuneration raises in 2021 and 2022 was signed. Social stakeholders actively cooperate with employers in making amendments to internal work regulations.

In Lubelski Węgiel Bogdanka S.A., since 2021 there has been a Team appointed to conduct negotiations with trade unions operating in the company as regards amendments to the *Internal Collective Bargaining Agreement* and to clarify disputed provisions of the LWB bargaining agreement. In the other companies, task forces are appointed when the internal collective bargaining agreements need amending.

In 2023, there were no pending collective disputes in the ENEA Group. In the majority of ENEA Group companies, Employees are covered by collective agreements, i.e. e.g. internal collective bargaining agreements.

[1] In the case of ENEA S.A. and ENEA Wytwarzanie, this right is derived directly from the Act on commercialization and certain employee rights.

| Company | % of employees covered by collective bargaining agreements (as at 31 December 2023) |
|---|---|
| ENEA Centrum | 100% |
| ENEA Ciepło – Head Office | 100% |
| ENEA Ciepło – Białystok Branch | 100% |
| ENEA Elektrownia Połaniec | 100% |
| ENEA Nowa Energia | 100% |
| ENEA Operator | 100% |
| ENEA Oświetlenie | 100% |
| ENEA Pomiary | 100% |
| ENEA Serwis | 100% |
| Lubelski Węgiel Bogdanka | 100% |
| PEC Oborniki | 100% |
| ENEA Wytwarzanie | 99.6% |
| ENEA Logistyka | 99.2% |
| ENEA Power&Gas Trading | 94.6% |
| ENEA Trading | 94.5% |
| ENEA S.A. | 94.3% |
| ENEA ELKOGAZ | 47.1% |
| ENEA Innowacje | 0% |
| ENEA Bioenergia | 0% |
| MEC Piła | 0% |
| Ekotrans | 0% |
| Łęczyńska Energetyka | 0% |
| MR Bogdanka | 0% |
| RG Bogdanka | 0% |

### 12.8.5. Occupational health and safety

All the ENEA Group companies strive to eliminate accidents at work and occupational diseases. Regular training and courses are held for Employees on possible risks, procedures to be followed should the risks materialize, and the required preventive actions. The Group companies introduce ergonomic improvements regularly. Occupational Health and safety rules applied in the ENEA Group are compliant with the applicable laws, and all internal safety regulations are adapted to the existing requirements as well as current conditions and situations.

The ENEA Group follows new technical and organizational solutions that may improve the robustness of its OHS system. The condition of the system is continuously monitored and improved, as is guaranteed by the policies, procedures and instructions adopted in the Group. They require, among others, regular checks of tools and equipment, ongoing control of working conditions, and influencing Employee awareness and conduct.

Some companies have social labor inspectors, who inspect the OHS conditions on behalf of Employees and put forward improvement proposals. Employee representatives also sit on OHS Committees operating in some of the companies. OHS issues are also taken into consideration in internal collective bargaining agreements.

**BEST PRACTICE**

In 2023 - after the COVID-19 threats - the main focus was on aspects of regulating remote work, including development of an occupational health and safety manual for remote work, updating the occupational risk assessment for remote work, and definition of safety and ergonomic principles when performing remote work. The companies have also begun efforts to bring internal regulations in line with the government regulation on work health and safety at the workplaces equipped with display screens.

The key measures undertaken by the ENEA Group to ensure occupational safety include:

- implementation of effective fire safety measures,
- observing the recommendations of the occupational health function, including medical examinations,
- conducting regular occupational health and safety training – for new employees as well as periodic training,
- creating appropriate working conditions and mitigating risks as they emerge,
- developing appropriate documentation that defines workplace risks and methods for preventing accidents,
- ensuring ergonomic conditions when working with computers,
- continuous monitoring and analysis of accident events,
- employee training the area of safety.

| OHS documents in the leading ENEA Group companies and companies which are of key relevance in this area | |
|---|---|
| ENEA S.A. | – *Work Rules and Regulations w ENEA S.A.,*<br>– *OHS training programs for ENEA S.A.*<br>– *Occupational risk assessment,*<br>– Other instructions (*Instruction on occupational risk assessment and documentation in ENEA S.A.*; *First Aid Instructions*; *Fire Fighting Instructions, OHS Instruction for Remote Work*),<br>– *E-learning course "OHS in Remote Work".* |
| ENEA Operator | – *Procedure for occupational risk assessment and documentation in ENEA Operator sp. z o.o.,*<br>– *Fire safety procedure in ENEA Operator sp. z o.o.,*<br>– *Procedure defining the principles of cooperation in OHS area between ENEA Operator sp. z o.o. and Contractors,*<br>– *Periodic OHS training procedure in ENEA Operator sp. z o.o.,*<br>– *Procedure for live-line working with power devices in ENEA Operator sp. z o.o.,*<br>– *Procedure for live-line working on 15 and 20 kV overhead grids in ENEA Operator sp. z o.o.,*<br>– *Training procedure for live-line working in ENEA Operator sp. z o.o.*<br>– *Fall protection procedure for working at height in ENEA Operator sp. z o.o.,*<br>– *Procedure for the organization of safe work with power generators in ENEA Operator sp. z o.o.,*<br>*Procedure of work organization during tree, branch and undergrowth removal in ENEA Operator sp. z o.o.,*<br>– *Procedure on the rules of operation of power devices in ENEA Operator sp. z o.o.,*<br>– *Procedure for granting authorization to issue orders on live working with power devices in ENEA Operator sp. z o.o., Procedure for granting dispatcher authorizations and authorizations to perform switching actions in ENEA Operator sp. z o.o., Procedure for record-keeping and inspection of electrical insulation protective equipment and voltage indicating devices ENEA Operator Sp. z o.o.,*<br>– *Document distribution procedure for specialist instruction training on the fall protection and evacuation rules while working at height ENEA Operator Sp. z o.o.,*<br>– *First Aid Procedure in ENEA Operator sp. z o.o.,*<br>– *Procedure for security of facilities and lands of ENEA Operator sp. z o.o.,*<br>– *Procedure of qualification committees for establishing qualification requirements of persons handling the operation and supervision of power generation equipment operating at ENEA Operator sp. z o.o.,*<br>– *Rules of operation of power devices in ENEA Operator sp. z o.o.,*<br>– *Rules and Regulations for Professional Preparation of New Energy Post Employees,*<br>– Instructions (including *Instruction on organization of safe work with power devices in ENEA Operator sp. z o.o.*; *Instruction on organization of work when installing and replacing balancing meters and communication modules in MV/LV transformer stations* for the AMI (Advanced Metering Infrastructure) project, operating instructions of power facilities and devices, job stations instructions, etc.). |
| ENEA Elektrownia Połaniec | – *Integrated Management System including the Occupational Health and Safety Management System,*<br>– *Instruction on Safe Work Organization in ENEA Elektrownia Połaniec S.A.,*<br>– *Instruction on handling accidents and sudden illnesses, and post-accident procedures,*<br>– *Instruction on conducting and documenting OHS training and granting authorizations in the work organization process in ENEA Elektrownia Połaniec S.A.,*<br>– *Instruction on the assignment of work clothing and footwear, personal protective equipment and cleaning products to employees,*<br>– *Fire safety instruction in ENEA Elektrownia Połaniec S.A.,*<br>– *Instruction on the tobacco smoking ban, including novel tobacco products and electronic cigarettes,*<br>– *Occupational health and safety monitoring procedure,*<br>– *Procedure of identifying hazards, assessing occupational risk and other risks for the OHS management system.* |
| ENEA Wytwarzanie | – *Policy of the Integrated Quality, Environmental and OHS Management System,*<br>– *OHS Monitoring Procedure,*<br>– *Procedure on the Identification of hazards and evaluation of OHS risks and opportunities,*<br>– Instructions (*Instruction on the assessment of occupational risk at the workplace; Instruction on the investigation of accidents at work, occupational diseases and potential accident occurrences; Instruction on the Safe Work Organization*; job stations and OHS instructions, OHS instructions as regards the operation of devices),<br>– *Work Rules and Regulations for ENEA Wytwarzanie sp. z o.o. Employees,*<br>– *Policy against mobbing, discrimination and other unacceptable conduct w ENEA Wytwarzanie sp. z o.o.,*<br>– *Regulation on the OHS accountability of the employer and contractors,*<br>– Induction, on-the-job and periodic training programs for Employees,<br>– *Rules and Regulations of Organizational Units of ENEA Wytwarzanie sp. z o.o.* |

| OHS documents in the leading ENEA Group companies and companies which are of key relevance in this area | |
|---|---|
| Lubelski Węgiel Bogdanka | – *Mine Safety Document,*<br>– *Accidents at work and other OHS incidents,*<br>– *Accidents en route to or from work,*<br>– *Occupational risk management,*<br>– *OHS Monitoring,*<br>– *Monitoring of OHS legal regulations and standards,*<br>– *Highly hazardous work,*<br>– *Dealing with suspected occupational diseases,*<br>– *Plans to improve OHS conditions,*<br>– *Management of the Safety Document,*<br>– *Work environment monitoring,*<br>– *Work Rules and Regulations,*<br>– *Guidelines and instructions of the Integrated Quality, Environmental and Safety Management System,*<br>– *Internal Collective Bargaining Agreement,*<br>– *Ordinances of the Management Board and the Mining Operations Manager,*<br>– *Orders of the Management Board and the Mining Operations Manager.* |
| ENEA Pomiary | – *Procedure of reporting accidents at work,*<br>– *Warehouse OHS instructions* (*Forklift Truck Instruction; Mobile Platform Instruction; Instruction on manual transportation activities*),<br>– *Instruction on the operation and maintenance of shelving racks,*<br>– *Instruction on the use of a pneumatic table sealer,*<br>– *Instruction on spray-painting of electricity meters with a spray gun,*<br>– *Fire emergency instruction,*<br>– Other instructions (*Instruction on the use of a computer with a display screen and a printer; Shredder Instruction), Instruction for movement of people in building C of ENEA Pomiary sp. z o.o.* at ul. Strzeszyńska 58 in Poznań,<br>– *Safe Remote Work Instruction.* |
| ENEA Serwis | – *Procedure for reporting accidents at work and accidents en route to or from work in ENEA Serwis sp. z o.o.*<br>– *Procedure for live-line working,*<br>– Instructions (*Office/administrative job instruction; Electrical equipment installer job instruction*; other job station instructions). |
| ENEA Oświetlenie | – *Work Rules and Regulations for Employees of ENEA Oświetlenie sp. z o.o.,*<br>– *Procedure for live-line working with power devices in ENEA Operator sp. z o.o.,*<br>– OHS-related instructions (including *Instruction on the organization of safe work with power devices in ENEA Oświetlenie sp. z o.o.; Electrical equipment installer job instruction; Non-electrician job instruction; Instruction on the use of lines and road lighting devices in ENEA Oświetlenie sp. z o.o.; Electrical equipment installer job instruction on measurement of power devices in a portable measuring laboratory; instructions on marking of road lane works*; *OHS instruction for transport unloading/loading, storage and assembly of lighting poles; OHS instruction on warehousing and storage of materials; OHS instruction on transport works; OHS instruction on ladder use; OHS instruction on use of a computer and a printer),*<br>– OHS instructions on the use of office equipment (including binder machines, photocopiers) and OHS instructions on the use of other equipment (e.g. drills, circular saws for wood cutting, grinders),<br>– *Rules of operation of power devices in ENEA Operator sp. z o.o.,* |

In ENEA Bioenergia, ENEA Elektrownia Połaniec, ENEA Wytwarzanie and LWB, OHS, management systems conforming to the PN-ISO 45001:2018 standard have been implemented, which cover all Employees and all individuals, whose work or work location is controlled by the company.

## Accidents at work in ENEA Group in 2023

| Accidents at work in ENEA Group in 2023 | | | | | | |
|---|---|---|---|---|---|---|
| | Number of fatal accidents | | | Number of all the reported accidents | | |
| | 2021 | 2022 | 2023 | 2021 | 2022 | 2023 |
| Employees | 0 | 3 | 0 | 162 | 122 | 102 |
| Including in ENEA S.A. | 0 | 0 | 0 | 0 | 0 | 3 |
| Subcontractors | 0[1] | 1[2] | 1 | 107 | 97 | 89 |
| Including in ENEA S.A. | 0 | 0 | 0 | 0 | 0 | 0 |

[1] Data unavailable for employees of ENEA Serwis' subcontractors.
[2] Data unavailable for employees of RG Bogdanka and for employees of subcontractors of RG Bogdanka, MEC Piła and ENEA Operator.

### Selected measures implemented in the OHS area in 2023

| Company | OHS measures implemented in 2023 |
|---|---|
| ENEA S.A. | – First aid training for Rescue Coordinators,<br>– Purchase of batteries/and electrodes for AED devices,<br>– Conducting evacuation drills / training for Evacuation Leaders,<br>– Evacuation drills,<br>– Updating of the summary *Firefighting Instructions*. |
| ENEA Elektrownia Połaniec | – Development of new rules of the first aid system,<br>– Development and implementation of the Occupational Health and Safety Improvement Program in terms of, among others, improving hygiene and sanitary conditions for Employees, adapting lighting in selected premises to the relevant Polish Standards requirements,<br>– Training for approximately 200 Employees in the area of Occupational Health and Safety, assessment of occupational risk at workplaces, and updating of the Enterprise's Table of Standards for the Provision of Work Clothing and Footwear, Personal Protective Equipment and Cleaning Products in connection with the acquisition of Employees of ENEA Połaniec Serwis,<br>– Development of graphic documentation of explosive atmospheres of gases, vapors, liquids and dust, designated in the facilities and in the vicinity of technological systems in ENEA Elektrownia Połaniec,<br>– Organization of the 25th edition of the OHS Knowledge Competition - with participation of 37 Employees,<br>– Submission of the technical solution "Implementation of NSK warning signaling of unstable and emergency operation of the K9 boiler" to the National Competition for Improvement of Working Conditions - the project won an honorable mention in the category of technical and technological solutions,<br>– Continuation of the "Pracujemy bezpiecznie albo wcale" (“*Safe Work or No Work”*) campaign to improve the work safety of outside contractors, which includes mandatory initial training in occupational health and safety - in 2023, approximately 3,000 persons were trained. |
| ENEA Operator | – Update of the *Fire Safety Instruction for Grid Facilities*,<br>– The purchase of, among others, work and arc protection clothing, protective helmets, rainwear, chainsaw outfits, work footwear, protective and work gloves, fall protection equipment, first aid kits, portable grounding devices, and voltage presence indicators,<br>– Purchase of state-of-the-art LitleAnneQCPR phantoms to increase the effectiveness of regular OHS training in first aid,<br>– Inspection of all Energy Posts to ensure that they are equipped with OHS equipment as required by the standardization of EP equipment,<br>– Publication of twelve issues of the monthly "Safe Work Bulletin”, covering, among other topics, issues pertaining to occupational health and safety as well as accident prevention,<br>– Organization of a competition on health, safety and fire knowledge in conjunction with the annual Live-Line Work Conference, to promote safe technologies in maintenance work. |
| ENEA Wytwarzanie | – Implementation of the standard PN-ISO 45001:2018–06 “Occupational health and safety management systems”, which replaced the non-mandatory standards for OHS systems. Standard Compliance audit of the systems. |

In October 2023, the Safe Work Leaders Selection Committee operating at the Central Institute for Labor Protection – National Research Institute in Warsaw, decided to award to ENEA Elektrownia Połaniec - for the eighth time running - the **Safe Work Leader Golden Card for 2024-2025**.

### Activities to promote healthy lifestyle and physical fitness

The ENEA Group pays a lot of attention to initiatives addressing well-being and health of its Employees. The Group feels responsible for ensuring that its Employees work in a friendly working environment. Active lifestyles are consistently promoted among staff, and Employees and their families are encouraged to participate actively in sports events organized by the Company.

ENEA S.A. provides its Employees with access to private medical services and health care, financing the relevant plan subscriptions. Employees usually receive a basic package offering a specific set of specialist consultations and prevention programs (tests, vaccinations). The Employees may pay for an extension of this package and also for the medical care to cover their family members. Moreover, some companies offer the possibility of taking out medicaments insurance, including for family members.

LWB’s private medical care program provides Employees with, among others, more comfortable care, shorter waiting times to see specialists and a wide selection of diagnostic tests. Subsidized medical packages are available to those who have been employed by the company for more than 12 months. Employees’ family members can also be covered by the Program.

The Group companies and the ENEA Foundation organize regular prevention campaigns for Employees, which include health advice, lectures or tests.

Health promotion is a theme of many initiatives, including:

- encouraging Employees to take advantage of free specialist consultations and medical services as well as preventive programs (examinations, targeted packages of preventive examinations for women and men),
- an offer of cancer insurance to interested Employees,
- first aid training,
- health screenings during company events, such as the “Mission: Prevention” program,
- donating funds for hospital modernization,

- organization of health promoting picnic events,
- dance workshops for children and adults,
- acting and dance workshops for children.

Health promoting solutions are adapted to the character of the company and the specific needs of its Employees.

The ENEA Group takes additional measures to promote health of Employees, by providing access to sports and recreational facilities as part of Employee benefits plan, organizing events to support physical activity and health-oriented campaigns. The Group has been a partner in sports events for years. The Group companies and the ENEA Foundation organize regular prevention campaigns for Employees, which include advice, lectures or tests. The initiatives implemented in 2023 included:

1. Mission: Prevention - a long-standing program of the ENEA Group. The aim of the program is to protect the health of Employees and their loved ones, and to promote prevention for better physical and mental health. Preventive health care continued in 2023, and as part of the program on the Power Engineer's Day Group Employees were able to receive consultations of an internal medicine physician, diabetologist, dermatologist, nutritionist and physiotherapist. A total of 826 patients were examined.
2. ENEA Elektrownia Połaniec and ENEA Bioenergia continued the "ENEA for Women" project: as part of the initiative, female employees could take advantage of free tests (pap smear tests provided by a "test bus", dietary consultations, analysis of body composition and BMI, workshops with a psychologist and cosmetologist) as well as workshops devoted to disease prevention, including early cancer detection.
3. ENEA Elektrownia Połaniec and ENEA Bioenergia acceded to a new accord with the social stakeholder concerning a health care program, under which the Company finances a package of additional medical services and provide support in the event of a serious chronic illness of an Employee.
4. In 2023, ENEA S.A. employees continued to participate in the program of targeted preventive health check-ups for women and men. They also acquired access to a medicament insurance program that reimburses even up to 80% of the cost of medicine purchase. Moreover, Employees could receive free, 12-day preventive health care stay at the ENERGETYK Spa Hospital in Inowrocław. The Company has been offering cancer insurance to interested Employees.
5. It has financed flu vaccinations for all employees of ENEA Wytwarzanie and their family members willing to be inoculated, as well as for the Company's pensioners. During the Power Engineer's Day, ENEA Wytwarzanie's private health care provider provided basic examinations and free medical aid to the Company's retired Employees.
6. As part of its annual Safety Days event, LWB organized Days for Health. In 2023, Employees could receive specialist physician consultations: of a radiologist (USG scans), nutritionist and physiotherapist. Tests for cancer markers were conducted, as well.
7. LWB is dedicated to disease prevention and health promotion. In 2023, a birthmarks and skin moles examination campaign was organized at the Company's headquarters together with the Provincial Center for Occupational Medicine, as part of the "Skin Cancer Prevention Program for Residents of the Lublin Province for 2022 - 2026". Over one hundred Employees took part in the event.

### 12.8.6. Selected activities in the labor area in 2023

More information about the activities performed as part of the HR Policy at the ENEA Group can be found in chapter 5.1. of the Report.

Initiatives organized by ENEA S.A. in 2023 to promote talent development and fitness improvement of Employees and their families included:

- regular ballet classes for children and adults at the Grand Theater in Poznań,
- vocal emission workshops for adults,
- workshops in modern dance and movement improvisation,
- music and singing workshops,
- tap dance workshops in the Music Theater in Poznań for children of Employees,
- classes in dance and fitness for children and adults in the KG Studio - Kolejorz Girls Cheerleaders,
- tennis training in the Olimpia Tennis Park,
- fencing training for children in the Warta Sports Club,
- handball training for children with the University Sports Union Poznań,
- soccer training for children in the Warta Poznań Sports Club,
- access to the IM Inspiration app,
- sports events, e.g. Poland Business Run, Enea Academy of Sport, Enea June 1956 Run.

In addition, as part of the Enea Team sports program, Employees have access to instructor advice and classes in running, cycling, swimming, dancing, rowing and fencing. Starting in 2023, also yoga, stretching, Pilates and other events were organized under the

Sportgas initiative (including soccer, sailing and tennis tournaments). The Program is addressed to people interested in active lifestyle and preparing to take part in sports events. Every participant of Enea Team gets access to unique coaching materials and supports the charitable initiative Run – Raise – Help.

The ENEA Group also organizes the "Enea for Sport" contest, to promote physical fitness and active leisure among Employees. The last edition’s winners were awarded vouchers for an aquapark stay.

Since 2019, Employees of LW Bogdanka Group may propose their sports passions to be included in the “Active in Bogdanka” program. In 2023, 33 Employees presented their favorite activities in 3 calls for proposals. Prizes were awarded to such activities as ice figure skating, parrot breeding, music, shooting, geology, and mountain climbing.

## 12.9. Social issues – description of due diligence policies and procedures and their results

Among the tenets of the ENEA Group Development Strategy is the Group's responsibility for its immediate environment coupled with the provision of active support to local communities in order to enhance their well-being, buttress civil society and help develop the country's economic potential. As one of Poland's largest employers, the ENEA Group contributes to the improvement of its environment by creating new jobs and making allowances for local needs at every stage of its investments or business projects. These endeavors include educational campaigns on energy efficiency and security as well as programs designed to support local initiatives. The Group cooperates on a long-term basis with and actively supports institutions of vocational and tertiary education and acts as a major patron of Polish sports and national culture.

### 12.9.1. The ENEA Group's contribution to the economy and technological advancement in 2023

The ENEA Group's contribution to the Polish economy is multidimensional. In particular, the Group:

- delivers electricity and heat and provides innovative services to residential and business customers,
- is a large employer,
- generates jobs in the value chain,
- is a major taxpayer,
- makes a substantial contribution to local budgets in the form of taxes and charges,
- expands regional and local infrastructure,
- develops technological innovations,
- supports education of future staff, especially engineers.

**Direct economic value generated by the ENEA Group**

| Direct economic value generated by the ENEA Group [data in PLN million] | 2021[1] | 2022[1] | 2023 |
|---|---|---|---|
| i. Generated economic value: | | | |
| Total revenue[2] | 21,743 | 30,555 | 48,886 |
| ii. Distributed economic value: | | | |
| Operating expenses[3] | 16,922 | 27,036 | 38,539 |
| Payroll and employee benefits[4] | 2,137 | 2,496 | 3,093 |
| Payments to capital providers (dividends and interest)[5] | 177 | 265 | 402 |
| Payments to public institutions (taxes)[6] | 986 | 575 | 3,918 |
| Social investments (donations)[7] | 5 | 13[8] | 29 |
| **RETAINED VALUE (difference between i. and ii.)** | **1,516** | **170** | **2,905** |

[1] The figures for 2021 and 2022 have been revised, including through the recognition of the gain/loss on foreign currency derivatives not used in hedge accounting.
[2] Items from the consolidated statement of comprehensive income: revenue from sales and other income, other operating revenue, finance income, change in provisions related to onerous contracts (revenue part), dividend income, gain on the sale and liquidation of property, plant and equipment, gain on foreign currency derivatives not used in hedge accounting.
[3] Items from the consolidated statement of comprehensive income: amortization and depreciation, consumption of materials and supplies and cost of goods sold, purchase of energy and gas for subsequent sale, transmission services, other third-party services, change in provisions related to onerous contracts (expense part), loss on the sale and liquidation of property, plant and equipment, loss on foreign currency derivatives not used in hedge accounting, other operating expenses, other finance costs.
[4] Items from the consolidated statement of comprehensive income: employee benefit costs.
[5] Items from the consolidated financial statements: dividends paid, cost of interest on borrowing facilities, cost of interest on bonds, cost of interest on lease liabilities and head lease, cost of interest on IRSs, other interest.
[6] Items from the consolidated statement of comprehensive income: taxes and charges, current tax
[7] Total value of cash and in-kind donations made by Group companies to the ENEA Foundation, to the "Solidary Miners" Foundation or directly to beneficiaries
[8] The value for 2022 has been adjusted after taking into account data from the ENEA Foundation's Financial Report for 2022, as published on 31 March 2023.

### Financial aid received by the ENEA Group from the state

| Total monetary value of the financial aid received by the ENEA Group from the state[1] [PLN million] | 2021[2] | 2022[2,3] | 2023 |
|---|---|---|---|
| i. Tax credits and exemptions | 1.6 | 2.6 | 3.4 |
| ii. Subsidies | 0 | 0 | 0 |
| iii. Grants (e.g. for investments and research and development) | 0.1 | 7.3 | 8.0 |
| iv. Awards | 0 | 0 | 0 |
| v. Exemptions from license fees | 0 | 0 | 0 |
| vi. Financial aid from public crediting institutions, e.g. under export support programs | 0.1 | 0.2 | 0.4 |
| vii. Financial incentives | 0 | 0 | 0 |
| viii. Other financial benefits received or due from the state | 1,342.8 | 1,291.2 | 1,361.1 |
| **TOTAL:** | **1,344.7** | **1,301.3** | **1,372.9** |

[1] Primary sources of financial aid from the state:
1. revenue from the Capacity Market
2. support in the form of electricity generation certificates
3. allocation of free $CO_2$ emission allowances

[2] The figures for 2021 and 2022 have been revised in the line item "Other financial benefits received or due from the state". The difference is due to the recognition of free $CO_2$ allowances for the year. The allocation is shown in the table, valued in accordance with the market price on the date of entry into the register.

[3] The figures for 2022 has been revised as follows:
In the line item "Tax credits and exemptions", the difference resulted from the annual settlement, because one of the companies did apply a tax credit for its donations and, as at the date of the statement, one of the companies did not know the value of its R&D allowance.

## 12.9.2. Minimization of social consequences of energy price increases

In order to minimize the social consequences of the increase in electricity prices, in 2023 ENEA S.A. adhered to its obligations arising from the following laws:

- Act of 7 October 2022 on Special Solutions for Protecting Electricity Buyers in 2023 and 2024 in Connection with the Situation on the Electricity Market (Journal of Laws of 2022, item 2127),
- Act of 27 October 2022 on Emergency Measures to Reduce Electricity Prices and Support Certain Consumers in 2023 and 2024 (Journal of Laws of 2022, item 2243).

These pieces of legislation – through the deployment of mechanisms setting a cap and freeze on electricity prices –contributed to a significant social mitigation of the effects of electricity price increases, both in the household segment and in the business enterprise segment.

Moreover, ENEA made available on its website the "Guidebook to energy efficiency" to familiarize customers with efficient methods of electricity consumption and its impact on the environment. The publication provides valuable tips on how to save and protect the environment by keeping energy consumption under control and using modern technologies in the household.

The Guidebook is available for download at:
https://www.enea.pl/grupaenea/obowiazki/struktura/enea_przewodnik_po_efektywnosci_energetycznej.pdf?t=1706263275

## 12.9.3. Security of electricity supply

Activities affecting the country's energy security, including by ensuring the continuity of electricity supply and the reliability of operation of the distribution grid, are among the primary strategic objectives of the ENEA Group. To this end, ENEA Operator avails itself of advanced solutions, introduces the latest technical standards, ensures the required quality of infrastructure, constantly inspects the condition of infrastructure and carries out preventive diagnostic measurements, modernizes and automates distribution networks. Once adopted, procedures are strictly followed and care is taken to ensure that implementation teams are highly qualified. Of essential significance is to respond quickly to failures, scrutinize their causes and roll out preventive measures. Moreover, all power grid upgrades and related shutdowns are carried out as scheduled.

### Selected regulations related to the reliability of energy supply, applied by ENEA Operator:

1. *Continuity Plan,* which also serves as the foundation for emergency procedures,
2. *Procedure for planning and requesting work on HV, MV and LV grids for investing and operating purposes and for operational management of the grids at ENEA Operator,*
3. *Procedure for live-line working with power devices at ENEA Operator,*
4. *Procedure for live-line working on 15 and 20 KV overhead grids at ENEA Operator,*
5. *Procedure for recording work performed in live-line working technology and calculating electricity supplied to users during live-line working at ENEA Operator,*
6. *Procedure of exchanging information and reporting events in the electric power grid by the ENEA Operator sp. z o.o.'s maintenance services and cooperation with crisis management teams in case of extensive failures,*
7. *Procedure for managing the removal of trees and bushes within the zones under ENEA Operator's power lines,*

8. *Catalog of standard operating activities for HV, MV and LV grids at ENEA Operator,*
9. *Procedure for eliminating collisions,*
10. Detailed regulations on correct operation of power installations,
11. Standards for the technical solutions for building power lines and devices applied in ENEA Operator's distribution grid, including standards for 110 kV overhead and cable power lines, medium voltage power cable lines, low voltage power cable lines, measurement and diagnostics of high and medium voltage cable lines, and measurement and diagnostic equipment for medium voltage cable lines.

ENEA Operator adopted various key performance indicators (KPIs) with a view to improving the reliability of its grid operation. The objectives adopted in this context are based on the methodology approved by the Energy Regulatory Office (ERO) and described in the *Quality Regulation in 2018-2025 for Distribution System Operators*. ENEA Operator – on the basis of the said Regulation – is held accountable for the achievement of the SAIDI and SAIFI indicators for all events (except for catastrophic weather phenomena) occurring in the high and medium voltage network and resulting in interruptions of electricity supply to all customers of ENEA Operator.

**Supporting programs and activities that serve to improve the reliability of grid operation (especially of the MV grid which exerts the greatest impact on the indicators of duration and frequency of interruptions in electricity supply) include:**

- adjustment of the needs of own substations to ensure 24-hour power backup,
- adjustment of automation of automatic load-shedding (ALS),
- pursuit of the MV grid development concept, which includes the development of automated solutions within the grid,
- laying of MV grid cables through forested areas,
- removal of equipment constraints,
- implementation of the Fault Detection, Isolation & Restoration (FDIR) function on selected MV line sections,
- shutdown of the 6 kV grid in the Poznań urban area,
- activities in respect to measurements and diagnostics of medium voltage cable lines,
- systemic measures related to the removal of trees and bushes within the zones under power lines.

Limiting the consequences of failures and minimizing the duration of interruptions are major challenges in ENEA Operator's day-to-day business. The company makes every effort to ensure that power supply disruptions have the least possible impact on customers. To achieve this purpose, it applies various solutions. For instance, in a separate network – unless prevented by existing technical conditions – it supplies electricity from power generators. In selected cases, cooperation with other distribution system operators and the transmission system operator also proves helpful. Regular expansions of the scope of work carried out in live-line working technology (MV and LV) coupled with preventive diagnostic measurements also reduce scheduled and unscheduled interruptions.

In the event of a failure, responsible units composed of representatives of ENEA Operator and external contractors promptly set off to carry out repair work. Their activities include locating the site of network damage, evaluating the scale of the incident and performing the necessary switching and maintenance work resulting in the restoration of power supply to customers. Such work is performed faster due to the unification of network equipment within the company. The causes of each failure are diagnosed, as is the technical condition of infrastructure. Based on the conclusions made, the scope of possible improvements is determined or a decision is made to replace network elements as part of the company's modernization and investment programs or operating decisions.

The ENEA Group applies stringent standards for its technical solutions, materials and work carried out on the distribution network. All these elements ensure that consumers are provided with safe access to electricity. The basis for the standards adopted by the company are in-depth analyses of available solutions and technical dialog regarding their potential and usability. All standards associated with the security of energy supply are subject to regular analyses, carried out at least once every two years from the date of their entry into force. Within the framework of such verification endeavors, the standards are elaborated on in more detail and updated so that their provisions satisfy the requirements and needs of the evolving power grid. Also, the company has in place a Business Continuity Management System within the framework of which regular tests are carried out on critical processes, such as the process of maintaining reliability and safety of grid operation and continuity of power supply.

In 2023, ENEA Operator continued its endeavors on improving the operational reliability of its distribution grid, ensuring energy security for the region, fulfilling the statutory obligation to connect customers to the grid and preparing the grid structure for two-way electricity flow in connection with the rapid development of distributed generation and the increase in the number of prosumers. The company carried out scheduled diagnostics of MV cable lines and ongoing upgrade of power facilities and equipment in line with existing modernization programs. It continued the pursuit of initiatives launched in previous years, including those related to the concept of MV and HV network development, elimination of short-circuit hazards, automation of MV networks under the FDIR program, implementation of the MV cable diagnostics program, support of efforts aimed at assessment of the technical condition of equipment, including visual inspections of overhead lines using aerial vehicles (helicopters and drones). The investments were carried out in the following areas (among others):

- construction of new and upgrade of existing power lines at each voltage level, including construction of MV line outlets from LV/HV substations (bolstering connections between DSOs and TSOs),
- construction of new and modernization of existing HV/MV and MV/LV substations and HV/HV and MV/MV switching substations,
- construction of smart grids, also using FDIR technology,
- construction of grid infrastructure necessary to connect new consumers and generators,
- purchase of specialized equipment to support distribution operations and components for upgrading the grid and operational facilities.

**BEST PRACTICE**

ENEA Operator conducts periodic educational campaigns on the potential risk of damage to power cables by construction companies during earthworks. As a result, these companies learn the procedures to be applied in the event of such damage, find out how to report breakdowns to pertinent services and how to indicate their location. This accelerates the repair and restoration of power supply to consumers. The reason for the campaign was the large incidence of damage to the grid caused by earthworks.

**ENEA Operator allocated PLN 1,843 billion for capital expenditures in 2023.**

**Grid reliability metrics**

The metrics of the reliability of electricity supply presented herein confirm the effectiveness of capital expenditures, network operation activities and the organization of work in the Group's pertinent units.

| Metrics[1] | Value achieved in 2023 | Expected value of the ratio in the year: | |
|---|---|---|---|
| SAIDI | 85.48 | 2030 | 74.59 min |
| | | 2040 | 70 min |
| SAIFI | 1.82 | 2030 | 2.02 |
| | | 2040 | 1.93 |

[1] Reflects scheduled and unscheduled interruptions in electricity supply for high and medium voltages, without catastrophic events.

## 12.9.4. Ethical market practices

ENEA S.A. is among the elite group of companies that have been awarded the title of Certified Energy Seller, confirming the Company's reliability in the area of sales and appreciating its efforts to eliminate unfair practices on the energy market. The certificate is awarded by an external certification body carrying out audits to verify compliance with the *Best Practices of Electricity and Gaseous Fuel Sellers,* developed by the Energy Trading Association. ENEA S.A. complies with the requirements set forth in the *Best Practices* and follows the recommendations presented therein.

In its business, the Company also applies the internally developed *ENEA S.A. Sales Standards for Business Customers*, *Code of Best Practices for the processing of personal data in the sales area* and the *Sustainable Direct Marketing Policy at ENEA S.A.* The provisions of these documents guarantee that the recipients of services provided by ENEA S.A. are afforded fair relations, respect for customer rights and reliable performance of contracts.

An example of the Group's ethical approach to business is also its in-depth analysis of complaints, comments and observations sent in by customers. In justified cases, based on communication with customers, the Group implements various modifications of its processes and trains its employees accordingly.

**The ENEA Group implements the unbundling guidelines of the President of the Energy Regulatory Office for separating distribution and sales activities, including by taking the following measures:**

- refraining from promoting or recommending, by ENEA Operator, any companies involved in the generation or sale of electricity to third parties, or displaying any promotional or advertising materials of energy companies while performing processes related to customer service,
- having in place its own visual identity,
- using separate communication channels (website, e-mail address domain, telephone numbers).

In December 2023, the Energy Regulatory Office (ERO) imposed a fine of PLN 100 thousand on ENEA S.A. for withholding the supply of electricity to customers for unjustified reasons. The Company appealed the case to the competent court. Moreover, in 2023, ENEA S.A. received two decisions issued by the President of the Office of Competition and Consumer Protection (UOKiK): one regarding proceedings on practices that breach collective consumer interests, and the other one regarding proceedings for recognizing certain provisions of a standard agreement as prohibited. In both cases, ENEA S.A. committed itself to take steps to remove the consequences of the breaches.

## 12.9.5. Social engagement rules in the ENEA Group

**Sustainable management of the Group's growth is also manifested by building positive relations with stakeholders and striving to take their expectations into account while making decisions of social and business significance. Also important for the ENEA Group is the synergy effect arising from its cooperation with various partners**

The Group pursues various initiatives in response to the needs and expectations of its stakeholders, locally, regionally and nationally. The key documents regulating the rules of the its social engagement include:

- *Rules for handling applications for support in the social engagement area in the ENEA Group,*
- *Rules for conducting public relations activities and social partnership activities in the ENEA Group,*
- *Rules and regulations of employee volunteerism in the ENEA Group,*
- *Lubelski Węgiel Bogdanka S.A. Social Engagement Policy (updated in 2022).*

Social engagement is coordinated by the Corporate Social Responsibility Office (hereinafter referred to as the CSR), which is part of the Group Sponsoring, Promotion and Brand Management Department. The ENEA Foundation, which has the formal status of a public benefit organization, is the competence center for the ENEA Group's social initiatives, providing financial support for social objectives using donations received from Group companies. Its goals and principles of operation are defined in the following governing documents:

- *Charter of the ENEA Foundation,*
- *Organizational Rules and Regulations of the ENEA Foundation,*
- *Rules and Regulations on granting support by the ENEA Foundation.*

Most activities in the social dimension are carried out by the ENEA Foundation on behalf of the ENEA Group, yet some Group companies organize or support on their own various charitable campaigns, educational undertakings and local events (such as workshops, contests, tournaments, fairs or picnics). Group companies provide financial, material and organizational support to social initiatives, educational and care institutions and sports clubs. The Group's employees are also involved in the lives of their communities through different forms of employee volunteerism.

In addition to the social causes pursued by the ENEA Foundation, endeavors in the field of social welfare, health and activation are also carried out by the "Solidary Miners" Foundation, established by LWB. Its objective is to support financially employees of LWB Group companies and their families, victims of accidents, people suffering from illnesses or those in a difficult financial situation. The organization also supports talents, cultural, environmental and health promotion initiatives.

Besides the "Solidary Miners" Foundation, the ESG Department and the Promotion and Marketing Department of the LWB Group are responsible for the pursuit of social engagement initiatives.

Examples of social engagement of ENEA Group companies in 2023:

### LW Bogdanka

- PLN 1,508,560 allocated to various initiatives, including the provision of support to charitable organizations in Lubelskie Voivodship, improving opportunities for children and youth from rural areas, activities in the areas of education, prevention of diseases, protection of national heritage and charitable projects for Ukraine,

### ENEA Wytwarzanie

- PLN 117,722 donated to the holding of a "Santa Claus with ENEA" event. The following institutions were among the primary beneficiaries of the company's aid: a community self-help home, educational and social rehabilitation facilities, a social emergency intervention center, hospital wards and a social welfare home,
- PLN 54,300 spent on two deliveries of canned foods for residents of the Lviv area,

### RG Bogdanka

- PLN 5,000 donated to the "Amazons" Women's Association in Łęczna for the holding of the Pink Ribbon March.

**The ENEA Group supports initiatives promoting broadly-construed sustainability and corporate social responsibility, specifically:**

- United Nations Global Compact,
- Declaration on sustainable development in the power industry in Poland,
- Sustainable Development Declaration of the Polish Business,
- Partnership for achieving Sustainable Development Goals in Poland,
- Responsible Business Forum (where Lubelski Węgiel Bogdanka has the status of a strategic partner),
- MINING IS OK Joint Social Initiative Group,
- Economic Security of Poland Consortium,
- Charter of Effective Transformation of Distribution Grids of the Polish Energy System (since 2022),
- Polish ESG Association (of which Lubelski Węgiel Bogdanka is a member).

**BEST PRACTICE**

**In August 2023, the ENEA Foundation launched the campaign "Enea for the education of children and energy security of Poland". The campaign is intended to encourage the youngest energy consumers to learn about electricity and how to use it safely.**

The ENEA Group's socially responsible activities are based primarily on cooperation with local communities. Each year, the Group carries out its own socially beneficial projects and supports campaigns initiated by public entities engaged in the education of children and youth, promoting a healthy lifestyle, health care, culture and the development of associations and local communities. In 2023, the ENEA Group launched other new projects targeted at local communities, including:

- Project to support volunteer firefighter units and rural housewife associations, with the former eligible for grants of up to PLN 15 thousand and the latter for up to PLN 8 thousand. During the year, nearly 200 volunteer firefighter units and nearly 100 rural housewife associations received this aid,
- "Locally, Through Sports, Active" program to encourage local communities to engage in joint physical activities. A grant of up to PLN 6 thousand was up for grabs to be spent on local runs, tournaments or sports activities,
- "On the Trail of Local History" program providing financial support for initiatives promoting the history and culture of small homelands. A grant of up to PLN 8 thousand was earmarked for the holding of thematic walks, historical tours, trail marking or the publication of albums about the region.

In 2023, the 5th edition of the ENEA Academy of Talent educational competition was launched to promote the development and education of children and youth by funding their passions and interests. Once again, elementary and secondary school students had the opportunity to win additional funding for the pursuit of their ideas under four categories: science, arts, sports and social engagement (as a newly introduced category). More than 2,000 students applied to take part in the competition. From this group, 40 scholarship recipients were selected and awarded with a scholarship of PLN 5 thousand each. The ENEA Group will provide a total of PLN 200 thousand for this project.

**During the five editions of the Enea Academy of Talent educational competition, PLN 1,308 thousand was allocated for children's education.**

In 2023, the ENEA Foundation took various important initiatives for the benefit of its employees, such as the "Mission: Prevention" disease prevention program or financing grassroots activities of employee groups under the recurring "Power of Helping" grant project. The Foundation also supported professional and social integration and reintegration of people at risk of social exclusion, physical exercise and sports, and historical and environmental education.

The "Solidary Miners" Foundation supported current and former employees also by subsidizing treatment, rehabilitation or medical equipment purchases. In 2023, 60 applicants were provided with aid by the Foundation. Furthermore, the Foundation regularly assists local institutions and charitable organizations involved in the provision of support to addicts, people with disabilities, volunteer blood donors and care and educational institutions. To celebrate the 40th anniversary of mining operations in the Lublin Coal Basin, the "Solidary Miners" Foundation, in cooperation with LWB, held a Mining Feast. It was attended by nearly 4 thousand people – current and retired employees of the company with accompanying persons.

In connection with Russia's aggression against Ukraine, support activities for refugees were continued throughout 2023. The ENEA Group offered its three resort centers as a safe shelter for approx. 170 people, mostly mothers with children, during the most difficult period. Also, in cooperation with public benefit organizations, the ENEA Group organized help along the Polish-Ukrainian border and in centers across the country. In 2023, the Foundation donated PLN 140 thousand to NGOs involved in the provision of assistance to refugees and people in need in Ukraine.

**The amount earmarked by the ENEA Foundation in 2023 for the provision of various forms of assistance to Ukrainians totaled nearly PLN 4,169 thousand.**

**Other social initiatives pursued by the ENEA Group in 2023:**

"Jogging – Collecting – Helping" – a charity project aimed at ENEA Group employees who collect points for jogging, walking, cycling or rollerblading. Additional points were awarded for commuting to work by bicycle and for performing other sports activities. The points collected in a special mobile app were then converted into cash, and the amount collected, PLN 50 thousand, was donated to fulfill the needs of children living in an orphanage. The app also provided users with information on the sustainability goals and shared tips on how to achieve them. 523 employees took part in the challenge. On an individual or team basis, covered a total distance of 52,470 kilometers on foot, took 128 million steps and covered 166,082 kilometers by bicycle. Since the launch of the "Jogging – Collecting – Helping" project, employees have raised a total of PLN 230 thousand, which was donated to help children from orphanages and to perform a thermal modernization of a care and educational facility. The project is being executed by ENEA S.A. with the financial support from the ENEA Foundation.

"Mission: Prevention" – a recurring project aimed at preventing diseases and spreading the awareness of physical and mental health prevention. The initiative consists of free medical check-ups, meetings with specialists and webinars. In 2023, during the "Your Health Map" campaign, employees and their families were offered the opportunity to benefit from free appointments and consultations with an internist, diabetologist, dermatologist, nutritionist and physiotherapist. A total of 826 patients were examined. Dermatology consultations and videodermatoscopy examinations were the most popular along with internist consultations. Within

the framework of the project, a “Closer to Each Other” campaign was also held, focusing on the topic of mental health in the workplace. Employees were provided with educational materials on empathy and communication in the workplace and took part in webinars. A total of more than 2 thousand employees have undergone medical checkups since the beginning of the project. The project was executed by ENEA S.A. with the financial support from the ENEA Foundation.

“Power of Helping” employee volunteerism campaign – a program involving employees in the improvement of their immediate surroundings and the provision of support of people in need or enabling the pursuit of their own significant initiatives. The ENEA Foundation supports selected proposed activities with grants awarded to non-profit organizations serving as platforms for the execution of projects suggested by employees. All activities are carried out on an employee volunteerism basis. In 2023, a total of over 60 projects were submitted to the program. The ENEA Foundation donated PLN 60 thousand for the pursuit of the highest-rated initiatives. For instance, child-friendly rooms for kids suffering from autism spectrum disorder (ASD) were prepared, rehabilitation of the disabled and elderly was supported, and physical activity was promoted among children. The project was completed by ENEA S.A. with the financial support from the ENEA Foundation.

“Save Energy with Krzyś the Electrician” – a key employee volunteerism program aimed at school-age and early-school children teaching them about electricity with the help of ENEA Group employees. The Group’s volunteers, supported by the protagonist Krzyś the Electrician, explain to children what electricity is, how it is generated, what its types and uses are, and – above all – how to handle it safely. Through implementing the program, the Group promotes the safe use of electricity and electricity-powered devices. The presentations are intended to instill the proper attitudes among the youngest users of electricity and to teach them the principles of safe handling of electrical equipment and installations. The program is very popular with employees, elementary schools and kindergartens, with classes and presentations being independently requested by educational units. The volunteers are provided with teaching materials, in the form of a booklet, a video and a crossword puzzle, facilitating the presentation of content by any employee, regardless of his or her department within the organization. In 2023, 8 thousand children participated in these presentations. Since the beginning of the “Save Energy with Krzyś the Electrician” program, more than 58 thousand kids have become its beneficiaries. The project is being executed by ENEA S.A. with the financial support from the ENEA Foundation.

Plan for the “Academy of a Safe Pupil” educational program, focused on issues of broadly construed safety, prepared in cooperation with the Municipal Police Headquarters in Poznań. Targeted at elementary school students in grades from third to sixth, the initiative deals with safety and prevention issues in Poznań and Poznań County, cyber threats and first aid. Among other activities, meetings with police officers are held in schools. Educational materials in the form of worksheets for pupils and lesson plans for teachers have been developed for the project. Schools have been selected for participation. The first presentations are scheduled to be launched in early 2024.

In 2023, ENEA S.A. continued its cooperation with the United Nations Association – Poland (UNAP) through involvement in educational activities focused on spreading awareness of the Sustainable Development Goals. Within the framework of this cooperation, the Summer Academy of Sustainable Development, a free away-from-home workshop for youths from all over Poland (aged 18 to 25) was held for the second time. Participants of the Academy, held on 7-9 July in Puszczykowo, attended a series of practical workshops and lectures conducted by prominent specialists in the fields of sustainable development, climate, energy transition and the creation and execution of socially beneficial projects (project management). The goal of the workshops was to equip participants with knowledge about sustainable development, renewable energy, the causes of the climate crisis and the development and management of their own socially beneficial projects.

ENEA S.A. also supports education through the “Exempt from Theory” competition project under which more than 1 thousand initiatives were completed in 2023. The company organized the “Energy in Science” program and extended its patronage to projects in the fields of energy and the promotion of science. As part of the partnership program, more than 100 individuals obtained substantive support from ENEA S.A. employees and carried out nearly 20 projects involving almost 300 thousand beneficiaries. More than 4 thousand young people participated in the “Exempt from Theory” competition, and the winners received their awards during the Exempt from Theory Grand Finale Gala. Six of the projects completed under ENEA S.A.’s patronage were awarded the Best Project in the Voivodship title, and two of them were considered the Best Projects in Poland.

“naGranie nad Rusałką” [“Recording on Lake Rusałka”] was one of many corporate social responsibility activities carried out by ENEA S.A. The project is focused on preventing social exclusion while supporting individuals with hearing disabilities. During musical performances on the stage at Poznań’s Lake Rusałka, the organizers in cooperation with ENEA S.A. provided an induction loop supporting the reception of excellent-quality sound by listeners with hearing aids. In 2023, 14 outdoor concerts were held for more than 4.2 thousand people along with online broadcasts which reached 70 thousand viewers.

### Cash and in-kind donations provided to the ENEA Foundation by ENEA Group companies totaled nearly PLN 22,556 thousand in 2023

| Cash and in-kind donations [PLN 000s] | 2022 | 2023 |
|---|---|---|
| **Total value of cash and in-kind donations made by the ENEA Group:** | **12,875.5[1]** | **28,833.3** |
| of which funds transferred by Group companies to the ENEA Foundation | 10,131.6[1] | 22,555.6 |
| of which funds transferred by Group companies to the “Solidary Miners” Foundation | 750.0 | 4,350.0 |
| of which funds transferred by Group companies directly to other entities | 1,993.9 | 1,927.7 |

[1] The value of funds donated by Group companies to the ENEA Foundation in 2022 has been adjusted after taking into account data from the ENEA Foundation’s Financial Report for 2022, as published on 31 March 2023.

| Cash and in-kind donations [PLN 000s] | 2022 | 2023 |
|---|---|---|
| **Total value of cash and in-kind donations made by the ENEA S.A:** | **6,000.0** | **16,500.0** |
| of which funds transferred by ENEA S.A. to the ENEA Foundation and the “Solidary Miners” Foundation | 6,000.0 | 16,500.0 |
| of which funds transferred by ENEA S.A. directly to other entities | 0 | 0 |

## List of schools which benefited from cooperation with ENEA Group companies in 2023

| Company | Cooperation with: | Purpose | Forms of cooperation |
|---|---|---|---|
| ENEA Ciepło | – Białystok University of Technology,<br>– University of Gdańsk, | Building a positive image of the company and participating in the practical aspects of educating potential future employees of ENEA Ciepło, Białystok CHP Plant Division. | – apprenticeships for college and university students,<br>– support related to the preparation of engineering and master’s theses,<br>– participation in the dual system of education at the Białystok University of Technology as part of the “PB 2.0 – Integrated Development Program”,<br>– participation in the work of the Industrial and Program Council at the Faculty of Electrical Engineering of the Białystok University of Technology during the Council’s 2020–2024 term of office,<br>– organization of teaching visits for students and employees of the Białystok University of Technology to the facilities of the Białystok CHP Plant. |
| ENEA Elektrownia Połaniec | – Technical School at the Home Army “Jędrusie” Partisan Detachment Memorial School Complex in Połaniec. | Support in the process of vocational training of potential future employees. | – apprenticeships for 35 students of the Technical School, including 30 students following the electronics technician curriculum and 5 students following the energy technician curriculum.<br>Moreover: apprenticeships for two students of the Technical School Complex in Mielec, an apprenticeship for a student of the Lublin University of Technology, a student of the University of Rzeszów and a student of the Kraków University of Technology.<br>– a one-day study visit combined with a lecture was also held for 26 students of the Renewable Energy Devices and Systems Technical School at the Stanisław Staszic School Complex in Staszów. |
| LWB | – Stanisław Staszic AGH University of Science and Technology in Kraków,<br>– Mining School Complex in Łęczna,<br>– School Complex in Ostrów Lubelski,<br>– Electronic School Complex in Lublin, | Establishment and consolidation of cooperation between LWB and partner schools, provision of support for the improvement of the quality of education of students of the cooperating schools. Improvement of the level of knowledge and competence, formation of students’ attitudes, provision of incentives to students to strive for continuous improvement, education of future mining personnel. | – internships and apprenticeships at the company’s head office with potential employment upon completion<br>– “Pass to Work at LW Bogdanka S.A.” program – 40 individuals were hired<br>– scholarship program: 26 scholarships were awarded.<br>Moreover: as part of the LW Bogdanka S.A. Social Engagement Policy, cooperation with the Chatka Żaka [Student’s Cabin] Academic Center for Culture and Media of the Maria Curie-Skłodowska University in Lublin – a scholarship program to support the activities of young artists and cultural animators from the Lublin region (19 scholarships awarded). |
| | – Union of Lublin Universities composed of: Maria Curie-Skłodowska University in Lublin, Lublin University of Technology, Medical University of Lublin, University of Life Sciences in Lublin | Establishment of cooperation between science and business. The purpose is to cooperate in joint research projects, development activities for students, scientific and research work. | Cooperation based on the inclusion of students and scientists of partner universities in development projects and sustainability initiatives pursued by the Company, exchange of knowledge and information and proposing solutions, especially those concerning the activities of LWB in order to consider the possibility of their implementation and development or the holding of internships and apprenticeships at the company’s head office with potential employment upon completion. |
| ENEA Nowa Energia | – Bydgoszcz University of Technology,<br>– Koszalin University of Technology. | Development of competencies in the fields of automation and electrical engineering among potential employees. | – student internships and apprenticeships. |

| Company | Cooperation with: | Purpose | Forms of cooperation |
|---|---|---|---|
| ENEA Operator | – School Complex No. 12, Electrical and Power Engineering Technical School (Bydgoszcz),<br>– Electrical Engineering School Complex (Gorzów Wielkopolski).<br>– Technical School Complex – Vocational and Adult Education Center (Leszno),<br>– Hipolit Cegielski School Complex (Chodzież),<br>– Vocational Training Center (Chodzież),<br>– Henryk Zygalski Power Engineering Technical School (Poznań),<br>– Electrical and Electronics School Complex (Szczecin),<br>– Vocational and Adult Education Center (Złotów),<br>– John Paul II Technical School Complex (Gniezno),<br>– Construction School Complex (Piła),<br>– Wielkopolska Insurgents School Complex No. 1 (Wronki),<br>– "Electrician" Vocational and Adult Education Center (Nowa Sól). | Support of education and adaptation of the curriculum to the needs of the company as an employer, support of schools in the promotion of industry-specific education, including active participation in job fairs/open days/conferences, etc. | – visits of students to the ENEA Operator Training Center in Łagów,<br>– internships and apprenticeships,<br>– preparation of a program of retraining workshops for teachers of vocational subjects related to electrical engineering in the field of live-line working on overhead networks, cable lines and distribution equipment up to 1 kV (in cooperation with the Live-Line Working Department),<br>– launch of the initiative to share 360° photos taken by ENEA Operator to improve the quality of education,<br>– "Support for the Start" workshops – in cooperation with the Center for Craft Support, Dual and Vocational Training,<br>– "Phase for Science" scholarship program for students of the patronage class with the highest achievements in education,<br>– "Education" program – "Innovative training of electricians for the power sector" project,<br>– preparation and submission of an application for the inclusion of the market qualification "Operation, maintenance, repair or overhaul, installation or dismantling of overhead and cable lines with a voltage not greater than 1 kV" into the Integrated Qualification System,<br>– preparation of a conference to promote the innovative curriculum, to be implemented under the EEA Financial Mechanism,<br>– preparation of an innovative educational program for electrical technicians with the participation of the "Electrician" Vocational and Adult Education Center in Nowa Sól, |
| ENEA Wytwarzanie | – Warsaw University of Technology,<br>– Wrocław University of Science and Technology. | Cooperation in the area of student apprenticeships and postgraduate training of technical personnel. | – performance of agreements with universities and colleges, |
| | – Polish Legions School Complex No. 1 in Kozienice. | Support in the process of vocational training of students. | – practical classes for students of the Basic Vocational School of Polish Legions School Complex No. 1 in Kozienice and monthly apprenticeships for students of grades 2nd and 4th of the Electrical Technical School and grades 3rd and 4th of the Mechanical Technical School at Polish Legions School Complex No. 1 in Kozienice. |

**BEST PRACTICE**

In October 2023, at the Faculty of Mathematics and Computer Science of Adam Mickiewicz University in Poznań, representatives of the ENEA Group met with students, teachers and principals of industry schools to wrap up their earlier patronage cooperation and discuss potential joint activities of the power sector and secondary schools. Teachers participated in a workshop with a career counselor, while students attended workshops on career counseling and demonstrations of modern technologies applied in the power sector.

## 12.10. Human rights – description of due diligence policies and procedures and their outcomes

Ethical principles, respect for human rights and compliance with applicable laws are among the cornerstones of the ENEA Group. Clearly defined and transparent procedures are in place to report (also anonymously) and clear up potential infringements to ensure the proper functioning of the organization.

**The Group's priorities in the area of human rights envisage in particular:**

- strictly observing the principle of equal treatment irrespective of gender, age, origin, social status, health, sexual orientation or beliefs (this means, among others, that during recruitment to vacancies at the Group, equal, non-discriminatory treatment of candidates is ensured, with a guarantee that no information that could violate the candidate's rights and dignity is obtained, and promotion decisions are taken based on an impartial evaluation of their qualifications, skills and performance),
- implementing a uniform mobbing prevention policy,
- providing all support possible to employees who feel they suffer from mobbing to clarify the case objectively and applying corrective measures if the allegations are confirmed,
- promoting the right attitudes in the organization and identifying prohibited conduct,
- enabling employees to express their opinions and influence important issues concerning the organization and conditions of work,
- building organizational culture, and enabling reports of any noticed offenses and frauds while ensuring the reporting person's anonymity and confidentiality,
- protecting personal interests (personal data, sensitive data) of employees and customers,
- respecting the principle of work-life balance,
- ensuring the freedom of association,
- creating a safe work environment.

### 12.10.1. Internal regulations relevant to human rights

The International Bill of Human Rights and the output of international organizations, such as the Universal Declaration of Human Rights, the U.N. International Covenant on Civil and Political Rights and the U.N. International Covenant on Economic, Social and Cultural Rights are the source of inspiration and the fundamental principles applied by the ENEA Group in the human rights corporate regulations. They are reflected in internal regulations, various initiatives and daily practice alike.

**Requirements and principles related to the respect of human rights are enshrined in:**

- The *ENEA Group Code of Ethics*, which is a collection of principles of conduct and ethical values underlying long-lasting and transparent relations with all stakeholders. The Code sets the fundamental values followed by the ENEA Group in internal and external relations. It specifies the Group's values and pinpoints the principles of conduct to be followed in certain situations faced by employees on a day-to-day basis and not always regulated by generally applicable laws,
- The *Code of Ethics of the LW Bogdanka Group*, which constitutes a commitment to respect the dignity of employees and to maintain attitudes consistent with the applicable standards of law, organizational culture, communication and ethics,
- *ENEA Group Compliance Policy*, which describes in particular the standards of compliance with the law, desired conduct of employees and key standards of ethics, which take into account the Group's interests and are an essential component of its corporate culture. The Policy outlines the ways of clearing up legal or ethical concerns in the ENEA Group. It also provides basic information on the possibility of reporting violations of legal or ethical principles in the Group, and refers to relevant regulations for detailed principles,
- *Policy against mobbing, discrimination and other unacceptable conduct*, which describes unacceptable conduct, the procedures for reporting it and handling the reports, as well as preventive measures and the obligations of employers and employees,
- *Policy for reporting breaches and protecting whistleblowers in the ENEA Group*, which comprehensively regulates the matters associated with reporting potential breaches. The policy ensures that any signals of actions that are not compliant with the applicable law or internal regulations or actions that are unethical will be received, thoroughly analyzed and properly managed, and the person reporting them in good faith (the so-called whistleblower) will be protected.
- *Compliance Policy of Lubelski Węgiel Bogdanka S.A.* and *Procedure for Reporting Breaches in Lubelski Węgiel Bogdanka S.A.* which relate to broadly defined violations of regulations and ethical values and thus human rights,

**Units within the organizational structure of the ENEA Group which are responsible for implementing and supervising the implementation of regulations relating to respect for human rights:**

| Unit | Scope |
|---|---|
| The Group's Human Resources Management Department | Prevention of mobbing, discrimination and other unacceptable conduct, |
| The Group's Legal and Organizational Management Department [the Department's director is also ENEA Group's Compliance Officer] | Implementation of the *ENEA Group Compliance Policy, Procedure for Reporting Breaches and protection of whistleblowers in the ENEA Group* as well as ensuring compliance with the ethical principles included in the *ENEA Group Code of Ethics*. |
| - Compliance Representative<br>- Compliance Policy Department | Implementation of the *Compliance Policy of Lubelski Węgiel "Bogdanka" S.A.* and of the *Procedure for Reporting Breaches in Lubelski Węgiel Bogdanka S.A.* and ensuring compliance with the ethical principles included in the *Code of Ethics of Lubelski Węgiel Bogdanka*. |

All employees of the ENEA Group are also obligated to monitor their surroundings in the context of the applicable human rights standards. A set of useful information dedicated to these issues can be found on a publicly accessible website at https://www.enea.pl/compliance. It features information and brochures on the *ENEA Group Code of Ethics* and the Group's Compliance system, as well as the form at https://www.enea.pl/zglaszanie-naruszen, which is used to report breaches (also anonymously and confidentially). Reports are reviewed by the ENEA Group Compliance Committee, which annually submits to the ENEA S.A. Management Board information including the number of reports and the number of breaches in the Group. In addition, most of the Group's companies have dedicated opinion leading teams to analyze the information received on unacceptable behavior in the workplace. They are responsible for an objective and reliable investigation of the circumstances of such incidents and for formulating appropriate recommendations.

In 2023 the anti-mobbing team at ENEA Logistyka received one report of discrimination, the investigation has not been completed. ENEA Nowa Energia set up an Anti-Mobbing Commission to investigate one report. The Commission's work was not yet completed in 2023. Once completed, corrective actions adequate to the final results of the investigation will be implemented in accordance with the applicable procedures

### 12.10.2. Customer privacy protection

The specific nature and scale of the business activities mean that the protection of the privacy of the ENEA Group's customers and the related security of the stored data are the subject of special attention throughout the Group. These issues are subject not only to applicable laws but also to internal regulations. The ENEA Group respects customers' right to privacy and understands that entrusted data must be protected from unauthorized access and used in a responsible manner.

As regards IT personal data security, the Group relies on ENEA Centrum, which ensures comprehensive support for IT processes, including administration of systems critical for cybersecurity.

ENEA Group companies operate in compliance with the GDPR requirements, and key service operators comply with the requirements provided for by the *Act on the National Cybersecurity System*. The Group has implemented advanced technical and organizational solutions to guarantee fast and effective handling of cyber security incidents. Dedicated units carry out, among other things, preventive measures to minimize the risk of threats and are responsible for the security of their ICT and industrial automation systems. They are aware of new threats resulting, inter alia, from the unstable geopolitical situation in Europe.

ENEA Group companies, as required by the GDPR, have Data Protection Officers who monitor the organization's compliance with all data protection laws, carry out internal activities to raise awareness of customer privacy protection, and act as a point of contact for individuals making requests and demands regarding the processing of their personal data and the exercise of their rights.

Internal regulations to ensure the correct protection of customer data:

- *ENEA Group Information Security Policy,*
- *Personal Data Protection Policy in the ENEA Group,*
- *ICT Security Principles in the ENEA Group,*
- *Information Processing Principles in the ENEA Group,*
- *Personal Data Processing Principles in the ENEA Group,*
- *Risk Management Methodology for Cybersecurity of Key Services in the ENEA Group*
- *Personal Data Processing Risk Methodology in the ENEA Group.*

Group companies may also introduce their own additional privacy and data recommendations. For example, Lubelski Węgiel Bogdanka S.A. has the *Information Security Policy for ICT systems* in place.

**Confidentiality in ENEA Group's relations with customers and measures preventing loss of customers' data include, without limitation:**

1. Regular periodic reviews and assessment of personal data processing systems with regard to their security,

2. Identifying gaps and streamlining the process,
3. Conducting regular Data Protection Impact Assessments (DPIAs) when a new project/solution arises, as the most important element of the so-called Privacy by Design, i.e. taking into account the need to protect personal data right from the design stage,
4. Regular meetings with the Data Protection Officers (DPOs) of the Group companies to discuss current issues, exchange experiences, share current tasks, and review regulations that require changes. Providing necessary information and assistance to new Officers,
5. Cooperation with a law firm to optimize and improve the solutions used in internal regulations,
6. An integrated supervision of how individual's rights are pursued, using a database together with the e-IOD (electronic DPO) system through the application system,
7. Updating the list of IT systems processing personal data in order to perform a comprehensive risk analysis for current systems,
8. Ongoing handling of requests to the DPOs for consultation and opinion on personal data processing agreements and on personal data processing processes,
9. Implementing the relevant procedure where incidents arise, and qualifying the incident in terms of a potential breach,
10. Non-disclosure agreements or confidentiality clauses and, in relevant cases, personal data processing agreements are signed with both employees and external entities that start cooperation with the ENEA Group companies. In addition, employees, trainees, interns and people cooperating with the companies based on civil law agreements take part in training courses regarding personal data protection and information security.

Access to customers' personal data is limited to a necessary extent resulting from the functions discharged by employees. Physical access to rooms where documents with personal data are stored is granted only to authorized staff. Servers storing and processing personal data are connected to the internal network only, without access to the Internet global network. The IT infrastructure has a number of advanced safeguards to protect client data. Safeguards are subject to periodic internal and external audits, which among other things identify and minimize the risk of threats and unauthorized access to data.

Documents containing customers' personal data that are sent electronically are password-protected. When sending by post, the Group uses registered letters delivered against acknowledgement of receipt.

| Breaches of personal data protection regulations in 2023. | Eligible for reporting to the President of the Personal Data Protection Authority | Ineligible for reporting to the President of the Personal Data Protection Authority | Total |
|---|---|---|---|
| By ENEA Group companies overall: | 4 | 376 | 380 |
| including ENEA S.A. | 4 | 281 | 285 |

On 30 November 2023, the President of the Office for Personal Data Protection issued a decision on imposing an administrative fine of PLN 282,960 on ENEA S.A. for failing to comply with the obligation to report a data protection breach to the President of the Office for Personal Data Protection. The company appealed the decision to the Voivodeship Administrative Court (WSA) in Warsaw.

In 2023. ENEA S.A. identified no significant new risks in the area of customer data security.

### Selected initiatives to enhance personal data security in 2023

In 2023, the revision and update of the *Personal Data Protection Policy in the ENEA Group* was completed, which has been in effect since 1 January 2024. In the new edition:

- more details were provided on the entities comprising the personal data protection system in the ENEA Group, as well as their tasks and responsibilities,
- the bases and principles of personal data processing by companies of the ENEA Group were updated,
- the principles of entrusting, sharing and retention of data were clarified and standardized, including the introduction of new templates for personal data processing agreements,
- an obligation was introduced for each company to adopt an instruction on how to handle incidents and breaches of personal data protection,
- regulations were introduced to inform the management of companies about the state of personal data protection.

In 2023, upgraded solutions for handling cookies on the websites of ENEA Group companies were also introduced and the provisions of personal data processing agreements concluded between individual Group companies were updated.

ENEA Operator conducted a data protection audit as part of European Funds. No gaps or irregularities were identified in the process. The procedure for amendments to the *Personal Data Protection Regulations at ENEA Operator* was also initiated, which amendments will be implemented in 2024.

At Lubelski Węgiel Bogdanka S.A. the *Personal Data Protection Policy* was reviewed and updated. The company updated the template of the personal data processing agreement and of the data processor questionnaire. Security of access to network resources was also improved by changing the rules for creating passwords.

## 12.11. Anti-corruption – description of due diligence policies and procedures and their outcomes

**The ENEA Group does not tolerate any form of corruption and does not make decisions on the basis of such actions. As a matter of principle, employees of the Group companies do not offer or receive gifts from colleagues, business partners, social partners, potential customers or contractors.**

The standards of conduct to mitigate the risk of corruption are provided, among others, in the *ENEA Group Compliance Policy* and in the *ENEA Group Code of Ethics*. Additionally, guided by our commitment to ensuring high quality of our business relations, wishing to enhance and promote transparent, ethical and responsible market practices, the *Code of Conduct for Contractors of the ENEA Group* was adopted at the ENEA Group in 2020, which was published on the Group's website, thus enabling contractors to become familiar with our expectations concerning the ENEA Group's operation areas that are of particular significance, such as e.g. anti-corruption issues. The acceptance of these expectations is confirmed from time to time by contractors in the provisions of the contracts that are concluded with them.

The corruption prevention issues have been specified in more technical regulations, i.e.:

- The *Rules for Offering and Receiving Gifts in the ENEA Group*, which contain specific guidelines and limitations of offering and receiving gifts, including the nature of the gifts, value thresholds, relevant approvals and the extremely important "own judgment", which covers a list of questions an employee should answer before receiving or offering a gift in order to determine whether it is not inappropriate even if it is legally permissible. The Rules are applicable to all employees of the Group companies regardless of the form of employment, position held or function fulfilled,
- The *Policy for reporting breaches and protecting whistleblowers in the ENEA Group*, which comprehensively regulates the matters associated with reporting suspected breaches, including corruption. The primary objective of the relevant regulation is to ensure that any signals of possible breaches are received, thoroughly analyzed and properly managed, and the person who reports them trusting in their veracity is protected against potential retaliation,
- *The ENEA Group's Code of Conduct for Contractors,* which defines ENEA Group's basic expectations of business partners with respect to their compliance with generally applicable laws, market and ethical standards,
- The *Anti-corruption Policy of Lubelski Węgiel Bogdanka S.A*., which identifies legal and ethical standards which make it possible to conduct business in a responsible and transparent manner. Anti-corruption is also an important element of such documents as: the *Lubelski Węgiel Bogdanka Group's Code of Ethics*, the *Procedure for Reporting Breaches in Lubelski Węgiel Bogdanka S.A.*, the *Guidelines on Offering and Receiving Gifts at Lubelski Węgiel Bogdanka S.A*. and the *Compliance Policy of Lubelski Węgiel Bogdanka S.A.*

The elimination of breaches in this area is also expedited by appropriate provisions of internal acts of individual Group companies, such as the rules for awarding contracts (they include a requirement that persons performing activities in the procedure or who may influence the outcome of such a procedure or persons awarding contracts, in particular persons acting as managers of the contracting entity, members of the tender committee and experts, must submit statements confirming the absence of any relations on their part with contractors participating in the tenders) or the work regulations.

**The above-mentioned rules and regulations are applicable to all employees of the ENEA Group companies, including Management Board Members, regardless of their form of employment, position held or function fulfilled.**

The ENEA Group's anti-corruption system is compliant with the standards recommended for the compliance management system on counteracting corruption and the whistleblower protection system in companies listed on markets organized by the Warsaw Stock Exchange.

The risk of corrupt activities by ENEA Group employees, among other things, related to:

- offering, giving or receiving material or personal benefits which may affect the objectivity and reliability of performance of official duties,
- entering into civil law contracts with persons with whom they have business relations related to the scope of their duties in the company,
- offering material or personal benefits to business and social partners which, by their nature, value or situational context, could affect the objectivity and integrity of the other party's performance of his or her professional duties.

The aforementioned risks have been assessed by the Group Risk Management Department at ENEA S.A. as stable risks with mitigating measures undertaken on an ongoing basis.

A particularly significant component of the anti-corruption system is the creation of a proper organizational culture within the ENEA Group, pursued, in particular, by the Compliance Office at ENEA S.A., among other measures, through e-learning training for employees, promoting ethical and lawful behaviors, and through information campaigns aimed at continuous development of knowledge and employees' awareness of compliance with legal and market requirements but also with moral standards. The Compliance Office at ENEA S.A. actively participates in drafting internal regulations and issuing opinions on them from the Compliance perspective, cooperates with the individuals involved in this area in ENEA Group companies and identifies and assesses potential risks of non-compliance, corruption and conflict of interest.

The ENEA Group's anti-corruption system also provides for, among other things:

- pre-contractual verification of contractors,
- introduction of an obligation for contractors to sign an anti-corruption clause as an integral part of each contract concluded.

### 12.11.1. Selected anti-corruption activities in 2023

As part of the activities aimed at fostering the Compliance culture in the ENEA Group, the Compliance Office at ENEA S.A. commenced work on rebuilding and updating the tab on the ENEA Group intranet dedicated to compliance issues. Four thematic modules were created, i.e.:

- a module containing a knowledge base in the area of Compliance – the knowledge base was designed to enable employees to freely get familiar with basic information in the area of Compliance, including basic related concepts. The database will also be a source of knowledge on issues such as corruption, conflict of interest, fair competition, and will include guidance on who an employee should contact in case of doubts in the Compliance area, and to whom they should turn when they become aware of a breach within the ENEA Group,
- a module containing Compliance regulations – within this module, an employee will have direct access to internal regulations in force in the ENEA Group, which relate to the area of Compliance e.g. the rules for offering and receiving gifts in the ENEA Group,
- a module containing information on campaigns and training programs conducted by the Compliance Office – within this module an employee will have access to pages describing campaigns, e.g. the #EneaJestFair campaign, as well as e-learning training programs and useful links,
- a module containing information on organizational units in the ENEA Group or persons responsible for carrying out tasks in the Compliance area, and a link to the ENEA Group Breach Reporting Form and the form used to report offering or receiving a gift.

In 2023, ENEA Operator updated the *Rules for ENEA Operator Sp. z o.o. awarding contracts co-financed from European Union funds* – the changes included provisions related to percentage thresholds in line with the Compliance Policy. In addition, an appendix was added to the *Rules for disposal of redundant assets at ENEA Operator* – a declaration of non-conflict of interest in the case of sale of assets in a tendering procedure.

In 2023 LWB introduced the *Anti-Corruption Policy* and *Conflict of Interest Management Policy.* In addition, in 2023 it updated the ethics regulations that had previously existed at the LWB Group and in LWB – since December 2023, a *Code of Ethics of the LW Bogdanka Group* has been in force. Furthermore, *Compliance Policy of Lubelski Węgiel Bogdanka S.A.* and *Procedure for Reporting Breaches in Lubelski Węgiel Bogdanka S.A.* are in force at LWB.

MR BOGDANKA introduced in 2023 the *Anticorruption Policy of MR BOGDANKA sp. z o.o.*, regulating, inter alia, the approach to corruption and conflict of interest, prohibiting the offering and requesting of material or personal benefits or promising them in connection with the performance of professional duties, and prescribing that, in business dealings with business partners, care is taken to ensure that relationships are fair and transparent and remain formal.

In 2023. RG Bogdanka adopted the *Anti-Corruption Policy of RG Bogdanka sp. z o.o*. It was introduced to establish uniform rules on handling identified cases of fraud, preventing and counteracting corrupt activities carried out to the detriment of RG Bogdanka as well as activities incompatible with the principles of conducting business ethically and in compliance with the principles of fair competition. The Policy also aims to ensure transparency of the Company's actions towards its business partners. In addition, an anti-corruption clause is applied in contracts to which RG Bogdanka is a party.

In 2023 ENEA Innowacje implemented a number of new processes and policies. The company became part of the ENEA Group Compliance System and obliged to comply with its requirements. One of these was to train all employees on the application of the *ENEA Group Compliance Policy* and of the *Rules for Offering and Receiving Gifts at ENEA Group*. In addition, a person has been appointed at the company who is responsible for reporting, implementing recommendations and maintaining regular contact with the Compliance Management and Legal Services Division at the ENEA Group.

In 2023 ENEA Pomiary supplemented the *Contracting Rules for ENEA Pomiary sp. z o.o.* with a provision requiring that contracts should include a clause referring to the *ENEA Group Code of Conduct for Contractors*, in which the contractor declares that it has familiarized itself with the Code and undertakes to abide by it.

## 12.11.2. Outcomes of anti-corruption activities

In 2023, the prosecution proceedings initiated in 2022 were underway at ENEA Logistyka regarding the acceptance of a material benefit by the company's employee[1]. ENEA Operator commissioned an external law firm to conduct an ownership audit in ENEA Logistyka with regard to the irregularities investigated by the public prosecutor's office. No cases of corruption were reported in the other companies of the ENEA Group.

| Number of ENEA Group companies assessed in 2023 in terms of the risk of corruption occurring as part of the operations of the Compliance Management and Legal Services Division at the ENEA Group | | |
|---|---|---|
| Total number of ENEA Group companies cooperating with the ENEA S.A. Compliance Office. | 18 | including ENEA S.A. |
| Number of ENEA Group companies assessed in terms of the risk of corruption occurring | 18 | including ENEA S.A. |
| Percentage of ENEA Group companies assessed in terms of the risk of corruption occurring | 100% | |

**Percentage of management board members and employees of selected ENEA Group companies who were informed of the anti-corruption policies and procedures and took anti-corruption training[2)]**

| Company | Percentage of management board members who were informed about anti-corruption policies and procedures | Percentage of management board members who took anti-corruption training | Percentage of employees who were informed about the company's anti-corruption policies and procedures | Percentage of employees who took anti-corruption training |
|---|---|---|---|---|
| ENEA S.A. | 100% | 100% | 100% | 100% |
| ENEA Ciepło – Head Office | 100% | 100% | 100% | 100% |
| ENEA Ciepło –Białystok Branch | 100% | 100% | 100% | 100% |
| ENEA Elektrownia Połaniec | 67% | 67% | 100% | 100% |
| ENEA Bioenergia | 100% | 100% | 100% | 100% |
| ENEA Nowa Energia | 100% | 100% | 100% | 100% |
| ENEA Wytwarzanie | 47% | 40% | 41% | 41% |
| PEC Oborniki | 100% | 100% | 100% | 100% |
| MEC Piła | 100% | 100% | 100% | 100% |
| ENEA Operator | 100% | 71% | 100% | 62% |
| ENEA Trading | 44% | 44% | 99% | 99% |
| ENEA Innowacje | 100% | 33% | 100% | 96% |
| ENEA Serwis | 100% | 100% | 100% | 100% |
| ENEA Centrum | 100% | 100% | 100% | 97% |
| ENEA Pomiary | 100% | 67% | 100% | 100% |
| ENEA Logistyka | 43% | 43% | 86% | 86% |
| ENEA Oświetlenie | 57% | 57% | 100% | 82% |
| Lubelski Węgiel Bogdanka | 100% | 38% | 100% | 100% |
| ENEA ELKOGAZ | 50% | 17% | 100% | 47% |
| Łęczyńska Energetyka | 100% | 17% | 100% | 30% |
| MR Bogdanka | 100% | 0% | 100% | 0% |
| RG Bogdanka | 100% | 100% | 100% | 0% |
| EkoTRANS Bogdanka | 100% | DATA NOT AVAILABLE | 100% | DATA NOT AVAILABLE |
| ENEA Power&Gas Trading[3] | 100% | 100% | 100% | 98% |

[1] In 2022, only one completed proceeding was reported.
[2] Exclusive of RES special purpose vehicles.
[3] The difference between the total number of a company's employees and the number of company's employees who were employed by the company as at 31 December 2023 and who took anti-corruption training is due to the fact that one person remained employed by another Group company (in each of these companies on a 1/2-time basis) and took all mandatory training at the other company.

## 12.12. Non-financial key performance indicators of the ENEA Group

| Area | Indicator | 2021 | 2022 | 2023 | Change 2023/2022 |
|---|---|---|---|---|---|
| Economic | Taxes paid internationally, nationally and locally[1] | PLN 986 million | PLN 575 million | PLN 3,918 million | +581.4% |
| | Payments to the state budget in the form of dividends[2] | PLN 0 million | PLN 30 million | PLN 31 million | +3.3% |
| | Number of employees[3] | 17,461 | 17,588 | 18,227 | +3.6% |
| | Salaries and employee benefits | PLN 2.1 billion | PLN 2.5 billion | PLN 3.1 billion | +24% |
| | Confirmed incidents of corruption | 0 | 0 | 0 | - |
| | Total number of incidents of non-compliance with regulations governing marketing communication, including advertising, promotion and sponsorship | Not reported | 0 | 0 | - |
| | Total number of court and administrative proceedings concerning breaches of principles of free competition or anti-monopoly regulations to which Group companies were a party | Not reported | 0 | 3 | +3 |
| Environmental | Direct (Scope 1) GHG emissions | 22,415,951 tons of $CO_2e$ | 23,084,025 tons of $CO_2e$ | 18,262,655 tons of $CO_2e$ | -20.9% |
| | Indirect greenhouse gas emissions (Scope 2) | 292,410 tons of $CO_2e$ | 270,244 tons of $CO_2e$ | 299,608 tons of $CO_2e$ | +10.9% |
| | Greenhouse gas emissions (Scope 3)[4] | None reported for the whole Group | None reported for the whole Group | 26,681,518 tons of $CO_2e$ | - |
| | Intensity of greenhouse gas emissions[5] | 764 kg/MWh | 793 kg/MWh | 768 kg/MWh | -3.2% |
| | Generation of energy from renewable sources | 2,415 GWh | 1,949 GWh | 2,284 GWh | +17.2% |
| | Amount earmarked for investments in the environmental area | PLN 156 million | PLN 80 million | PLN 88.5 million | +10.6% |
| | Amount of significant penalties imposed for non-compliance with environmental protection laws or regulations | 0 | 0 | 0 | - |
| Social | Total value of cash and in-kind donations[6] | PLN 5.0 million | PLN 12.9 million[7] | PLN 28.8 million | +124% |
| | Number of fatalities involving the Group's employees and subcontractors | 0[8] | 4[8 9] | 1 | -75% |
| | Number of discriminatory incidents | 0 | 0 | 0 | - |
| Customer-related | Trading Segment: number of customers[10] | 2,615 thousand | 2,681 thousand | 2,715 thousand | +1.3% |
| | Distribution Segment: number of customers/electricity consumers[10] | 2,703 thousand | 2,753 thousand | 2,792 thousand | +1.4% |
| | Sales of electricity and gaseous fuel to retail customers | 24.5 TWh | 23.7 TWh | 22.8 TWh | -3.8% |
| | SAIDI – System Average Interruption Duration Index[11] | 77 min. | 89 min. | 85 min. | -4.5% |
| | SAIFI – System Average Interruption Frequency Index of long breaks in electricity supply[11] | 1.94 | 1.98 | 1.82 | -8.1% |
| | Customer data breaches that qualified for reporting to the President of the Personal Data Protection Authority | 3 | 0 | 4 | +4 |

[1] Items from the consolidated statement of comprehensive income: taxes and charges, current tax.
[2] Item from the consolidated statement of cash flows: dividends paid.
[3] Number of all employment contracts in the ENEA Group companies as at the last day of the year. Includes employees with a temporary suspension of employment, i.e. on parental leaves, unpaid leaves above 30 days and those receiving rehabilitation benefits. Employees on an unpaid leave in one Group company and at the same time working with another company under employment contracts are calculated twice.
[4] In previous years, Scope 3 emissions were calculated only for some ENEA Group companies.
[5] Ratio of total $CO_2$ emissions associated with electricity generation to total gross electricity generation. In the case of the power plants in Kozienice and Połaniec, the calculations are based on total $CO_2$ emissions for sources that generate only electricity or cogenerate electricity and trace quantities of heat (for methodology reasons, it was impossible to break down the data for the former type of plants). In the case of MEC Piła and ENEA Ciepło, the presented data concern only $CO_2$ emissions related directly to the generation of electricity, i.e. they do not include emissions related to the generation of heat.
[6] Total amount of funds provided by Group companies to the ENEA Foundation, the "Solidary Miners" Foundation and directly to other entities.
[7] The value of funds donated by Group companies to the ENEA Foundation in 2022 has been adjusted after taking into account data from the ENEA Foundation's Financial Report for 2022, as published on 31 March 2023.
[8] No data available for employees of ENEA Serwis' subcontractors.
[9] No data available for employees of RG Bogdanka and employees of subcontractors of RG Bogdanka, MEC Piła and ENEA Operator.
[10] As at the end of the reporting period.
[11] Reflects scheduled and unscheduled interruptions in electricity supply for high and medium voltages.

## 12.13. Compliance tables

### Compliance of the report with the Accounting Act

| Requirement of the Accounting Act | Chapter |
|---|---|
| Business model (Article 49b sec. 2 item 1) | **12.2.1. Line of business**<br>**12.2.2. Company value in the context of changes in the market**<br>**12.3. Development Strategy until 2030 with an outlook to 2040** |
| Non-financial key performance indicators (Article 49b sec. 2 item 2) | **12.12. Non-financial key performance indicators of the ENEA Group** |
| Non-financial policies and their results (Article 49b sec. 2 item 3) | **12.4. Sustainability management in the ENEA Group** |
| Policies in the environmental area | **12.6. Environmental issues – description of due diligence policies and procedures, and their results** |
| Policies in the labor area | **12.8.1. Regulations in the labor area** |
| Policies in the social area | **12.9.5. ENEA Group social engagement rules** |
| Policies in the human rights area | **12.10.1. Internal regulations relevant to human rights** |
| Policies in the anti-corruption area | **12.11. Anti-corruption – description of due diligence policies and procedures and their outcomes** |
| Due diligence procedures model (Article 49b sec. 2 item 4) | **12.6. Environmental issues – description of due diligence policies and procedures, and their results** |
| Material non-financial risks and risk management (Article 49b sec. 2 item 5) | **12.5. Management of non-financial risks** |

### Compliance of the report with the TCFD recommendations

| TCFD recommendations | Chapter |
|---|---|
| **CORPORATE GOVERNANCE** | |
| Describe the oversight exercised by the management board and the supervisory board over climate-related risks and opportunities | **12.5. Management of non-financial risks** |
| Describe the role of the management board and the supervisory board in assessing and managing climate-related risks and opportunities | **12.5. Management of non-financial risks** |
| **STRATEGY** | |
| Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term | **12.5. Management of non-financial risks** |
| Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning | **12.5. Management of non-financial risks** |
| Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario | **12.5. Management of non-financial risks** |
| **RISK MANAGEMENT** | |
| Describe the organization's processes for identifying and assessing climate-related risks | **12.5. Management of non-financial risks** |
| Describe the organization's processes for managing climate-related risks | **12.5. Management of non-financial risks** |
| Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management. | **12.5. Management of non-financial risks** |
| **METRICS AND TARGETS** | |
| Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process | **12.5.3. Risks and opportunities related to climate** |
| Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks | **12.6.5. Effects of the implemented environmental protection policies**<br>**12.5.3. Risks and opportunities related to climate** |
| Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets. | **12.3. Development Strategy until 2030 with an outlook to 2040** |

## ESG indicators used, as recommended by the Warsaw Stock Exchange

| Area | Metrics | Chapter |
|---|---|---|
| ENVIRONMENT | | **Climate change** |
| | E-P1 Greenhouse gas emissions | **12.6.5. Effects of the implemented environmental protection policies** |
| | E-P2 Energy consumption | **12.6.5. Effects of the implemented environmental protection policies** |
| | EP-3 Climate-related risks and opportunities | **12.5.3. Climate-related risks and opportunities** |
| | ES-1 Greenhouse gas emissions intensity | **12.6.5. Effects of the implemented environmental protection policies** |
| | ES-2 Emission management | **12.6.1. Climate policy and oversight of climate-related issues** |
| | | **Natural resources** |
| | ES-3 Water consumption | **12.6.5. Effects of the implemented environmental protection policies** |
| | ES-4 Water resource management | **12.6.3. Environmental impact of the ENEA Group** |
| | ES-5 Impact on biodiversity | **12.6.3. Environmental impact of the ENEA Group** |
| | | **Pollution and waste** |
| | ES-6 Waste management | **12.6.3. Environmental impact of the ENEA Group** |
| SOCIETY | | **Diversity** |
| | S-P1 Diversity in supervisory bodies | **12.8.2. Employment in ENEA Group companies** |
| | S-P2 Equal pay ratio | **12.8.3. Equal pay** |
| | | **Headcount** |
| | S-P3 Employment turnover | **12.8.2. Employment in ENEA Group companies** |
| | S-P4 Freedom of association and collective negotiation | **12.8.4. Freedom of association, social dialog and participation in decision-making** |
| | S-S1 Occupational health and safety | **12.8.5. Occupational health and safety** |
| | | **Human rights** |
| | S-P5 Human rights policy | **12.10. Human rights – description of due diligence policies and procedures and their outcomes** |
| | S-P6 Due diligence procedures related to human rights | **12.10. Human rights – description of due diligence policies and procedures and their outcomes** |
| GOVERNANCE | | **Business ethics** |
| | G-P1 Structure of governing bodies | **9. Company authorities** |
| | G-P2 Code of ethics | **12.9.4. Ethical market practices** |
| | G-P3 Anticorruption policy | **12.11. Anti-corruption – description of due diligence policies and procedures and their outcomes** |
| | G-P4 Whistleblowing mechanism | **12.11. Anti-corruption – description of due diligence policies and procedures and their outcomes** |
| | | **Data security and protection** |
| | G-S1 Data protection policy | **12.10.2. Customer privacy protection** |

# 13. Appendices

## Appendix 1 – Statement of profit and loss of ENEA Operator in 2023

| [PLN 000s] | 2022 | 2023 | Change | % change |
|---|---|---|---|---|
| Revenue from sales of distribution services to end users | 3,209,776 | 4,497,649 | 1,287,873 | 40.1% |
| Revenue from additional fees | 3,807 | 5,131 | 1,324 | 34.8% |
| Revenue from non-invoiced sale of distribution services | 12,919 | 13,136 | 217 | 1.7% |
| Clearing of the Balancing Market | 64,904 | 196,425 | 131,521 | 202.6% |
| Revenue from connection fees | 90,883 | 148,347 | 57,464 | 63.2% |
| Revenue from illegal electricity consumption | 6,958 | 9,838 | 2,880 | 41.4% |
| Revenue from other services | 29,164 | 31,440 | 2,276 | 7.8% |
| Revenue from sales of distribution services to other entities | 18,339 | 31,109 | 12,770 | 69.6% |
| Revenue from sales of goods and materials | 1,672 | 1,890 | 218 | 13.0% |
| **Net revenue from sales** | **3,438,422** | **4,934,965** | **1,496,543** | **43.5%** |
| Compensation | 0 | 439,897 | 439,897 | 100.0% |
| **Revenue from sales and other income** | **3,438,422** | **5,374,862** | **1,936,440** | **56.3%** |
| Depreciation and amortization | 703,535 | 727,471 | 23,936 | 3.4% |
| Employee benefit costs | 621,944 | 682,461 | 60,517 | 9.7% |
| Consumption of materials and supplies and cost of goods sold | 39,889 | 44,544 | 4,655 | 11.7% |
| Purchase of energy for own needs and network losses | 470,340 | 1,596,001 | 1,125,661 | 239.3% |
| Costs of transmission services | 458,148 | 651,922 | 193,774 | 42.3% |
| Other third-party services | 301,991 | 351,671 | 49,680 | 16.5% |
| Taxes and charges | 292,741 | 262,897 | -29,844 | -10.2% |
| **Tax-deductible expense** | **2,888,588** | **4,316,967** | **1,428,379** | **49.4%** |
| Other operating income | 111,403 | 124,287 | 12,884 | 11.6% |
| Other operating expenses | 52,876 | 110,212 | 57,336 | 108.4% |
| Profit/(loss) on change, sale and liquidation of property, plant and equipment and right-to-use assets | (3,419) | (1,942) | 1,477 | 43.2% |
| **Operating profit / (loss)** | **604,942** | **1,070,028** | **465,086** | **76.9%** |
| Finance income | 27,956 | 11,505 | -16,451 | -58.8% |
| Finance costs | 223,784 | 374,810 | 151,026 | 67.5% |
| **Profit / (loss) before tax** | **409,114** | **706,723** | **297,609** | **72.7%** |
| Income tax | 82,848 | 147,077 | 64,229 | 77.5% |
| **Net profit / (loss) for the reporting period** | **326,266** | **559,646** | **233,380** | **71.5%** |
| **EBITDA** | **1,308,477** | **1,797,499** | **489,022** | **37.4%** |

### ENEA Operator – EBITDA drivers in 2023 (up by PLN 489.0 million):

(+) increase in revenue from sales of distribution services to end users (including revenue from sales of uninvoiced distribution services and revenue from compensation) by PLN 1,728 million, driven mainly by higher rates in the approved tariff for 2023
(-) increase in costs of transmission and distribution services (balance) by PLN 181 million, caused mainly by an increase in the rates of fixed and variable fees in settlements with PSE S.A. and neighboring DSOs
(-) costs of purchasing electricity to cover the balancing difference (balance) up by PLN 994 million, chiefly as a result of an increase in wholesale prices with delivery in 2023
(+) higher revenues from grid connection fees by PLN 57 million, resulting predominantly from a greater number of RES facilities connected in the current year in the 2nd, 3rd and 4th connection groups
(-) higher operating costs by PLN 85 million resulted mainly from higher employee benefit costs and third-party service expenses
(-) lower result on other operating activities by PLN 43 million resulting mainly from remeasurement of provisions for grid assets

## Appendix 2 – Statement of profit and loss of ENEA Operator in Q4 2023

| [PLN 000s] | Q4 2022 | Q4 2023 | Change | % change |
|---|---|---|---|---|
| Revenue from sales of distribution services to end users | 810,013 | 1,170,828 | 360,815 | 44.5% |
| Revenue from additional fees | 1,117 | 1,196 | 79 | 7.1% |
| Revenue from non-invoiced sale of distribution services | 3,137 | -11,750 | -14,887 | -474.6% |
| Clearing of the Balancing Market | 30,291 | 129,656 | 99,365 | 328.0% |
| Revenue from connection fees | 29,833 | 46,125 | 16,292 | 54.6% |
| Revenue from illegal electricity consumption | 1,529 | 2,158 | 629 | 41.1% |
| Revenue from other services | 7,349 | 7,839 | 490 | 6.7% |
| Revenue from sales of distribution services to other entities | 4,063 | 8,883 | 4,820 | 118.6% |
| Revenue from sales of goods and materials | 791 | 980 | 189 | 23.9% |
| **Net revenue from sales** | **888,123** | **1,355,915** | **467,792** | **52.7%** |
| Compensation | 0 | 117,849 | 117,849 | 100.0% |
| **Revenue from sales and other income** | **888,123** | **1,473,764** | **585,641** | **65.9%** |
| Depreciation and amortization | 177,406 | 186,822 | 9,416 | 5.3% |
| Employee benefit costs | 175,544 | 195,846 | 20,302 | 11.6% |
| Consumption of materials and supplies and cost of goods sold | 10,799 | 12,414 | 1,615 | 15.0% |
| Purchase of energy for own needs and network losses | 120,651 | 423,908 | 303,257 | 251.4% |
| Costs of transmission services | 117,938 | 163,932 | 45,994 | 39.0% |
| Other third-party services | 87,055 | 102,865 | 15,810 | 18.2% |
| Taxes and charges | 68,440 | 64,999 | -3,441 | -5.0% |
| **Tax-deductible expense** | **757,833** | **1,150,786** | **392,953** | **51.9%** |
| Other operating income | 46,474 | 36,981 | -9,493 | -20.4% |
| Other operating expenses | 2,281 | 38,100 | 35,819 | 1,570.3% |
| Profit/(loss) on change, sale and liquidation of property, plant and equipment and right-to-use assets | (1,019) | (1,382) | -363 | -35.6% |
| **Operating profit / (loss)** | **173,464** | **320,477** | **147,013** | **84.8%** |
| Finance income | 1,559 | 2,259 | 700 | 44.9% |
| Finance costs | 76,105 | 100,146 | 24,041 | 31.6% |
| **Profit / (loss) before tax** | **98,918** | **222,590** | **123,672** | **125.0%** |
| Income tax | 20,392 | 46,164 | 25,772 | 126.4% |
| **Net profit / (loss) for the reporting period** | **78,526** | **176,426** | **97,900** | **124.7%** |
| **EBITDA** | **350,870** | **507,299** | **156,429** | **44.6%** |

### ENEA Operator – key EBITDA drivers in Q4 2023 (up by PLN 156.4 million):

(+) increase in revenue from sales of distribution services to end users (including revenue from sales of uninvoiced distribution services and revenue from compensation) by PLN 464 million, driven mainly by higher rates in the approved tariff for 2023
(-) increase in costs of transmission and distribution services (balance) by PLN 41 million, caused mainly by an increase in the rates of fixed and variable fees in settlements with PSE SA and neighboring DSOs
(-) costs of purchasing electricity to cover the balancing difference (balance) up by PLN 204 million, chiefly as a result of an increase in wholesale prices with delivery in 2023
(+) revenues from grid connection fees up by PLN 16 million
(-) higher operating costs by PLN 34 million resulted mainly from higher employee benefit costs and third-party service expenses
(-) lower result on other operating activities by PLN 46 million resulting mainly from remeasurement of provisions for grid assets

## Appendix 3 – Statement of profit and loss of ENEA Wytwarzanie in 2023

| [PLN 000s] | 2022 | 2023 | Change | % change |
|---|---|---|---|---|
| Revenues on sale of electricity | 8,004,233 | 16,417,395 | 8,413,162 | 105.1% |
| generation license | 7,750,582 | 16,216,707 | 8,466,125 | 109.2% |
| trading license | 210,316 | 113,749 | -96,567 | -45.9% |
| Regulatory System Services | 43,335 | 86,939 | 43,604 | 100.6% |
| Revenue from the Capacity Market | 634,326 | 669,094 | 34,768 | 5.5% |
| Revenues on sale of heating energy | 12,686 | 21,364 | 8,678 | 68.4% |
| Revenues on the sales of other products and services | 6,193 | 6,191 | -2 | 0.0% |
| Revenues from sales of merchandise and materials | 33,789 | 47,711 | 13,922 | 41.2% |
| **Net revenue from sales** | **8,691,227** | **17,161,755** | **8,470,528** | **97.5%** |
| Revenue from leases and operating subleases | 606 | 891 | 285 | 47.0% |
| **Revenue from sales and other income** | **8,691,833** | **17,162,646** | **8,470,813** | **97.5%** |
| Depreciation and amortization | 245,826 | 263,350 | 17,524 | 7.1% |
| Employee benefit costs | 322,152 | 413,742 | 91,590 | 28.4% |
| Consumption of materials and supplies and cost of goods sold | 7,329,471 | 10,539,610 | 3,210,139 | 43.8% |
| Purchase of energy for subsequent sale | 824,637 | 1,570,561 | 745,924 | 90.5% |
| Transmission services | 2 | 0 | -2 | -100.0% |
| Other third-party services | 145,336 | 200,096 | 54,760 | 37.7% |
| Taxes and charges | 85,111 | 2,668,830 | 2,583,719 | 3,035.7% |
| **Tax-deductible expense** | **8,952,535** | **15,656,189** | **6,703,654** | **74.9%** |
| Other operating income | 34,933 | 25,130 | -9,803 | -28.1% |
| Other operating expenses | 18,068 | 29,784 | 11,716 | 64.8% |
| Profit/(loss) on change, sale and liquidation of property, plant and equipment and right-to-use assets | 20,482 | (411) | -20,893 | -102.0% |
| Impairment loss/(reversal of impairment loss) on non-financial non-current assets | (1,737) | 1,569,089 | 1,570,826 | 90,433.3% |
| **Operating profit / (loss)** | **(221,618)** | **(67,697)** | **153,921** | **69.5%** |
| Finance income | 82,151 | 49,358 | -32,793 | -39.9% |
| Finance costs | 167,706 | 204,349 | 36,643 | 21.8% |
| **Profit / (loss) before tax** | **(307,173)** | **(222,688)** | **84,485** | **27.5%** |
| Income tax | 153,549 | -37,053 | -190,602 | -124.1% |
| **Net profit / (loss) for the reporting period** | **(460,722)** | **(185,635)** | **275,087** | **59.7%** |
| **EBITDA** | **22,471** | **1,764,742** | **1,742,271** | **7,753.4%** |

### ENEA Wytwarzanie – key EBITDA drivers in 2023 (up by PLN 1,742.3 million[1]):

(+) concession result on electricity generation up by PLN 1,775.6 million (including: cost of the charge for the Price Difference Fund up by PLN -2,511.2 million)
(+) revenue from Regulatory System Services up by PLN 43.6 million
(+) revenue from the Capacity Market up by PLN 34.8 million
(+) margin on trading up by PLN 32.5 million (including: cost of the charge for the Price Difference Fund up by PLN -72.8 million)
(+) other drivers up by PLN 15.6 million
(-) fixed costs up by PLN 159.9 million

[1] Impact of the increased cost of the charge for the Price Difference Fund of PLN -2,584.0 million

## Appendix 4 – Statement of profit and loss of ENEA Wytwarzanie in Q4 2023

| [PLN 000s] | Q4 2022 | Q4 2023 | Change | % change |
|---|---|---|---|---|
| Revenues on sale of electricity | 1,682,005 | 4,361,516 | 2,679,511 | 159.3% |
| generation license | 1,605,316 | 4,343,708 | 2,738,392 | 170.6% |
| trading license | 67,802 | 0 | -67,802 | -100.0% |
| Regulatory System Services | 8,887 | 17,808 | 8,921 | 100.4% |
| Revenue from the Capacity Market | 155,720 | 164,970 | 9,250 | 5.9% |
| Revenues on sale of heating energy | 4,903 | 7,352 | 2,449 | 49.9% |
| Revenues on the sales of other products and services | 1,939 | 3,402 | 1,463 | 75.5% |
| Revenues from sales of merchandise and materials | 6,651 | 13,410 | 6,759 | 101.6% |
| **Net revenue from sales** | **1,851,218** | **4,550,650** | **2,699,432** | **145.8%** |
| Revenue from leases and operating subleases | 180 | 158 | -22 | -12.2% |
| **Revenue from sales and other income** | **1,851,398** | **4,550,808** | **2,699,410** | **145.8%** |
| Depreciation and amortization | 62,903 | 67,561 | 4,658 | 7.4% |
| Employee benefit costs | 83,597 | 125,316 | 41,719 | 49.9% |
| Consumption of materials and supplies and cost of goods sold | 2,531,025 | 2,398,333 | -132,692 | -5.2% |
| Purchase of energy for subsequent sale | 217,223 | 488,842 | 271,619 | 125.0% |
| Transmission services | 1 | 0 | -1 | -100.0% |
| Other third-party services | 44,252 | 55,002 | 10,750 | 24.3% |
| Taxes and charges | 24,501 | 849,632 | 825,131 | 3,367.7% |
| **Tax-deductible expense** | **2,963,502** | **3,984,686** | **1,021,184** | **34.5%** |
| Other operating income | 12,816 | 6,421 | -6,395 | -49.9% |
| Other operating expenses | 4,686 | 9,415 | 4,729 | 100.9% |
| Change in provision related to onerous contracts | 1,093,731 | 0 | -1,093,731 | -100.0% |
| Profit/(loss) on change, sale and liquidation of property, plant and equipment and right-to-use assets | 20,364 | (1,001) | -21,365 | -104.9% |
| Impairment loss/(reversal of impairment loss) on non-financial non-current assets | 0 | 1,570,223 | 1,570,223 | 100.0% |
| **Operating profit / (loss)** | **10,121** | **(1,008,096)** | **-1,018,217** | **-10,060.4%** |
| Finance income | 34,480 | 44,584 | 10,104 | 29.3% |
| Finance costs | 44,230 | 47,671 | 3,441 | 7.8% |
| **Profit / (loss) before tax** | **371** | **(1,011,183)** | **-1,011,554** | **-272,656.1%** |
| Income tax | 203,099 | -192,941 | -396,040 | -195.0% |
| **Net profit / (loss) for the reporting period** | **(202,728)** | **(818,242)** | **-615,514** | **-303.6%** |
| **EBITDA** | **73,024** | **629,688** | **556,664** | **762.3%** |

### ENEA Wytwarzanie – key EBITDA drivers in Q4 2023 (up by PLN 556.7 million[1]):

(+) concession result on electricity generation up by PLN 1,643.1 million (including: cost of the charge for the Price Difference Fund up by PLN -825.3 million)
(+) other drivers up by PLN 31.4 million
(+) trading margin up by PLN 13.4 million
(+) revenue from the Capacity Market up by PLN 9.3 million
(+) revenue from Regulatory System Services up by PLN 8.9 million
(-) in Q4 2022, reversal of a provision for onerous contracts in the amount of PLN 1,093.7 million
(-) fixed costs up by PLN 55.6 million

[1] Impact of the increased cost of the charge for the Price Difference Fund of PLN -825.3 million

## Appendix 5 – Statement of profit and loss of ENEA Elektrownia Połaniec – FY 2023

| [PLN 000s] | 2022 | 2023 | Change | % change |
|---|---|---|---|---|
| Revenues on sale of electricity | 4,394,559 | 7,097,033 | 2,702,474 | 61.5% |
| generation license | 3,719,616 | 6,018,942 | 2,299,326 | 61.8% |
| trading license | 652,230 | 1,019,049 | 366,819 | 56.2% |
| Regulatory System Services | 22,713 | 59,042 | 36,329 | 159.9% |
| Revenue from the Capacity Market | 248,355 | 265,925 | 17,570 | 7.1% |
| Revenue from certificates of origin | 268,745 | 248,148 | -20,597 | -7.7% |
| Revenues on sale of heating energy | 75,430 | 75,149 | -281 | -0.4% |
| Revenues on the sales of other products and services | 7,915 | 11,995 | 4,080 | 51.5% |
| Revenues from sales of merchandise and materials | 4,589 | 19,016 | 14,427 | 314.4% |
| Excise duty | 47 | 65 | 18 | 38.3% |
| **Revenue from sales and other income** | **4,999,546** | **7,717,201** | **2,717,655** | **54.4%** |
| Depreciation and amortization | 103,064 | 111,952 | 8,888 | 8.6% |
| Employee benefit costs | 88,903 | 145,049 | 56,146 | 63.2% |
| Consumption of materials and supplies and cost of goods sold | 3,908,472 | 5,556,022 | 1,647,550 | 42.2% |
| Purchase of energy for subsequent sale | 704,452 | 664,370 | -40,082 | -5.7% |
| Transmission services | 365 | 559 | 194 | 53.2% |
| Other third-party services | 279,722 | 302,740 | 23,018 | 8.2% |
| Taxes and charges | 37,020 | 459,095 | 422,075 | 1,140.1% |
| **Tax-deductible expense** | **5,121,998** | **7,239,787** | **2,117,789** | **41.3%** |
| Other operating income | 22,691 | 39,242 | 16,551 | 72.9% |
| Other operating expenses | 2,152 | 61,600 | 59,448 | 2,762.5% |
| Profit/(loss) on change, sale and liquidation of property, plant and equipment and right-to-use assets | 0 | 14,070 | 14,070 | 100.0% |
| Impairment loss/(reversal of impairment loss) on non-financial non-current assets | 0 | 742,325 | 742,325 | 100.0% |
| **Operating profit / (loss)** | **(101,913)** | **(273,199)** | **-171,286** | **-168.1%** |
| Finance income | 35,484 | 19,443 | -16,041 | -45.2% |
| Finance costs | 38,042 | 52,297 | 14,255 | 37.5% |
| Dividend income | 1,778 | 172 | -1,606 | -90.3% |
| **Profit / (loss) before tax** | **(102,693)** | **(305,881)** | **-203,188** | **-197.9%** |
| Income tax | -3,609 | -55,665 | -52,056 | -1,442.4% |
| **Net profit / (loss) for the reporting period** | **(99,084)** | **(250,216)** | **-151,132** | **-152.5%** |
| **EBITDA** | **1,151** | **581,078** | **579,927** | **50,384.6%** |

### ENEA Elektrownia Połaniec – key EBITDA drivers in 2023 (up by PLN 579.9 million[1]):

### System Power Plants Segment (EBITDA up by PLN 22.7 million):

(+) concession result on electricity generation up by PLN 70.5 million (including: cost of the charge for the Price Difference Fund up by PLN -309.8 million)
(+) revenue from Regulatory System Services up by PLN 36.3 million
(+) revenue from the Capacity Market up by PLN 17.6 million
(-) fixed costs up by PLN 80.0 million
(-) other drivers down by PLN 12.3 million, including a cost adjustment related to 2022
(-) margin on trading down by PLN 9.5 million (including: cost of the charge for the Price Difference Fund up by PLN -11.5 million)

### RES Segment (EBITDA up by PLN 640.8 million):

(+) RES energy production margin up by PLN 760.3 million
(-) cost of the charge for the Price Difference Fund up by PLN 96.9 million
(-) Green Unit's margin on sales of green certificate inventories down by PLN 14.5 million
(-) other variable expenses up by PLN 5.5 million
(-) fixed costs up by PLN 2.6 million

[1] Impact of the increased cost of the charge for the Price Difference Fund of PLN -418.3 million

### Heat Segment (EBITDA down by PLN 83.6 million)

(-) lower heat margin by PLN 83.4 million due to: $CO_2$ cost up by PLN -26.0 million, coal costs up by PLN -61.9 million, heat selling price up by PLN +3.6 million, effect of movement in production volume up by PLN +1.1 million
(-) other drivers down by PLN 0.2 million

### Appendix 6 – Statement of profit and loss of ENEA Elektrownia Połaniec in Q4 2023

| [PLN 000s] | Q4 2022 | Q4 2023 | Change | % change |
|---|---|---|---|---|
| Revenues on sale of electricity | 1,034,056 | 1,839,401 | 805,345 | 77.9% |
| generation license | 853,471 | 1,424,472 | 571,001 | 66.9% |
| trading license | 172,214 | 397,168 | 224,954 | 130.6% |
| Regulatory System Services | 8,371 | 17,761 | 9,390 | 112.2% |
| Revenue from the Capacity Market | 58,620 | 65,014 | 6,394 | 10.9% |
| Revenue from certificates of origin | 46,880 | 25,022 | -21,858 | -46.6% |
| Revenues on sale of heating energy | 19,385 | 19,460 | 75 | 0.4% |
| Revenues on the sales of other products and services | 3,802 | 5,981 | 2,179 | 57.3% |
| Revenues from sales of merchandise and materials | 1,367 | 3,597 | 2,230 | 163.1% |
| Excise duty | 14 | 19 | 5 | 35.7% |
| **Revenue from sales and other income** | **1,164,096** | **1,958,456** | **794,360** | **68.2%** |
| Depreciation and amortization | 27,061 | 29,187 | 2,126 | 7.9% |
| Employee benefit costs | 23,143 | 40,508 | 17,365 | 75.0% |
| Consumption of materials and supplies and cost of goods sold | 1,194,454 | 1,271,634 | 77,180 | 6.5% |
| Purchase of energy for subsequent sale | 197,875 | 207,678 | 9,803 | 5.0% |
| Transmission services | 97 | 142 | 45 | 46.4% |
| Other third-party services | 74,086 | 78,373 | 4,287 | 5.8% |
| Taxes and charges | 9,639 | 137,611 | 127,972 | 1,327.6% |
| **Tax-deductible expense** | **1,526,355** | **1,765,133** | **238,778** | **15.6%** |
| Other operating income | 11,631 | 20,667 | 9,036 | 77.7% |
| Other operating expenses | 255 | 58,378 | 58,123 | 22,793.3% |
| Change in provision related to onerous contracts | 217,761 | 0 | -217,761 | -100.0% |
| Impairment loss/(reversal of impairment loss) on non-financial non-current assets | 0 | 742,325 | 742,325 | 100.0% |
| **Operating profit / (loss)** | **(133,122)** | **(586,713)** | **-453,591** | **-340.7%** |
| Finance income | 18,010 | 12,435 | -5,575 | -31.0% |
| Finance costs | 12,068 | 9,796 | -2,272 | -18.8% |
| **Profit / (loss) before tax** | **(127,180)** | **(584,074)** | **-456,894** | **-359.2%** |
| Income tax | -8,005 | -110,810 | -102,805 | -1,284.3% |
| **Net profit / (loss) for the reporting period** | **(119,175)** | **(473,264)** | **-354,089** | **-297.1%** |
| **EBITDA** | **-106,061** | **184,799** | **290,860** | **274.2%** |

### ENEA Elektrownia Połaniec – key EBITDA drivers in Q4 2023 (up by PLN 290.9 million[1]):

### System Power Plants Segment (EBITDA up by PLN 134.9 million):

(+) concession result on electricity generation up by PLN 359.2 million (including: cost of the charge for the Price Difference Fund up by PLN -101.7 million)
(+) revenue from Regulatory System Services up by PLN 9.4 million
(+) revenue from the Capacity Market up by PLN 6.4 million
(-) in Q4 2022, reversal of a provision for onerous contracts in the amount of PLN 169.3 million
(-) fixed costs up by PLN 68.6 million
(-) margin on trading down by PLN 2.2 million (including: cost of the charge for the Price Difference Fund down by PLN +1.2 million)

[1] Impact of the increased cost of the charge for the Price Difference Fund of PLN -126.5 million

**RES Segment (EBITDA up by PLN 163.4 million):**

(+) RES energy production margin up by PLN 236.8 million
(+) fixed costs down by PLN 2.6 million
(-) in Q4 2022, utilization of a PLN 48.4 million provision for onerous contracts
(-) cost of the charge for the Price Difference Fund up by PLN 25.9 million
(-) other variable expenses up by PLN 1.6 million

**Heat Segment (EBITDA down by PLN 7.5 million)**

(-) lower heat margin by PLN 7.7 million due to: $CO_2$ cost up by PLN -5.0 million, coal costs up by PLN -4.1 million, heat selling price up by PLN +0.9 million, effect of movement in production volume up by PLN +0.6 million
(+) fixed costs down by PLN 0.2 million

## Appendix 7 – Statement of profit and loss of the LW Bogdanka Group in 2023 (data from the LW Bogdanka Group consolidation package)

| [PLN 000s] | 2022 | 2023 | Change | % change |
|---|---|---|---|---|
| **Net revenue from sales** | **2,443,868** | **3,928,954** | **1,485,086** | **60.8%** |
| Revenue from leases and operating subleases | 7,816 | 10,335 | 2,519 | 32.2% |
| **Revenue from sales and other income** | **2,451,684** | **3,939,289** | **1,487,605** | **60.7%** |
| Depreciation of fixed assets and amortization of intangible assets | 368,609 | 412,665 | 44,056 | 12.0% |
| Employee benefit costs | 838,221 | 1,159,045 | 320,824 | 38.3% |
| Consumption of materials and supplies and cost of goods sold | 490,220 | 833,148 | 342,928 | 70.0% |
| Other third-party services | 413,274 | 485,260 | 71,986 | 17.4% |
| Taxes and charges | 54,372 | 54,094 | -278 | -0.5% |
| **Tax-deductible expense** | **2,164,696** | **2,944,212** | **779,516** | **36.0%** |
| Other operating income | 8,624 | 4,189 | -4,435 | -51.4% |
| Other operating expenses | 6,057 | 20,375 | 14,318 | 236.4% |
| Profit/(loss) on change, sale and liquidation of property, plant and equipment and right-to-use assets | (47,564) | (65,126) | -17,562 | -36.9% |
| Impairment loss/(reversal of impairment loss) on non-financial non-current assets | 11,181 | 41,874 | 30,693 | 274.5% |
| **Operating profit / (loss)** | **230,810** | **871,891** | **641,081** | **277.8%** |
| Finance income | 32,937 | 35,965 | 3,028 | 9.2% |
| Finance costs | 13,573 | 25,183 | 11,610 | 85.5% |
| **Profit / (loss) before tax** | **250,174** | **882,673** | **632,499** | **252.8%** |
| Income tax | 49,854 | 168,448 | 118,594 | 237.9% |
| **Net profit / (loss) for the reporting period** | **200,320** | **714,225** | **513,905** | **256.5%** |
| **EBITDA** | **610,600** | **1,326,430** | **715,830** | **117.2%** |

**LW Bogdanka Group – key EBITDA drivers in 2023 (down by PLN 715.8 million):**

(+) higher revenue from sales of coal: lower volume of coal sales (-1,697 thousand tons) with concurrently higher contractual prices of coal
(-) higher employee benefit costs – an increase in average headcount, an increase in earnings, a bonus payment to employees and the fulfillment of other commitments arising from the employee compensation agreement with social stakeholders
(-) increase in costs of consumption of materials and supplies – higher prices of electricity and materials
(-) higher costs of third-party services - higher rates for third-party services, different scope of work contracted to external companies
(-) increase in other operating expenses – establishment of a provision for land reclamation and legal claims
(+) in 2023, the value of inventories vs. the beginning of the year increased by PLN 142.5 million (capitalization of operating costs of the period), while in 2022 the value of inventories vs. the beginning of the year increased by PLN 1.2 million[1]

[1] Impact on presented costs = technical coal production cost allocated according to the current structure * change of coal inventory volume in the analyzed period

## Appendix 8 – Statement of profit and loss of the LW Bogdanka Group in 2023 (data from the LW Bogdanka Group consolidation package)

| [PLN 000s] | Q4 2022 | Q4 2023 | Change | % change |
|---|---|---|---|---|
| **Net revenue from sales** | **419,651** | **1,248,206** | **828,555** | **197.4%** |
| Revenue from leases and operating subleases | 1,949 | 2,208 | 259 | 13.3% |
| **Revenue from sales and other income** | **421,600** | **1,250,414** | **828,814** | **196.6%** |
| Depreciation of fixed assets and amortization of intangible assets | 94,248 | 114,095 | 19,847 | 21.1% |
| Employee benefit costs | 209,010 | 272,777 | 63,767 | 30.5% |
| Consumption of materials and supplies and cost of goods sold | 138,402 | 179,579 | 41,177 | 29.8% |
| Other third-party services | 107,630 | 114,854 | 7,224 | 6.7% |
| Taxes and charges | 11,148 | 13,540 | 2,392 | 21.5% |
| **Tax-deductible expense** | **560,438** | **694,845** | **134,407** | **24.0%** |
| Other operating income | 671 | -3,219 | -3,890 | -579.7% |
| Other operating expenses | 1,577 | -2,695 | -4,272 | -270.9% |
| Profit/(loss) on change, sale and liquidation of property, plant and equipment and right-to-use assets | (19,700) | (17,005) | 2,695 | 13.7% |
| Impairment loss/(reversal of impairment loss) on non-financial non-current assets | 6,690 | 1,471 | -5,219 | -78.0% |
| **Operating profit / (loss)** | **(166,134)** | **536,569** | **702,703** | **-423.0%** |
| Finance income | 11,573 | 9,069 | -2,504 | -21.6% |
| Finance costs | 2,524 | 6,491 | 3,967 | 157.2% |
| **Profit / (loss) before tax** | **(157,085)** | **539,147** | **696,232** | **-443.2%** |
| Income tax | -28,581 | 104,052 | 132,633 | -464.1% |
| **Net profit / (loss) for the reporting period** | **(128,504)** | **435,095** | **563,599** | **-438.6%** |
| **EBITDA** | **-65,196** | **652,135** | **717,331** | **-1,100.3%** |

### LW Bogdanka Group – key EBITDA drivers in Q4 2023 (up by PLN 717.3 million):

(+) higher revenue from sales of coal: higher volume of coal sales (+899 thousand tons) with concurrently higher prices of steam coal in contracts

(-) higher employee benefit costs – an increase in average headcount, an increase in earnings and the fulfillment of other commitments arising from the employee compensation agreement with social stakeholders

(-) increase in costs of consumption of materials and supplies – higher prices of electricity and materials

(-) higher costs of third-party services – different scope of work contracted to external companies

(-) in Q4 2023, the value of inventories increased by PLN 139.7 million, or 353 thousand tons (decrease in the period's operating expenses), whereas in Q4 2022, the value of inventories decreased by PLN 0.5 million, or 5 thousand tons (increase in the period's operating expenses)[1]

[1] Impact on presented costs = technical coal production cost allocated according to the current structure * change of coal inventory volume in the analyzed period

## 14. Glossary of terms and abbreviations

This is a glossary of terms and abbreviations used in this report. Definitions and calculation methodologies of alternative performance measures are the same as the definitions and calculation methodologies of the same measures used in the activity reports / additional information forming part of ENEA Group's previous periodic reports. Selected definitions may also be found in the glossary of terms and abbreviations available on the Company's website at https://ir.enea.pl/slownik.

Information on the distinct indicators calculated for respective reporting periods is monitored on a regular basis and presented in the Company's successive periodic reports. The presented indicators are typical ratios used in financial analysis with a particular focus on the industries in which the ENEA Group operates.

| Financial ratios | Description |
|---|---|
| **CAPEX** | Capital expenditures on property, plant and equipment, intangible assets and right-to-use asset |
| **Current receivables turnover in days** | Average balance of trade and other receivables x days / Revenue from sales and other income |
| **Trade and other payables turnover in days** | Average balance of trade and other payables x days / Cost of products, goods and materials sold |
| **Inventory turnover in days** | Average balance of inventories x days / Cost of products, goods and materials sold |
| **Net debt / EBITDA** | (Loans, borrowings and non-current and current debt securities + non-current and current finance lease liabilities + non-current and current financial liabilities measured at fair value - cash and cash equivalents - non-current and current financial assets at fair value - non-current and current debt financial assets measured at amortized cost - other current investments) / EBITDA LTM |
| **EBITDA** | Operating profit (loss) + depreciation and amortization + impairment losses (reversal thereof) on non-financial non-current assets |
| **EBITDA LTM** | EBITDA for the last 12 months |
| **EBIT** | Operating profit (loss) |
| **External financing** | Sum of the following items of the consolidated statement of cash flows: Loans and borrowings received, Issue of bonds, Repayment of loans and borrowings, Redemption of bonds |
| **Generation license** | Margin on generation including margin the Balancing Market |
| **Operating expenses** | Depreciation and amortization; Employee benefit costs Consumption of materials and supplies and cost of goods sold; Purchase of energy and gas for resale; Transmission services; Other third-party services; Taxes and charges |
| **Cost of goods and materials sold** | Consumption of materials and supplies and cost of goods sold; Purchase of energy for resale; Transmission services; Other third-party services; Taxes and charges; Excise duty |
| **Fixed costs** | Costs that are independent of the electricity production volume. These costs include: payroll costs and charges, depreciation and amortization, costs of consumption of materials and supplies, costs of third-party services, costs of taxes and charges |
| **Own costs** | Direct and indirect selling costs of ENEA S.A., ENEA Trading and ENEA Power&Gas Trading |
| **Margin on heat** | Margin on the sales of heat calculated as the difference between revenue from sales of heat and its variable production costs |
| **Margin on trading** | Difference between revenue from sales and cost of electricity purchased in trading operations |
| **Margin on RES energy production** | Margin on the sales of energy and production of green certificates from the Green Unit, calculated as the difference between revenue from sales of energy and from the valuation of certificates produced and the variable costs of producing them |
| **Margin from licensed activities** | Indicator incorporating revenues and costs related to business activity involving distribution of electricity to customers located in a specific area. Those include primarily: revenue from sales of distribution services to end users, costs of transmission and distribution services, costs of electricity purchased to cover the balancing difference and for own needs, revenue from grid connection fees for connection to ENEA Operator's grid. |
| **Green Unit's margin on sales/remeasurement of green certificate inventories** | Margin on the sale of green certificates from the Green Unit calculated as a difference between revenue from sales and the cost of sales of the certificates, which takes into account the updated inventories of green certificates, i.e. the updated average weighted price of the inventory of certificates to market price in case their market price drops significantly |
| **Coverage of non-current assets with equity** | Equity / Non-current assets |
| **Operating profitability** | Operating profit (loss) / Revenue from sales and other income |
| **Return on equity (ROE)** | Net profit (loss) for the reporting period / Equity |
| **Return on assets (ROA)** | Net profit (loss) for the reporting period / Total assets |
| **Net profitability** | Net profit (loss) for the reporting period / Revenue from sales and other income |
| **EBITDA profitability** | EBITDA / Revenue from sales and other income |
| **Adjusted first contribution margin** | Margin on retail trading of electricity and gaseous fuel earned by ENEA S.A., presented together with wholesale sales of ENEA Trading and ENEA Power&Gas Trading, adjusted for presentation purposes by other conditional factors, such as: revenues and costs from sales and purchases of $CO_2$ emission allowances, valuation of $CO_2$ contracts, forward transactions for energy and gas presented in operating activities |
| **Result on other operating activities** | Result on the following items: Other operating revenue, Other operating expenses, Profit (loss) on movement in, sale and liquidation of property, plant and equipment and right-to-use asset |
| **Current liquidity ratio** | Current assets / Current liabilities |
| **Total debt ratio** | Total liabilities / Total assets |
| **Change in working capital** | An item of the consolidated statement of cash flows |

| Abbreviation/term | Description |
|---|---|
| **ACER** | European Union Agency for the Cooperation of Energy Regulators |
| **Advanced Metering Infrastructure (AMI)** | Advanced Metering Infrastructure, advanced metering and billing systems with two-way metering and billing |
| **AED** | Automated external defibrillator; rescue device designed to restore heartbeat after a sudden cardiac arrest |
| **Agrivoltaics** | Concept involving the simultaneous use of the same area of land for agricultural production (primary use) and generation of electricity using photovoltaic installations (secondary use) |
| **AFIR** | Regulation of the European Parliament and of the Council on the deployment of alternative fuels infrastructure, and repealing Directive 2014/94/EU |
| **ASD** | Autism spectrum disorder |
| **Capacity auction** | A mechanism introduced by the Capacity Market Act of 8 December 2017 (Journal of Laws 2020, Item 247). In capacity auctions, electricity producers offer the operator a capacity obligation for the duration of a delivery period, which means that they undertake to maintain readiness in the delivery period to deliver the specified electric power output to the system and to deliver the specified electric power output to the system in emergency periods. |
| **BAT** | Best Available Techniques – a document drawing conclusions on best available techniques for the installations concerned and indicating the emission levels associated with the best available techniques. |
| **BDO** | Database on products, packaging and waste management; IT system for recording and monitoring waste in Poland |
| **Biomass** | Energy-containing material formed from organic matter such as plant and animal waste and residues |
| **Occupational health and safety** | Occupational health and safety |
| **CAPEX** | Capital expenditures on property, plant and equipment, intangible assets and right-to-use asset |
| **CBAM** | Carbon Border Adjustment Mechanism |
| **CCP** | Central Counterparty – legal person holding an authorization from the ESMA (European Securities and Markets Authority) that interposes itself between the counterparties to contracts for Derivatives traded on one or more financial markets, becoming the buyer to every seller and the seller to every buyer |
| **CDS (Clean dark spread)** | Difference between revenue from sales of electricity produced and the variable costs related to production of that electricity (unit $CO_2$ cost and unit cost of coal including transportation) |
| **Baseload price (BASE)** | Contract price for delivery of the same volume of electricity in each hour of the day |
| **United Nations Sustainable Development Goals** | The Sustainable Development Goals (SDGs) are a world improvement plan adopted by UN member states, covering climate, environmental, social and economic issues. They call for, among other issues, endeavors to reduce greenhouse gas emissions, preserve environmental diversity, guarantee human rights and eliminate poverty |
| **CfD** | Contract for Difference |
| **COREPER** | Committee of Permanent Representatives (a body consisting of permanent representatives of European Union member states to the Council in Brussels at the rank of ambassadors and their deputies) |
| **CO** | Carbon monoxide |
| **$CO_2$** | Carbon dioxide |
| **Compliance** | Assurance of compliance of the organization's activities with the applicable law and internal regulations. |
| **COSO** | Committee of Sponsoring Organizations of the Treadway Commission – a US-based private sector organization<br>According to COSO, auditors and internal inspectors monitor and issue opinions on a company's internal controls and impartially verify compliance with them |
| **CP** | Carbon Pricing – economic mechanism aimed at internalizing the external costs of greenhouse gas emissions by imposing a fee on such emissions (e.g. $CO_2$). It usually takes the form of a carbon tax or that of an emission allowance trading scheme. |
| **cPPA** | Corporate Power Purchase Agreement; long-term contracts for the purchase of electricity generated using a specific renewable source, entered into directly between a power producer and an industrial enterprise that is usually a major consumer of electricity |
| **CRMA** | Critical Raw Material Act |
| **CSR** | Corporate social responsibility. Responsibility of an organization for the impact exerted by its decisions and actions on society and the environment; it is ensured by transparent and ethical conduct, which:<br>– contributes to sustainable development, including wellbeing and health of the society,<br>– takes stakeholder expectations into account,<br>– complies with the applicable law and consistent with international standards of conduct,<br>– is integrated with the organization's activities and is practiced in its relations. |
| **CSIRE** | Central Energy Market Information System |
| **CTP** | Regulatory interruption indicator |
| **DPIA** | Data Protection Impact Assessment; process of analysis whereby organizations may identify and minimize risks to data privacy from new projects or systems used for personal data processing |
| **DPSN** | Code of Best Practice for WSE Listed Companies |
| **IED** | Directive 2010/75/EU of the European Parliament and of the Council of 24 November 2010 concerning industrial emissions. It tightens the standards for emissions of sulfur dioxide, nitrogen oxides and dust from combustion plants |
| **EIB** | European Investment Bank |

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|---|---|
| **EHB** | European Hydrogen Bank |
| **EED** | Energy Efficiency Directive |
| **EEX** | European Energy Exchange |
| **EPBD** | Energy Performance of Buildings Directive |
| **ETD** | Energy Taxation Directive |
| **Energy Lending Policy** | Policy adopted by the European Investment Bank to lay down criteria and guidelines for financing energy projects. The policy aims to support the transition to a low-carbon economy, improve the security of energy supplies and promote energy efficiency and renewable energy sources. The EIB is committed to financing projects that are consistent with the European Union's climate and energy goals. |
| **ENVI** | Committee on the Environment, Public Health and Food Safety |
| **EMIR** | European Market Infrastructure Regulation; Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories |
| **EMD** | Electricity Market Design – the EU's internal electricity market |
| **EEA** | European Economic Area; area of free trade and common market, comprising the countries of the European Union and the European Free Trade Association (EFTA), except Switzerland (i.e. consisting of EU countries + Iceland, Norway and Liechtenstein) |
| **ERM** | Integrated risk management system |
| **ESG** | Set of issues related to business sustainability. The abbreviation ESG refers to the three fundamental sustainability pillars: environment (E), society (S) and governance (G). ESG issues currently serve as the primary point of reference for non-financial business reporting |
| **ESMA** | European Securities and Markets Authority |
| **ESRS** | European Sustainability Reporting Standards; collection of standards aimed at harmonizing the manner of reporting by companies covered by the CSRD on their environmental, social and governance activities. The purpose of ESRS is to improve the transparency and comparability of sustainability data. |
| **EUA** | EU Emission Allowance - emission allowance under the European Emissions Trading System |
| **EU ETS European Emissions Tra** | Market for carbon dioxide emission allowances. It forms the foundation of EU policy to combat climate change and aims to reduce greenhouse gas emissions in a cost-effective and economically efficient manner |
| **European Green Deal** | EU's growth strategy consisting of a bundle of policy initiatives aimed at putting the EU on a path of environmental transition and ultimately achieving climate neutrality by 2050 |
| **FDIR** | Fault Detection, Isolation, Restoration, a system enabling automatic detection of faults, isolation of the damage site and restoration of power supply. |
| **Gender Pay Gap** | Difference in average earnings between male and female staff, usually expressed as the ratio of average female to male earnings |
| **GHG Protocol** | Greenhouse Gas Protocol; provides standards, guidelines, tools and training for companies and governments to measure and manage GHG emissions. The GHG Protocol establishes a framework for the stocktaking of emissions, enabling organizations to identify their primary operating sources of emissions, monitor progress in reducing emissions and ensure transparent reporting |
| **Circular economy** | Concept in which products, materials and commodities remain in the economy for as long as possible, whereas waste, if created, is treated as a secondary resource. |
| **GJ** | Gigajoule |
| **GPZ** | Main Supply Point; transformer station to which medium- and high-voltage overhead lines are connected. Point at which electricity is supplied from a higher voltage level to a local distribution network of lower voltage. A GPZ acts as an intermediary in the transmission of electricity, enabling its conversion (via transformers) to voltage levels suitable for end users such as households, businesses and institutions. |
| **GRI** | Global Reporting Initiative; international organization developing broadly applied sustainability reporting standards that enable organizations to measure and communicate their economic, environmental and social impacts |
| **WSE** | Warsaw Stock Exchange |
| **GWh** | Gigawatt-hour |
| **GWE** | Emission limits |
| **HCL** | Hydrogen chloride |
| **HF** | Hydrogen fluoride |
| **Hg** | Mercury |
| **Horizon 2020** | EU's largest research and innovation funding program being implemented in the 2014-2020 financial framework with a budget of nearly EUR 80 billion. The successor to Horizon 2020 in the 2021-2027 financial framework is Horizon Europe |
| **HR** | Human resources |
| **IIP** | Inside Information Platform; electronic information delivery system that enables multiple market participants to share information with stakeholders and complies with the minimum quality requirements listed in ACER guidelines |
| **ICT** | Information and Communication Technologies |
| **IRGIT** | Izba Rozliczeniowa Giełd Towarowych S.A. |

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|---|---|
| **Stakeholder** | A person or group of persons interested in decisions or activities of an organization. A stakeholder is anyone who influences an organization or is influenced by it |
| **Internet of Things (IoT)** | Network of interconnected physical devices fitted with sensors, software and other technologies to connect and exchange data with other devices and systems over the Internet |
| **DPO** | Data Protection Officer |
| **FGD** | Flue gas desulphurization and heavy metal reduction installation. |
| **IT** | Information technology. Computer hardware and software as well as tools and other techniques related to the collection, processing, transmission, storage, protection and presentation of information. |
| **ITRE** | Committee on Industry, Research and Energy of the European Parliament |
| **CMU** | Capacity Market Unit |
| **BATc** | BAT conclusions; implementing decisions of the European Commission |
| **KDPW** | Central Securities Depository of Poland (*Krajowy Depozyt Papierów Wartościowych*) |
| **KGW** | Rural Women's Association |
| **KRS** | National Court Register (*Krajowy Rejestr Sądowy*) |
| **Cogeneration** | A technological process of simultaneous generation of electricity and useful thermal energy in a CHP plant |
| **KPI** | Key Performance Indicator; tool for measuring the degree to which key business objectives or process performance in an organization are being met |
| **Polish Power System (KSE)** | A collection of devices used to generate, transmit, distribute, store and use electricity, connected together in a functional system supporting continuous and uninterrupted supply of electricity in Poland. |
| **kV** | Kilovolt |
| **SDC** | Sustainable Development Criteria System Book |
| **LNG** | Liquefied natural gas |
| **LRF** | Linear Reduction Factor for the number of emission allowances available in the system |
| **LULUCF** | Political agreement in the matter of increasing the contribution of the Land Use, Land-Use Change and Forestry sector. |
| **LZO** | Remote reading meter |
| **Supply chain** | A sequence of actions or parties supplying products or services to an organization. |
| **Value chain** | A sequence of actions taken by a company to develop, create, sell and deliver a product or service and then provide after-sales services. |
| **Location-based method** | A method of estimating Scope 2 greenhouse gas emissions, which uses the average emission intensity in a given geographic region. |
| **MIOZE** | Register of small installation energy producers |
| **EPC model** | Full project delivery model whereunder the EPC contractor is responsible for the whole contract |
| **Mg** | Megagram or metric ton |
| **MMR** | Micro Modular Reactor; nuclear reactor with a capacity of up to 20 MWt, featuring a modular design, small size, high level of safety and rapid deployment. MMRs offer an alternative to traditional large nuclear power plants, enabling a more flexible and decentralized approach to nuclear power generation |
| **MSR** | Market Stability Reserve (for EU ETS allowances) |
| **Mobbing** | Bullying, persistent harassment and intimidation, psychological violence against a subordinate or co-worker in the workplace. |
| **COSO I model** | Original internal control model developed by the Committee of Sponsoring Organizations of the Treadway Commission. The model consists of 5 components that form the basis of an effective internal control system in an organization: control environment, risk assessment, control activities, information and communication, monitoring |
| **COSO II model** | Updated internal control model developed by the Committee of Sponsoring Organizations of the Treadway Commission. The model focuses on 20 key principles grouped into 5 components and places greater emphasis on risk management and the integration of internal control with management processes. |
| **MWe** | Megawatt of electrical power |
| **MWh** | Megawatt-hour (1 GWh = 1,000 MWh) |
| **MWiK** | Municipal Water and Sewage Company |
| **$MW_t$** | Megawatt of thermal power |
| **NABE** | National Energy Security Agency |
| **$NH_3$** | Ammonia |
| **$Nm^3$** | Normalized cubic meter of gas, i.e. the number of cubic meters that the gas would occupy in normal conditions. |
| **LV** | Low voltage grid supplying individual users with 50 Hz alternating current at 230 V phase voltage. |
| **$NO_x$** | Nitrogen oxides |

| | |
|---|---|
| **CO** | Capacity Obligation; commitment by a power supplier to remain available during the supply period to supply electricity of a specified capacity to the system through a capacity market unit and to supply electricity of a specified capacity to the system during emergency periods |
| **Transmission System Operator (TSO)** | Polskie Sieci Elektroenergetyczne S.A., a company wholly-owned by the State Treasury, which owns highest voltage grids and therefore is the operator of the power transmission system. |
| **OIRE** | Energy Market Information Operator |
| **Origination** | ENEA Trading's commercial activity involving predominantly the execution of non-standard purchases of electricity from generators other than direct participants of the wholesale market, obtained from renewable energy sources and other distributed sources, such as cogeneration plants, incineration plants and industrial plants. The electricity purchased by ENEA Trading is then sold on the wholesale electricity market or is used by the ENEA Group. |
| **origAMI** | System to support business unit processes that utilize metering data |
| **DSO** | Distribution System Operator |
| **DSOn** | A Distribution System Operator, whose distribution network has no direct connection with the TSO's transmission network. |
| **OSŁ** | Publicly available electric vehicle charging stations |
| **TSO** | Transmission System Operator |
| **OTC** | Over-The-Counter; decentralized over-the-counter market without a supervisory institution on which transactions are executed directly between counterparties and without the involvement of an intermediary. The prices and terms of transactions are negotiated on a case by case basis between the buyer and the seller. |
| **RES** | Renewable energy sources |
| **PJ** | Petajoule |
| **PKZP** | Employee Loan and Benefit Fund |
| **PN** | Polish Standard |
| **PMOZE** | Property rights under certificates of origin for energy from renewable sources |
| **Polygeneration** | Simultaneous combined generation of several types of energy (e.g., electricity, heat, cooling, process steam) in a single plant |
| **Paris Agreement** | Plan of action developed during the 21st United Nations Climate Change Conference in Paris, the main purpose of which is to keep the increase in average global temperature well below 2°C, with a target of 1.5°C relative to the pre-industrial era |
| **PPN** | Polesie National Park |
| **Energy Law** | The Energy Law Act of 10 April 1997 |
| **Prop-Trading** | ENEA Trading's activity consisting of trading in contracts listed on commodity exchange markets on the company's own account. |
| **Prosumer** | A person who generates electricity from renewable energy sources for own needs using a micro-installation, capable of storing energy and transferring surplus energy to the power grid |
| **Brownfield project** | Development in existing infrastructure |
| **Greenfield project** | Development on a new site |
| **ERO President** | President of the Energy Regulatory Office (URE) |
| **PSCMI1** | Reflects the price level of class 20-23/1 fine steam coal in sales to commercial and industrial energy sector. |
| **PSZW** | The only location permit for the erection and use of artificial islands, structures and devices for offshore wind farms. It specifies the boundaries of the body of water that can be used for the development and operation of offshore wind farms and defines all the elements that are part of an offshore wind farm that can be located in that marine area |
| **PV** | Photovoltaics |
| **ALC Report** | Document submitted by operators of plants covered by the EU Emissions Trading Scheme (EU ETS). It contains information on the level of activity and greenhouse gas emissions of the respective plant |
| **RDF** | Refuse Derived Fuel - fuel produced from waste with a high calorific value. |
| **DAM** | Day-Ahead Market (DAM) has been operating since 30 June 2000. It is a spot electricity market in Poland. Since the beginning of quotation, DAM prices are a benchmark for energy prices in bilateral contracts in Poland. The DAM is intended for the companies that want to actively and safely close their electricity purchase/sales portfolios on an ongoing basis at particular hours of the day |
| **REPowerEU** | The European Commission's plan to reduce Europe's dependence on Russian fossil fuels before 2030 |
| **REMIT** | Regulation on Wholesale Energy Market Integrity and Transparency; Regulation (EU) No 1227/2011 of the European Parliament and of the Council of 25 October 2011 on wholesale energy market integrity and transparency |
| **RRM** | Registered Reporting Mechanism; process associated with the reporting of transaction data |
| **Balancing Market** | Technical market operated by TSOs. Its objective is to ensure real-time balancing of demand for electricity and its production in the Polish Power System (NPS) |

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| **Day-Ahead Market** | Day-Ahead Market (DAM) has been operating since 30 June 2000. It is a spot electricity market in Poland. Since the beginning of quotation, DAM prices are a benchmark for energy prices in bilateral contracts in Poland. The DAM is intended for the companies that want to actively and safely close their electricity purchase/sales portfolios on an ongoing basis at particular hours of the day |
| **Market for Property Rights (MPR)** | Platform for trading in property rights to certificates of origin for electricity generated from renewable energy sources (RES) and cogeneration (CHP). In operation since 2005, the MPR enables RES and CHP electricity generators to sell their property rights and helps utility companies to meet their purchase obligations. Trading on the MPR takes place on the Polish Power Exchange. |
| **SPOT market** | Cash market (spot) |
| **Forward Market for Energy Products** | Electricity market where forward products are listed |
| **SAIDI** | System Average Interruption Duration Index – index of the system average duration of a long and very long interruptions (expressed in minutes per Customer) |
| **SAIFI** | System Average Interruption Frequency Index – indicator of the system average frequency of long interruptions in energy supply (expressed in the number of interruptions per Customer) |
| **SCADA** | Supervisory Control and Data Acquisition; IT system overseeing the progress of a technological or production process. Its key features include the collection of current data (measurements), visualization, process control, alarming and archiving |
| **ALS** | Automatic load-shedding |
| **SCR (Selective Catalytic Reduction)** | Catalytic flue gas denitrification installation – it operates based on the principle of reduction of nitrogen oxides to atmospheric nitrogen on the surface of a catalyst, using substances containing ammonia. |
| **$SF_6$** | Sulfur hexafluoride |
| **Smart Cities** | Urban development concept using advanced information and communication technologies to increase operational efficiency, improve the quality of life for residents and manage urban resources in a sustainable manner. In smart cities, systems such as traffic management, street lighting, utilities and public safety are integrated and automated, enabling optimization of urban functioning and real-time response to residents' needs |
| **Smart Grid** | Smart electrical grids, which feature communication between all the participants on the energy market, in order to supply energy services at lower costs, enhance efficiency and integrate dispersed energy sources, including renewable energy sources. |
| **SMR** | Small Modular Reactors |
| **MV** | Medium voltage grid, in which the phase-to-phase voltage ranges from 1 kV to 60 kV |
| **$SO_2$** | Sulfur dioxide |
| **Artificial intelligence (AI)** | Ability of machines to exhibit human skills, such as reasoning, learning, planning and creativity. Field of knowledge that includes, but is not limited to, neural networks, robotics and the creation of models of intelligent behavior and computer programs that simulate such behavior, also including machine learning, deep learning and reinforcement learning |
| **EU Taxonomy** | Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment |
| **TCFD** | Task Force on Climate-Related Financial Disclosures; initiative aimed at promoting transparency in corporate disclosures of financial information related to climate change in order to better understand the financial risks arising from climate change. The TCFD recommends disclosures in four key areas: corporate governance, strategy, risk management, and indicators and targets |
| **PPN technology** | Technology that enables installation, maintenance or repair operations to be performed directly on components of live electrical infrastructure without the need to shut them down |
| **TNAC** | Total Number of Allowances in Circulation (pertains to EU ETS allowances) |
| **Trackery** | Special structures that enable photovoltaic panels to "track" the sun, thereby allowing more energy to be obtained from the installed capacity |
| **TWh** | Terawatt-hour |
| **UNAP** | United Nations Association Poland carrying out projects to support and spread awareness of the United Nations (UN) and Poland's role in the organization. The UNAP conducts programs on sustainability and Agenda 2030, social and civic activism, education and engagement of young people, human rights and democracy |
| **CBPs** | Combustion byproducts; mineral substances resulting from the combustion of coal and lignite in power plants and CHP plants |
| **ERO** | Energy Regulatory Office |
| **HV** | High voltage grid. An electric power transmission grid, in which the phase-to-phase voltage ranges from 60 to 200 kV (in Poland: 110 kV). This grid is used to transmit electricity over large distances. |
| **RAB** | Regulatory Asset Base |
| **WSA** | Voivodship Administrative Court |
| **ZLEV** | Regulatory incentive mechanism for zero and low-emission vehicles |
| **Scope 1** | Direct $CO_2$ emissions resulting from fuel combustion in stationary or mobile sources owned by an organization or under its control, emissions resulting from manufacturing or processing or fugitive emissions of coolants. |
| **Scope 2** | Electricity indirect $CO_2$ emissions resulting from the generation of consumed electricity, heat, processing steam and cooling, purchased or supplied from outside. |
| **Scope 3** | Other indirect $CO_2$ emissions created in the company's entire value chain, e.g. in the production of raw materials, semi-finished products, management of waste, transportation of raw materials and products, business trips of employees or the use of products by final users. |
| **Sustainable development** | Development that meets the needs of the present without compromising the ability of future generations to meet their own needs and considers the expectations of the surrounding communities and societal, environmental and economic challenges. It enables permanent increase of the value of an organization and rational management of resources. |
| **Internal Collective Bargaining Agreement** | An agreement between an employer and trade unions, which defines, among others, duties of the employer towards employees and guaranteed employee rights. |

**Signatures of the Management Board**

Date of approval and publication of the “Management Board Report on the Activity of ENEA S.A. and the ENEA Group in 2023” – 17 April 2024

Signatures:

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| President of the Management Board | Grzegorz Kinelski |
| Management Board Member for Financial Matters | Marek Lelątko |
| Management Board Member for Commercial Matters | Bartosz Krysta |
| Acting Management Board Member for Corporate Matters | Monika Starecka |