



***Report on non-financial data
of PGE Polska Grupa Energetyczna S.A.
and PGE Group for 2017***

ended December 31, 2017

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1. INTRODUCTION

We present to you our report on non-financial data, prepared in accordance with requirements listed in the Accounting Act, committing us to disclose non-financial information. This report contains non-financial data from January 1. to December 31. of 2017. The report contains consolidated data for PGE Group ("Group", "PGE Group") and its parent company- PGE Polska Grupa Energetyczna S.A. ("PGE S.A."). A diagram depicting PGE S.A.'s direct and indirect equity exposures is presented on page 4.

As a socially responsible group, we stand for transparency and fairness in contacts with our stakeholders. From 2013, we have been publishing non-financial indicators in line with Global Reporting Initiative (GRI) reporting standards (version G4), therefore this document also contains selected indicators prepared in accordance with that standard. In addition, we are publishing PGE Group's own indicators. The list of GRI indicators is also based on information contained in the Management Board report on the activities of PGE Polska Grupa Energetyczna S.A. and PGE Group for 2017.

2. DESCRIPTION OF BUSINESS MODEL

2.1. PGE Group's business model

PGE Group is the largest vertically integrated producer of electricity and district heating in Poland. Thanks to a combination of our own commodity resources, generation of electricity and distribution network, PGE Group ensures secure and reliable electricity supplies to more than 5 million households, businesses and institutions.

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PGE Group operates in five segments:

- Conventional Generation

Scope of activities: lignite mining, generation of electricity and heat from conventional sources and transmission and distribution of heat. The Conventional Generation segment includes the activities of PGE Energia Ciepła S.A. ("PGE Energia Ciepła", "PGE EC"), which also covers trade in electricity, although the volume of electricity sold to end customers in the period covered by consolidation is less than 1% of the volume sold to end customers by the sales segment.

- Renewables

Scope of activities: generation of electricity from renewable sources and in pumped storage plants.

- Supply

Scope of activities: trade in electricity throughout the country, wholesale trade in electricity on the domestic and foreign markets, provision of services to PGE Group companies related to commercial management of the Group's generation capacities and of the electricity produced, alongside trade in CO₂ emission allowances, property rights and fuels.

- Distribution

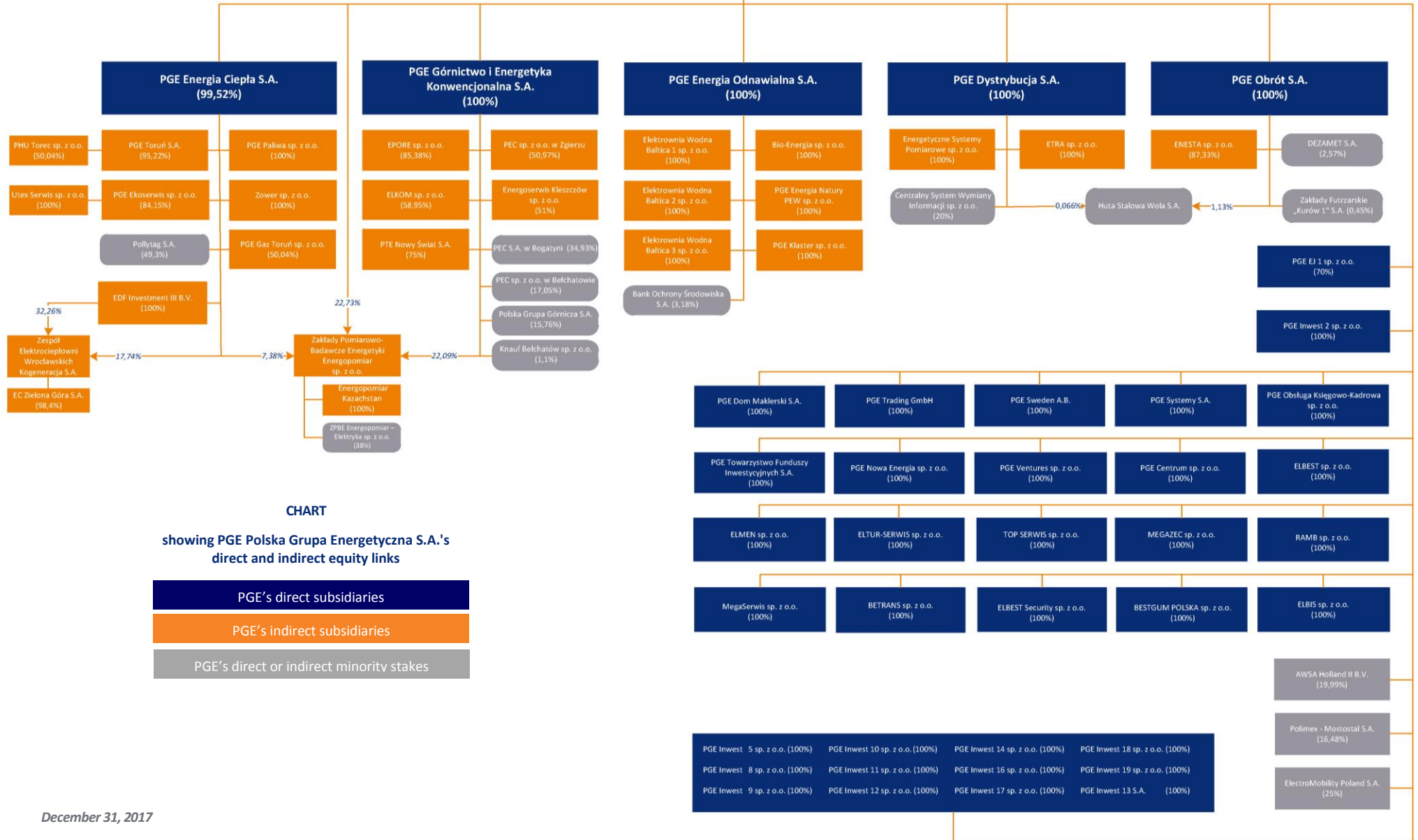
Scope of activities: provision of electricity supply services to end customers over high-, medium- and low-voltage power lines and equipment.

- Other activity

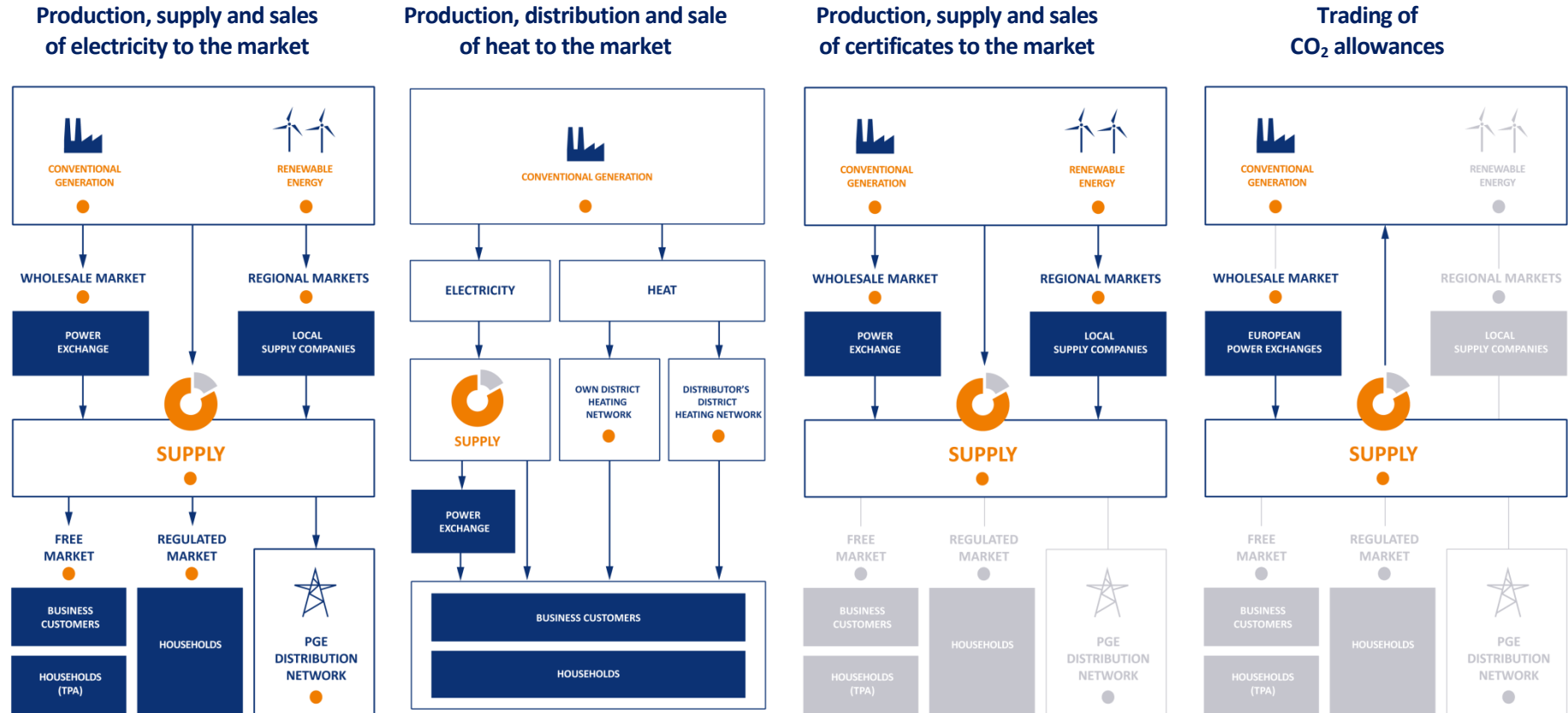
Scope of activities: provision of services, through subsidiaries, to PGE Group, which includes organisation of capital raising and provision of IT, telecommunications and payroll and HR services. The scope of activities also covers subsidiaries formed to prepare and implement a project to build a nuclear power plant, invest in start-ups and build an electromobility system.



PGE Polska Grupa Energetyczna S.A.



PGE Group's business model



Description of PGE Group's business model

Generation, trade and sale of electricity on the market

Electricity is generated by PGE Group's assets grouped into segments: conventional generation and renewables. Most of the electricity produced by PGE Group is sold in bilateral transactions between Group companies. A 15% minimum obligation to sell electricity on a market managed by Towarowa Gielda Energii (TGE) was in effect in 2017. From January 18, 2018, this exchange obligation for all energy groups in Poland has been raised to 30%. Moreover, according to a condition imposed by the Office of Competition and Consumer Protection (UOKiK) concerning completion of the acquisition of EDF's assets, PGE will sell the equivalent of 100% of electricity produced at the Rybnik plant on the power exchange in 2018-2021.

Electricity generated from renewable sources is purchased directly by the Supply segment if the installation is within PGE's distribution area or if the electricity is purchased by a seller operating in that area.

The Supply segment is also involved in wholesale trade in electricity. It is also responsible for trade in all related products and fuels on the domestic and international markets as well as for the sale of energy and fuels to end customers:

- to business clients - companies and institutions, on free-market rules (non-regulated market)
 - tariff A - large corporates (HV), e.g. smelters, mines, large manufacturing plants
 - tariff B - large and medium companies (MV), e.g.: shopping centres, hospitals and business clients
 - tariff C - small and medium businesses and institutions (LV), e.g.: stores, service locations, farms
- to households - the third-party access rule makes it possible to sell electricity to households outside the Group's distribution area on a competitive market to
- households and housing cooperatives (tariff G) on a regulated market.

In addition, the Supply segment sells electricity to PGE Dystrybucja S.A. ("PGE Dystrybucja") to cover grid losses related to the distribution of electricity.

The Distribution segment, led by PGE Dystrybucja, is responsible for distributing electricity to end users within its operating area over HV, MV and LV lines.

Generation, transmission and sales of district heating on the market

A CHP plant produces in a single technological process electricity and heat for heating purposes and for warm technological water. Heat is transmitted to end users over district heating lines owned by distribution companies that deliver it to users or over own district heating networks.

Trade in electricity generated in CHP plants is carried out bilaterally between PGE Group companies and on a market operated by TGE.

Generation, trade and sale of property rights on the market

Cogeneration certificates of origin (red and yellow in PGE Group's case) are issued to entities generating electricity in CHP plants. Green certificates confirm that energy has been produced in renewable installations and in conventional installations for biomass firing and co-firing in regular power plants and CHP plants.

Certificates are mostly traded on the TGE exchange. Some commercial contracts with local suppliers also cover the sale of green certificates alongside electricity. The Supply segment purchases certificates of origin, complying with the obligation to redeem them in connection with the sale of energy to end users (currently these are green, red, yellow, blue, purple and white certificates).

Trade in CO₂ emission allowances

CO₂ emission allowances, which are traded on international markets, are purchased on European energy exchanges and in bilateral transactions.

The Supply segment purchases CO₂ emission allowances to cover emissions generated in the Conventional Generation segment. It also trades CO₂ emission allowances. The Conventional Generation segment redeems CO₂ emission allowances adequately to actual emissions.

2.2. PGE S.A.'s business model

PGE Polska Grupa Energetyczna S.A. is the parent company for PGE Group.

The company's core activities are as follows:

- wholesale trade in electricity and trade in related products and fuels
- oversight of head offices and holding companies
- provision of financial services to PGE Group companies

Trade in electricity and other energy market products

PGE S.A. sells electricity on the market and within PGE Group, mainly to PGE Obrót S.A. ("PGE Obrót"), which sells to most of the Group's business and household clients, and to PGE Dystrybucja in order to cover grid losses related to the distribution of electricity.

PGE S.A. purchases electricity under bilateral contracts with PGE Group companies: PGE Górnictwo i Energetyka Konwencjonalna S.A. ("PGE GiEK") and PGE Energia Odnawialna S.A. ("PGE Energia Odnawialna," "PGE EO") and on markets managed by Towarowa Giełda Energii (TGE), i.e. on the derivatives market and spot market.

The way in which electricity is traded within PGE Group changed from December 16, 2016. PGE S.A.'s trading model was adapted to a reduced exchange obligation. A 15% minimum obligation to sell electricity on a market managed by TGE was in effect until the end of 2017. This is why most of the trade in electricity generated by PGE Group takes place bilaterally between Group companies.

Based on an Agreement concerning Commercial Management of Generation Capacities, PGE S.A. is responsible for securing generation capacity in the Conventional Generation segment and the Renewables energy segment. PGE S.A. is also responsible for purchasing CO₂ emission allowances for PGE GiEK and secures supplies of hard coal, natural gas and biomass for branches of the Conventional Generation segment.

Aside from wholesale electricity trade, PGE S.A. is active on the wholesale gas market, mainly in order to secure PGE Obrót's retail sales.

Oversight of head offices and holding companies

PGE S.A. serves as the Group's parent entity and its tasks include development of growth strategy and strategic management, focusing on effective management of PGE Group's generation portfolio.

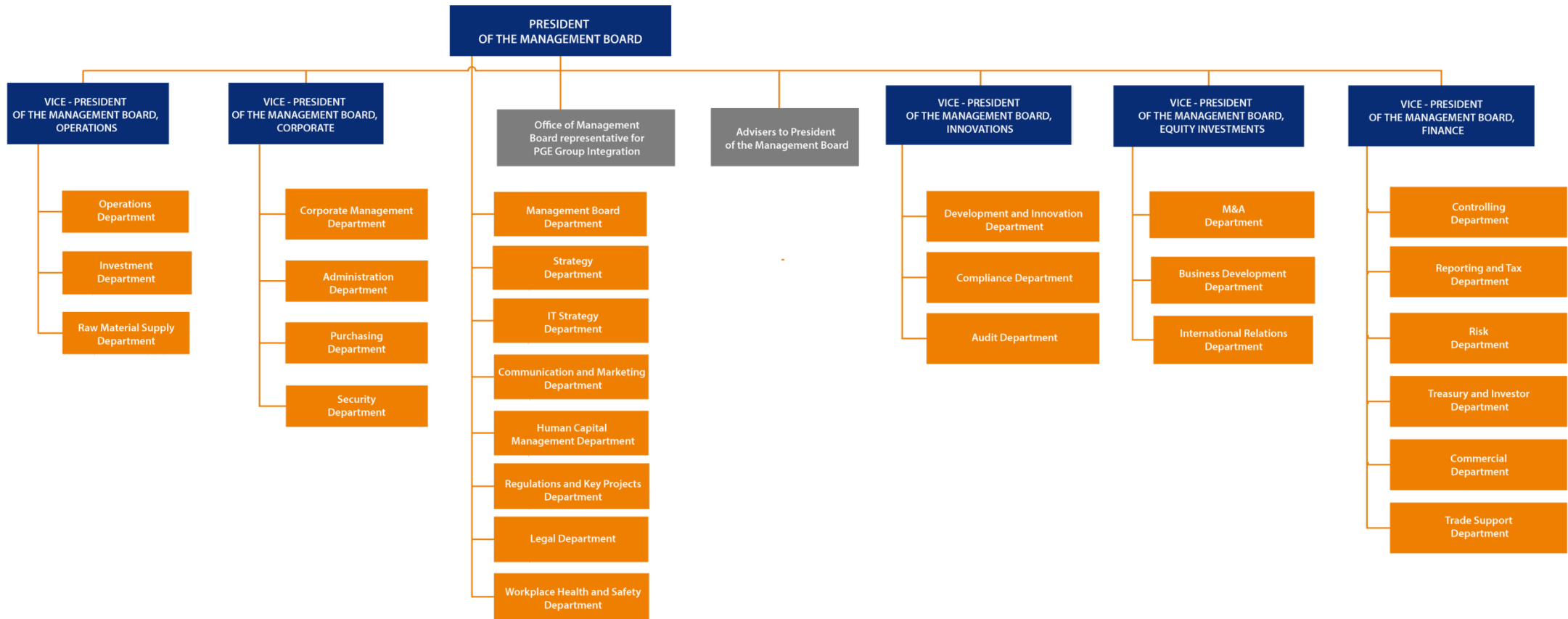
Provision of financial services to PGE Group companies

PGE S.A. raises mid- and long-term financing for investments projects in each of PGE Group's business lines.

Within PGE Group's financing model, PGE S.A. re-allocates funds between Group subsidiaries. These funds are obtained through loans from PGE Sweden AB - PGE Group's issuer of eurobonds and a special purpose vehicle.

PGE S.A. also provides other services related to the performance of the above-mentioned tasks.

PGE S.A.'s organisational chart as at December 31, 2017:



3. MANAGING CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABLE DEVELOPMENT AT PGE GROUP AND PGE S.A.

PGE Group's and PGE S.A.'s approach to responsible business results from the current business strategy, in place since 2016. Our business decisions reflect our responsibility for the natural environment, customers, the economy and local communities. PGE focuses on securing continuous supplies of energy and heat for clients whilst modernising its existing infrastructure, increasing the share of renewable energy sources, protecting nature, reducing the company's adverse impact on the natural environment and rehabilitating post-mining areas.



We work on corporate responsibility throughout the entire value chain - from mining and generation to the end recipient of electricity. At every stage of production, distribution and sale of electricity, we place strong emphasis on caring about our widely defined surroundings.

Everything we do is grounded upon the opinions and needs of our stakeholders, which translates into stable corporate development in line with our business values. Ethical, transparent and fair actions are the basis for responsible business. PGE Group places strong emphasis on rules, standards and values that each employee and business partner should be guided by.

Amongst PGE Group's key stakeholder groups are employees, shareholders, public administration, local authorities, industry organisations and NGOs, suppliers, partners, customers and local communities connected with locations where we operate. We adapt our way of communication and we hold dialogue with every group of stakeholders. Cooperation for sustainable development is an important aspect.

Involvement in CSR initiatives and industry cooperation

Our approach to CSR is also expressed in our formal participation in numerous domestic and global initiatives. We are the largest energy group in Poland which is why we are especially aware of our impact on our surroundings and we take responsibility for our actions:

- Since 2008, PGE S.A. has taken part in the initiative of the Secretary-General of the United Nations called "Global Compact". Participation in the Global Compact initiative is one of the manifestations of our support for respecting human rights.
- Since 2011, PGE S.A. has belonged to the group of socially responsible companies which are listed on the Warsaw Stock Exchange and form the RESPECT Index portfolio. This index includes companies that meet high environmental and social standards as well as norms of corporate and information governance.
- Since 2015 PGE has been the Strategic Partner of Responsible Business Forum. PGE S.A. is one of 99 Polish companies that have so far signed the "Commitment by Polish business to sustainable development." Rules adopted in the Declaration are an expression of engagement in sustainable development and PGE's drive towards achieving objectives set out in the Sustainable Development Vision for Polish Business 2050.
- In 2016, we participated in work on developing a minimum standard for companies in the area of ethics as part of the Working Group at the Coalition of Ethics Spokespersons at Global Compact Poland Network.
- Since 2017, we have been actively joining work on select UN Sustainable Development Goals. We have selected three key objectives:
 - Goal 7. Affordable and clean energy
 - Goal 9. Industry, innovation and infrastructure
 - Goal 11. Sustainable cities and communities

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As PGE Group, we take part in the work of numerous domestic and international organisations and associations.

Rules for joining international organisations and industry associations are contained in PGE Group's Procedures for Activities in the International Area, which regulates:

- initiating and coordinating international activities with international industry organisations,
- cooperation between Business Lines and direct subsidiaries of PGE S.A. with international organisations and institutions.

According to this procedure, approval from PGE S.A., in the form of a positive opinion, is necessary for Companies Managing Business Lines and direct PGE S.A. subsidiaries to participate in international organisations. Joining a specific organisation, leaving it or working with it are subject to coordination and monitoring.

Furthermore, a document entitled "Good practices in working with domestic and international industry organisations" was developed and it includes detailed guidelines for PGE Group companies on working with domestic and international industry organisations.

In 2017, PGE Group companies continued their work at domestic and international industry organisations and associations. Participating in expert groups at these organisations allows us to represent the Group's interests domestically and internationally and influence decisions concerning the power sector. This is also an element of promoting the entire Group and a way to increase its value. Participation in domestic and international industry organisations makes it possible to actively shape the Group's business environment and constitutes an important element of its image-enhancing efforts.

As a member of the Polish Electricity Association, PGE S.A. is also a member of the Union of the Electricity Industry - EURELECTRIC. This association represents the interests of European energy companies that generate, distribute and supply electricity. This is the most powerful sector organisation that participates in dialogue with European institutions. It influences the regulatory environment in a way that is conducive to the development of energy, both in Poland and at EU level.

PGE S.A. is also a member of Central Europe Energy Partners (CEEP), an international organisation with an interest in energy products such as coal, gas and crude oil as well as renewable fuels and nuclear power. CEEP plays a significant role in influencing EU regulations and shaping the regulatory framework in accordance with the interests of the energy sectors of countries in Central and Eastern Europe.

PGE S.A. also belongs to the following domestic sector organisations:

- Chamber of Commerce of Energy and Environmental Protection
- Energy Trading Association
- Polish Committee of the World Energy Council
- Association of Polish Electrical Engineers
- Polish Association of Listed Companies
- Employers of Poland

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PGE Group companies are also members of the following international organisations and associations:

- European Association for Storage of Energy (EASE),
- WindEurope,
- EDSO for Smart Grids,
- World Nuclear Association,
- FORATOM.

Moreover, PGE Group companies also belong to the following domestic organisations and associations:

- The Union of Employers: Association of Lignite Miners - through this organisation PGE Group is also represented at the international organisation Euracoal,
- Polish District Heating Chamber of Commerce,
- Chamber of Commerce of Energy and Environmental Protection
- Economic Society Polish Power Plants
- Polish Nuclear Society
- Polish Power Transmission and Distribution Association
- Energy Distribution Employers Union
- Energy Trading Association
- Hydropower Plant Society
- Polish Association of Commercial Heat and Power Plant
- Employers of Poland
- Association of Polish Electrical Engineers
- Polish Wind Energy Association
- Renewable Energy Association

4. LABOUR MATTERS

In line with its business strategy, PGE Group strives to develop an organisational culture that is based on partnership, development, responsibility, and that is created by involved employees with relevant competences. Our organisation's values are important not just in terms of the quality of business processes but also in employee relations and development programmes.

CSR - area: value creation

Business strategy objectives	Rule-based CSR Code of Ethics	Operations
Value-based culture	VALUE CREATION	We act in line with ethical rules
Involved employees with relevant competences	We are an attractive Employer	We promote safety and we care about employee satisfaction and involvement
	People at our company	We create conditions for the development of innovative ideas

4.1. Our policies and approach to management in the area of labour matters at PGE Group and PGE S.A.

Code of Ethics

The key document defining our organisation's ethical culture is the PGE Group Code of Ethics. All employees, including management and any other people working for PGE Group, are required to observe the code. The code covers operations as well as PGE Group's relations with employees, clients, business partners and the widely defined surroundings.

The ethics code sets out the values and rules that guide our daily work across all jobs. The code serves as proof of PGE Group's intent to operate in accordance with the law, internal regulations and the highest standards. It contains practical tips and ways to complete undertakings.

Moreover, intensive educational and communication activities are being conducted at the entire Group regarding compliance both inside and outside the organisation as significant support for the Compliance Management System.

Currently, 21 PGE Group companies have a compliance function. In fulfilling its obligations arising in the Code of Ethics, PGE Group adopted in 2017 a Code of Conduct for PGE Group's Business Partners and an Anti-corruption Policy.

Human Capital Management Strategy

On September 4, 2017, the Management Board of PGE S.A. adopted a resolution on an updated Human Capital Management Strategy, confirming the directions of changes set out in 2015. The Human Capital Management Strategy is in effect at the following Business Lines: PGE GiEK, PGE Dystrybucja, PGE Obrót, PGE EO, PGE EJ 1 sp. z o.o ("PGE EJ 1") and the following companies: PGE S.A., PGE Systemy S.A. ("PGE Systemy"), PGE Obsługa Księgowo-Kadrowa sp. z o.o ("PGE OKK," on January 31, 2018 this company's name was changed from PGE Obsługa Księgowo-Kadrowa sp. z o.o. to PGE Synergia sp. z o.o.) and PGE Dom Maklerski S.A. ("PGE Dom Maklerski"). The HR departments at the remaining companies operate in line with their own standards and procedures.

In 2015-2017, we carried out the first two groups of strategic initiatives, the effect of which were regulations in the HR area at the Business Lines and at the following companies: PGE S.A., PGE Systemy, PGE OKK and PGE Dom Maklerski. Corporate Rules for Human Capital Management and new HR tools were introduced.

The following documents were adopted:

- Corporate Rules for Cooperation in Human Capital Management Area

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- Corporate rules for training and development
- Corporate rules for systemic management of key managers
- Corporate rules for mobility
- Corporate rules for employment
- Corporate rules for social relations
- Corporate rules for HR oversight
- Corporate rules for workplace architecture

Some of the corporate rules required further detailing in the form of procedures therefore a decision was made to design a template of procedures for Business Lines and the following companies: PGE S.A., PGE Systemy, PGE OKK and PGE Dom Maklerski. Representatives of Business Lines and companies together with PGE S.A. prepared solutions that provided more detail to the Human Capital Management Strategy. HR managers at the companies are responsible for incorporating and applying the corporate rules for the Human Capital Management Area and additionally for adapting procedures to the needs of the Business Lines and companies and for their approval by each of the employers. Performance of HR processes should be strictly in line with the standards contained in the corporate rules and procedures. New HR tools were also developed for this group of initiatives.

Common HR procedures and tools implemented at key companies in 2017

Evaluation and directed development	Flexible employment	Key management	HR tools
Procedure for training and development	Procedure for recruiting and hiring	Procedure for monitoring and developing top management	Workplace architecture with a MAP
Adaptation procedure	Procedure for internships	Procedure for identifying key jobs	SAP HRM
Procedures for competence and work performance assessment		Succession management	Competence Model

We have created a Workplace Architecture for the entire Group, which is the starting point for additional HR solutions and tools. We held the first editions of the Business Partner HR Academy and the Academy for HR and Payroll Process Managers, attended by approx. 80 employees from HR departments. Across all Business Lines and the following companies: PGE S.A., PGE Systemy, PGE OKK and PGE Dom Maklerski the SAP HR system was also implemented.

At certain locations, we are implementing an HR as Business Partner model, which corresponds to the vision and initiatives announced in the Human Capital Management Strategy. This involves the separation of transaction and strategic functions in the HR area, which will function based on three pillars:

- HR and payroll transactions (units providing service to employees as part of HR transaction processes),
- HR Business Partner (units supporting managers in managing their personnel),
- HR expertise (units responsible for creating corporate HR policies, overseeing their implementation and monitoring their performance in supporting the business - HR oversight).

Why are we doing this? Changes in the human capital management area will bring the following benefits:

- cost and resource flexibility

- use of scale effects, i.e. PGE Group's in-house competences

We want to introduce the highest standards in providing services to employees and managers at all business lines and at the companies in which we are implementing these solutions. From 2018, we are introducing an Employee Competence Evaluation based on Workplace Architecture and the related Competence Model. These activities are starting at PGE S.A.

Employee training and development

We aim to appropriately use our employees' competences and effectively manage the transfer of their knowledge and skills. Continuous development and competence improvement are important. This is why we are making every effort to provide our employees with opportunities to raise their qualifications by participating in specialist training, workshops in soft, management and IT competences, post-graduate studies and foreign language courses.

We are placing a strong emphasis on Central Training and Development Programmes, which are the best investment in the development of our employees:

- In 2017, we ran the programme PGE Group Internal Audit Academy, addressed to the internal audit staff at: PGE S.A., PGE GiEK, PGE Dystrybucja, PGE Obrót, PGE Systemy, PGE EO. These were the objectives: understand the internal audit function, rules for its performance and using its results, improving knowledge and skills related to managing an internal audit unit and developing skills in performing audit tasks in accordance with the international standards IIA.
- The programme Purchasing Categories Managers Academy was intended for the employees of purchasing areas who took on the role of purchasing categories managers. The programme's first stage involved an assessment of purchasing competences and based on the results of this a special competence development programme was developed. The Academy's objective was: development of purchasing competences, construction of a strategic role for the purchasing area at: PGE S.A., PGE GiEK, PGE Dystrybucja, PGE Obrót, PGE EO, enhancement of cooperation between purchasing area staff and increase in involvement and care for business results. The programme's effects include the development of a strategy for the selected purchasing categories and, in the next stage, their implementation at PGE Group. The programme was completed by 60 employees, who received a certificate from the purchasing institution CIPS.
- In April 2017, the Technology Commercialisation Academy programme was completed at: PGE S.A., PGE GiEK, PGE Dystrybucja, PGE Obrót, PGE EO, which was dedicated to the development of competences of employees involved in research, development and innovation, alongside presentation of a way to build the technology value of innovative and implementation projects. Participants were able to learn about business practices in technology commercialisation projects that are applied around the world and to create a platform for communicating in a team of employees dealing with research, development and innovations. The Academy was completed by 21 employees.

Management competence development programmes and staff competence diagnostics

We create comfortable conditions for the Group's employees to develop competences and raise qualifications. Employees are encouraged to undertake self-improvement and knowledge-sharing initiatives, which is how a learning organisation culture is built. An example of such activities is a development programme for line managers at: PGE S.A., PGE EO, PGE OKK. The programme runs from October 2017 to March 2018. Its aim is to build awareness of the role of manager in shaping the involvement of the manager's employees. A similar development programme, dedicated to top management, was also carried out at PGE Dystrybucja's Białystok branch in 2016-2017.

Two programmes for the management were implemented at PGE Systemy in 2016-2017. The Leadership Academy for upper management and the Academy for Management Skill Development for mid-level managers. These programmes were intended to develop management competences, including skills related to team management, employee motivation, feedback and change management. An example of development activities at PGE GiEK for the management, aside from numerous scientific and technical conferences, also was training in change management and corporate communications.

One of the development tools offered to PGE Energia Ciepła's managers and employees with strong potential is individual and group coaching. Coaching is related to HR processes and covers areas such as: appointing a new manager, preparing for the new role, developing leadership skills, improving management effectiveness and professional development for young talents. The following options are organised as part of coaching programmes: executive coaching, coaching for talents, management coaching, coaching for development programme participants, coaching for women (leaders). Mentoring is another development tool. Mentors are experienced business leaders who want to get involved in a mentoring programme. Mentoring follows a clearly outlined process, covering formal arrangements between the mentor and the person being mentored. Participating in this process is voluntary. Mentoring involved work on specific development goals, a lack of work-related dependence between the mentor and the person being mentored, partnership relations, based on clear rules and equality of

the sides. Mentoring is intended to develop leadership competences, increase operational effectiveness, better understand the business context and expand areas of activity, effective influencing, making decisions, convincing and building up a process-based way of thinking. Other management development programmes: Development Academy - leadership training for all managers. This is a programme for the key people managing facilities at the operational level, who during two-day sessions share their local best practices, and Learning Expedition - a programme mainly for managers, covering visits at other plants and getting to know management practices focused on continuous improvement.

The production facilities of PGE EC and subsidiaries have defined detailed scopes of knowledge and skills necessary across all technical jobs. This model is managed with the support of a dedicated IT tool.

Periodic employee evaluation system

A periodic employee evaluation system based on management of work results serves a supporting function and motivates employees in implementing tasks at select PGE Group companies. This system applies to the employees of PGE S.A., PGE Obrót, PGE Systemy, the management team of PGE EO and some of the management personnel at PGE GiEK and PGE Dystrybucja.

In evaluating work effectiveness and results, PGE GiEK has a management by objectives system for upper management. A system of periodic grades for all employees is in place at Elektrownia Bełchatów and Elektrownia Opole branches as well as at all companies and branches of PGE EC.

The evaluation of employee competences is based on a Competence Model and is one of the key tools and one of the main initiatives currently being implemented in line with PGE Group's human capital management strategy.

The system is based on defined competences for specific groups of jobs: management, specialised, executive. The employees' substantive knowledge is subject to this evaluation. The evaluation of work results involves setting and accounting for tasks and the employee's development is discussed as part of the evaluation of competences.

Additional benefits

PGE Group offers its employees not just interesting professional challenges and an extensive training package but also a high level of social benefits. Given the specific nature of each business line, each of the companies determines what additional benefits it offers to its employees. These benefits includes: additional pay for holidays, additional healthcare, additional pension benefits, subsidies for electricity or additional life insurance.

Employee safety is our priority

As a responsible employer, we care about ensuring that our employees work in safe conditions. PGE Group's permanent objective is to promote amongst its employees a culture of workplace safety. Such initiatives are primarily based on preventive activities as well as the exchange of know-how and experience. Each Group company has its own workplace health and safety regulations. This is mainly due to the different nature of our business lines. Employees of PGE GiEK, PGE Dystrybucja, PGE EC and PGE EO are exposed to the highest risk. Promoting safety among employees is inscribed in PGE Group's strategy as an objective to be achieved as part of corporate social responsibility and sustainable development.

At PGE EC and subsidiaries, the safety of staff, counterparties, subcontractors and other people present on site is addressed in the workplace health and safety policy, the objective of which is a lack of accidents. Promoting workplace safety rules in accident numbers - not just among the staff of PGE EC and subsidiaries but also subcontractor companies - below the average for the entire energy industry. Workplace health and safety competitions are another factor motivating to develop a safety culture at PGE EC and its subsidiaries. One such example may be the Workplace Health and Safety Challenge "Bezpieczna praca w PGE Toruń," which is held annually since 2007. In this competition, PGE Toruń staff submit irregularities in workplace health and safety areas during field visits. They receive points for this which are later converted into cash. This competition also has a social dimension - the winners, with the highest scores, indicate local organisations that will receive donations. Similar workplace health and safety competitions are held during management visits to EC Zielona Góra and the Wybrzeże branch. Knowledge competitions regarding workplace health and safety are organised at all of the companies and production facilities of PGE EC and CUW. As part of the "Pracuj z głową" programme, PGE EC and subsidiaries also recognise the employees of contractor companies who know how to take care of their own and others' safety, are aware of the dangers and refuse to take orders that would violate workplace health and safety rules. At the end of the month, at each location three employees are selected in a ceremonious manner. They receive accolades and diplomas.

Each PGE EC company and branch has a workplace health and safety steering committee - a decision-making body that also monitors progress in safety plans. Managers at operational level supervise workplace health and safety activities during field observations and visits. A programme to select experts in different domains is intended for experienced employees to share knowledge with their less experienced and competent colleagues. They become mentors sharing knowledge with others

and give advice in their areas of expertise. Having authority, experience and knowledge, they become role models in safety for their colleagues.

To promote safety rules at work, the Workplace Health and Safety Leader S.O.W.A. has been developed. The main conclusion from a seminar organised in September 2014 with contracting companies was that contractors' employees often do not react to workplace health and safety irregularities that they witness. The S.O.W.A. programme began in February 2015 and its main objectives are: developing partnership relations with the counterparties of PGE EC and subsidiaries as regards workplace health and safety, joint work on improving safety at all levels and equipping contracting companies' employees with tools and skills that will allow them to effectively respond to threats and dangerous behaviours in the workplace.

PGE Group strives to limit all risk related to safety by continuously operating on the basis of a safety culture model. This involves:

- implementing corrective and preventive measures based on multi-dimensional identification and assessment of threats,
- drawing conclusions from incidents,
- searching for the best practices within a given business line and beyond.

To perform a full assessment of progress in developing a safety culture, PGE EC and subsidiaries have designed behavioural audits. Safety culture is evaluated on a five-step scale at all locations. The average score for PGE EC companies in 2017 was above 4.0 on a scale from 0 to 5. This means that safety management systems are used effectively and are systematically developed.

Numerous thematic teams in the area of workplace health and safety have been set up, which are active at all companies in the business line PGE Energia Ciepła. Their goal is to identify workplace health and safety problems and search for solutions as well as recognise best practices and take initiative in order to ensure the organisation's continuous improvement in the workplace health and safety area. Workplace health and safety activities are part of employee evaluations. All employees may also once a year evaluate their workplace as regards health and safety in a questionnaire. More than 95% of employees have declared that workplace health and safety is a priority for everyone.

Reaching a "Zero Accidents" objective is also supported by a field observation system. This is conducted by the top management, line management, specialists, supervisors and line workers. This system makes it possible to submit both negative and positive observations. This way, even a visit that finds no irregularities ends up with an observation.

An IT system was developed to register workplace health and safety events. This allows observations to be catalogued by location and area.

The project Safety Message, launched in 2012, is another tool that supports the safety culture. Every employee receives a message at the start of each week by email and, once a month, in the form of an insert in a publication for the employees of the business line's companies.

Subjects of these messages address both purely technical issues as well as workplace ergonomics in the office or the proper use of cars.

A Fire and ATEX Safety Network was appointed in 2015. This team includes representatives from each location of PGE EC and its subsidiaries who have strong competences that are necessary to increase technological safety. The network is supervised by the workplace health and safety committee. The formation of the Fire and ATEX Safety Network is a response to new challenges related to implementing an investment programme (construction of new desulphurisation and denitrogenation systems, construction of gas unit in Toruń). Developing a safety culture is also aided by exchanging practices between workplace health and safety teams at all facilities. This is done through the workplace health and safety network, which has been operating for 10 years.

One of the outcomes of our two campaigns - "Partnerstwo dla bezpieczeństwa" and "Pracuj z głową" - is the establishment at PGE EC's Rybnik branch the first zero-accidents centre "Centrum 0 wypadków." This is a centre that began operating in November 2015, in which PGE EC provides theoretical and practical training for its contractors. This is important because contractors often work away from their offices and do not have such back-office on hand.

This gave rise to similar centres at the business line's other companies and branches.

Our care for employee safety is acknowledged by the market. For example, our CHP plant in Gorzów, a branch of PGE GiEK, won the regional edition of the competition Employer - organiser of safe work in the category of large businesses employing more than 250 people in the Lubuskie voivodship. The CHP plant in Gorzów was also one of the winners at the national level.

The plants in Bełchatów and Dolna Odra received a Golden Card for Leadership in Safe Work from the Safe Work Leaders Forum for years 2018-2019.

At the 20th National Workplace Safety Knowledge Competition at Power Plants and CHP Plants, a team from Elektrownia Bełchatów won first place, with Wiesław Maziarski from Elektrownia Opole placing first in the individual competition.

Hiring rules

At business lines and the following companies: PGE S.A., PGE Systemy, PGE OKK and PGE Dom Maklerski common recruitment and selection rules are in place, as described in "Corporate rules for hiring at PGE Group." In recruiting employees, PGE Group makes every effort to ensure that the process is transparent and friendly for participants and effective for the company.

As PGE Group, we are actively involved in internship programmes for students and graduates. With these activities, PGE Group strives to reduce a generational and competence gap and continuously build its organisational culture that promotes involvement, professionalism and innovativeness.

Programmes completed in 2017:

- PGE in cooperation with PKN Orlen S.A. and PGNiG S.A. launched the second edition of the #Energia dla Przyszłości internship programme. The programme is conducted under the aegis of the Ministry of Energy. Participants include graduates and students who gain experience over the course of a one-year internship in their areas of interest and learn about work in the energy industry.
- PGE S.A. also continued to work with the Leśław A. Paga Foundation in the 6th edition of the Energy Academy for people who are passionate about energy and want to work in this industry in the future. The Academy's participants were offered paid internships at PGE Group.

PGE Group's New Employee Adaptation Programme - "Włącz Prąd"

From day one on the job, PGE wants to create an atmosphere of being a part of the Group. Newly-hired employees from key PGE Group companies undergo an adaptation programme that is in place not just at the company where they work but at the entire Group. In 2017, four editions of the "Włącz Prąd" programme were conducted, with 700 participants.

Generational gap threat

Certain aspects of the human capital management strategy are becoming urgent in the light of a generational gap. In the coming years, the Group plans to undertake initiatives intended to reduce its generational gap. One example of such activities is an educational programme designed by PGE Dystrybucja in connection with forecasts for a generational gap among electric technicians. Cooperation was established with first- and second-level vocational schools and universities concerning internships, provision of specialist equipment to school workshops and organisation of teaching sessions.

In 2017, PGE Group continued to support vocational schools and technical secondary schools in professional education so that the qualifications of the graduates would be aligned with the energy industry's needs. New cooperation agreements and memorandums were signed with vocational schools, technical secondary schools and universities.

Voluntary Leave Programme

One of the objectives in the Group's strategy is to make changes that will make PGE the most effective energy group in Poland. This ambitious task requires the employment structure to be re-organised. In previous years, the Voluntary Leave Programme was conducted at certain Group companies as a consequence of a plan to optimise employment. In 2017, the Programme was continued at two PGE Group companies: PGE GiEK, PGE Dystrybucja as well as in PGE Energia Ciepła.

Table: Voluntary Leave Programme at PGE Group and PGE S.A. (in persons)

	PGE Group	PGE S.A.
Voluntary Leave Programme in 2017	312	0

4.2. Identified risks and management measures in the labour area at PGE Group and PGE S.A.

In 2017, a consistent approach to managing risks was developed for nine key PGE Group companies: PGE S.A., PGE GiEK, PGE Dystrybucja, PGE Obrót, PGE EO, PGE EJ 1, PGE Systemy, PGE OKK, PGE Dom Maklerski.

The other PGE Group companies are supervised at business line level or by other PGE Group units that are tasked with corporate management. The risk management system in place at business lines takes into account the activities of the other PGE Group companies.

LABOUR MATTERS AT PGE GROUP

Workplace health and safety risk

Risk associated with social dialogue

Risk associated with human resources

Risk reduction tools

Control of work environment

Workplace health and safety training and workplace instructions prior to start of work at specific workplace

Hiring of employees with qualifications and health conditions adequate to the Company's needs

Initial and periodic medical check-ups

Periodic assessment of technical state

Rules regarding use of protective equipment and work tools

Development of multi-channel internal communications

Continuous analysis of labour union's expectations

Conducting employee surveys

Competitive remuneration system, comparing to other employers

Rules regarding recruitment

Managing employee development

Work with high schools and colleges offering energy-related studies

Mentoring

Training on Code of Ethics

LABOUR MATTERS AT PGE S.A.

Workplace health and safety risk

Risk associated with social dialogue

Risk associated with human resources

Risk reduction tools

Control of work environment

Training for employees on workplace health and safety and workplace instructions prior to start of work at given workplace

Hiring of employees with qualifications and health conditions adequate to the Company's needs

Initial and periodic medical checkups

Rules regarding first aid during workplace accidents

Periodic reviews of workplaces

Detailed definitions of actual requirements and qualifications expected from candidates for future employees

Continuous analysis of costs related to ensuring appropriate conditions for safe work

Development of multi-channel internal communications

Conducting employee surveys

Pro-active internal communications, empowerment of line managers in communications process, shaping leadership culture

Conducting effective dialogue outside the company: three-party groups, council of social dialogue

Competitive remuneration system, comparing to other employers

Rules regarding recruitment

Managing employee development

Training on Code of Ethics

4.3. Selected indicators in the labour area at PGE Group and PGE S.A.

Table: Total number of employees by type of employment and type of employment contract and gender (number persons)

As at: 31.12.2017	PGE Group		PGE S.A.	
	Female	Male	Female	Male
Total number of employees	41 629		536	
Total number of employees by gender				
	8 445	33 184	261	275
Employment contracts, full-time	8 358	33 092	249	268
Employment contracts, part-time	87	92	12	7
Employment contracts, indefinite term	7 510	30 899	248	261
Employment contracts, definite term	936	2 285	13	14
Contracts of services	340	466	4	1
Contracts for tasks	4	9	0	0
Number of self-employed staff	8	17	0	0
Ratio of self-employed staff to all employees	0.095%	0.051%	0%	0%

G4

G4-10

GC

GC-6

Table: Percentage of total employees covered by collective bargaining agreements

As at: 31.12.2017	PGE Group	PGE S.A.
Percentage of total employees covered by collective bargaining agreements		
Number of staff	41 629	536
Percentage of total employees covered by collective bargaining agreements	32 137	508
% of employees covered by collective agreement (in relation to all employees)	77.2%	95%

G4

G4-11

GC

GC-3

Table: Total number and rates of new employee hires and employee turnover by age group, gender

As at: 31.12.2017	PGE Group	PGE S.A.
Total number of newly-hired employees	3 507	79
Female	891	33
Male	2 616	46
Under 30 years of age	991	25
30-50 years of age	1 766	51
Over 50 years of age	750	3
Share of newly-hired employees	8%	15%
Female	2%	6%
Male	6%	9%
Under 30 years of age	2%	5%
30-50 years of age	4%	10%
Over 50 years of age	2%	1%
Total number of departed employees	2 564	64
Female	699	25
Male	1 865	39
Under 30 years of age	357	14
30-50 years of age	965	34
Over 50 years of age	1 242	16
Share of departed employees	6%	12%
Female	2%	5%
Male	4%	7%
Under 30 years of age	1%	3%
30-50 years of age	2%	6%
Over 50 years of age	3%	3%

Table: Average hours of training per year per employee by gender, and by employee category

As at: 31.12.2017	PGE Group	PGE S.A.
Total number of training days per year	55 630.75	1 011.75
Average number of training days during reporting period per employee	1.3	1.89
Average number of training days during reporting period per employee, by:	2.57	1.86
Female	1.56	2.30
Male	1.44	2.46
Upper management (Management Board, Directors)	5.56	4.53
Management positions	3.55	3.55
Other employees	1.29	2.13

G4

G4-LA1

G4

G4-LA9

GC

GC-3

Table: Percentage of employees receiving regular performance and career development reviews, by gender and by employee category

As at: 31.12.2017	PGE Group	PGE S.A.
% of employees subject to regular evaluation of quality of work, by gender		
Number of employees regularly receiving work evaluations	28.8%	100%
Number of women regularly receiving work evaluations	11 991	536
Number of men regularly receiving work evaluations	2 989	261
Number of directors (management posts, names can differ depending on the company)	9 002	275
	1185	117
% of employees regularly receiving work evaluations (total women and men - % of total number of all employees)		
Women (% of women out of all women)	35.4%	100%
Men (% of men out of all men)	27.1%	100%
Directors	41.3%	100%

G4

G4-LA11

GC

GC-6

Table: Composition of governance bodies and breakdown of employees per employee category according to gender, age group

As at: 31.12.2017	PGE Group	PGE S.A.
Number of people in the Management Board	90	6
Female	7	0
Male	83	6
Under 30 years of age	1	0
30-50 years of age	46	2
Over 50 years of age	43	4
Number of people in the Supervisory Board	165	6
Female	43	2
Male	122	4
Under 30 years of age	1	0
30-50 years of age	112	1
Over 50 years of age	52	5
Total number of employees	41629	536
Female	8445	261
Male	33184	275
Under 30 years of age	2902	89
30-50 years of age	21196	369
Over 50 years of age	17521	78
% of people in the Management Board		
Female	7.8%	0.0%
Male	92.2%	100.0%
Under 30 years of age	1.1%	0.0%
30-50 years of age	51.1%	33.3%
Over 50 years of age	47.8%	66.7%
% of people in the Supervisory Board		
Female	26.1%	33.3%
Male	73.9%	66.7%
Under 30 years of age	0.6%	0.0%
30-50 years of age	67.9%	16.7%
Over 50 years of age	31.5%	83.3%
% of employees		
Female	20.3%	48.7%
Male	79.7%	51.3%
Under 30 years of age	7.0%	16.6%
30-50 years of age	50.9%	68.8%
Over 50 years of age	42.1%	14.6%

Table: Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related accidents, by company and by gender

Period: 1.01.2017 – 31.12.2017	PGE Group	PGE S.A.
Total number of work-related accidents:	184	0
Female	20	0
Male	173	0
Fatal accidents	1	0
Female	0	0
Male	1	0
Group accidents	6	0
Female	1	0
Male	14	0
Grave accidents	0	0
Female	0	0
Male	0	0
Minor accidents	177	0
Female	19	0
Male	158	0
Accident frequency rate*	3,87	0
Accident seriousness indicator*	28,64	0
Absence rate***	12239	0
Female	1165	0
Male	11074	0

number of accidents in 2017 / number of employees (as at 31.12.2017) 1000

**total number of absent days of people injured at work / number of people injured at work (excluding victims of fatal accidents)

***total number of absent days due to work accidents (counting calendar days)

5. SOCIAL MATTERS

5.1. Responsibility towards customers

We are a reliable and modern supplier of electricity and heat. We place emphasis on learning the needs of our clients. With this knowledge, we can offer them not just electricity and heat sales but also a custom range of other services.

CSR – area: Customer

Business strategy objectives	CSR directions and Code of Ethics rules	Operations
Reliable and modern supplier	CUSTOMER	We are improving the quality parameters of electricity supplies, measured in SAIDI/SAIFI.
Wide offering of products other than electricity/heat	We are a responsible partner on the market	We care about our clients' needs by: developing an offering that is tailored to their needs, measured in opinion polls, and improving the quality of customer service
Knowledge about client needs	We are here for our clients	We educate them in how to effectively use energy and on environmental impact. PGE Group conducts harmonised educational activities.

Electricity supply is a service that clients consider to be continuous and always available. We are constantly working on supply reliability, including through operational and investment activities in the energy distribution area. This is where we are introducing increasingly more efficient mechanisms that limit interruptions in electricity supplies. 2017 was for us a very challenging time in terms of weather anomalies (strong storms and hurricanes).

In 2017, we abided by the quality regulations introduced by the President of URE in 2016. According to these regulations, a distribution system operator's revenue partially depends on the quality of service, reliability of supplies and connection time for customers.

5.1.1. Our policies and approach to managing social matters: customer

Our policies and approach to managing relations in this area are drafted and implemented at companies whose employees have direct contact with our customers (PGE Obrót, PGE Dystrybucja, PGE EC) and are tailored to the specific nature of this work. We place a strong emphasis on the quality of relations with clients. PGE Obrót has a Service Quality Book and Customer Service Procedures. Adherence to these rules is regularly monitored and reported. They address all sales and post-sales service matters. We care about information flow, high quality and comprehensiveness. We provide honest explanations about PGE's products and services.

PGE Obrót has a procedure for accepting and examining client submissions. Most of them are replied to within a few days although the maximum statutory deadline is 14 days. We encourage our customers to send in their comments and observations (other than under the contract) to a special email address in the Głos Klienta campaign. Every comment is examined and taken into consideration in work on improving our processes.

At PGE Energia Ciepła companies in Zielona Góra, Toruń and Wrocław, whereas distributors of district heating we have direct access to the end client we have introduced very high customer service standards. These locations follow codified Customer Service Standards that focus on quickness, quality and comprehensiveness of service. All customer questions are examined within 14 days and each submission is analysed and used in service improvement processes. We constantly respond to any disruptions in heat supplies to our customers through the District Heating Emergency Office, which operates around the clock. At PGE Energia Ciepła's locations where we have assets only to produce heat, i.e. in Gdańsk, Gdynia and Kraków, and our main customers are local distributors or large direct clients, we follow equally strict Customer Service Standards. They are supported by Integrated Management Systems and pro-consumer trade policies.

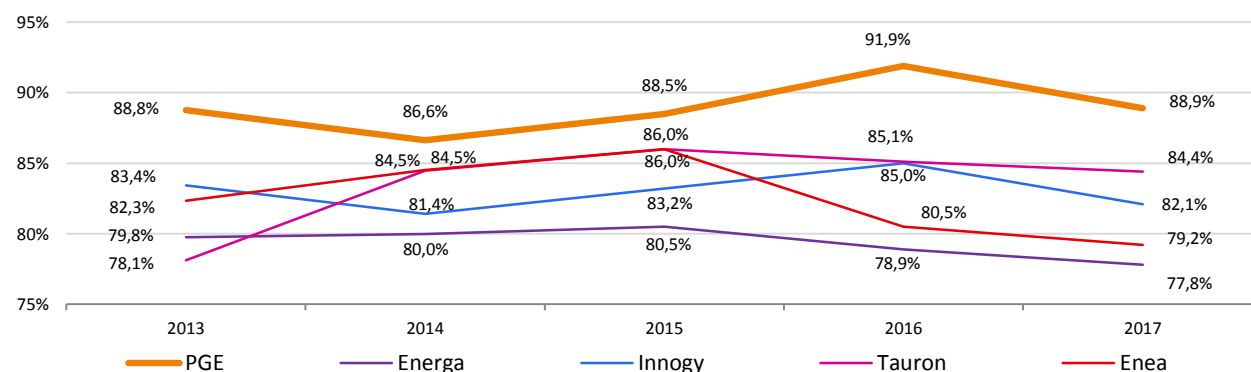
For five years, we have been conducting cyclical multi-dimensional client satisfaction monitoring. We place the greatest emphasis on aspects related to customer service at PGE Obrót at its Customer Service Offices and Contact Centers. The CSI (Customer Satisfaction Index) index remains at a high level for clients in both tariff G and C1.

PGE Obrót is the industry leader, recording the highest rates of customer satisfaction in contacts. Household clients in tariff G give us high marks for involvement, pleasantness and the use of simple and understandable language by our consultants. Business clients in tariff C1 appreciate efficient resolutions of issues they bring up and our consultants' kindness.

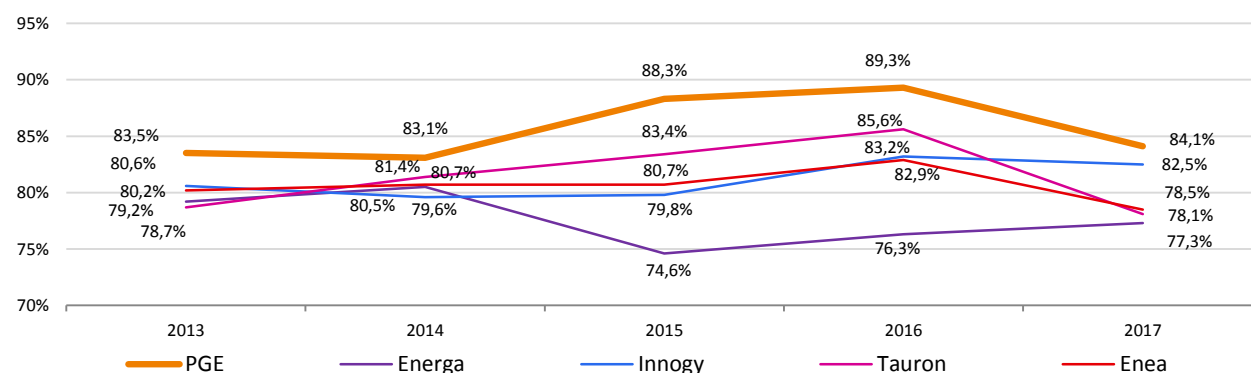
Regardless of the tariff, respondents appreciate not only our focus on our clients but also on the issues they submit to PGE Obrót ("Customer satisfaction survey after contact with customer service office and contact center" 2017, BrainLab).

Diagram: Customer Satisfaction Index

CLIENTS IN TARIFF G



CLIENTS IN TARIFF C1



Source: "Customer satisfaction survey after contact with customer service office and contact center" iAnswer, BrainLab.

Electricity sales always go together with ensuring comfort of supply therefore we continually monitor customer satisfaction from PGE Dystrybucja's services. We regularly analyse data on connection processes, track information on contacts with the Energy Emergency Unit and visits by electricians. This allows us to improve customer service processes and procedures.

The NPS (Net Promoter Score), which measures loyalty based on visits by electricians, is reaching 72 points (on a scale from -100 to 100). Electricians receive very high marks for reliability, involvement and attitude during their work, which translates into high customer satisfaction ("Survey of customer satisfaction after electrician visits" 2017, 4P Research Mix).



G4-PR5

Our internal operating data are confirmed by survey results that indicate increasing satisfaction from reducing the average connection installation time. Also noteworthy are the high marks received by PGE Dystrybucja employees for explaining the content of documents that the client is required to submit in order to get service ("Survey of customer satisfaction in connection process" 2017, 4P Research Mix).

All PGE Energia Ciepła branches and companies conduct customer satisfaction surveys. At EC Zielona Góra, the overall customer satisfaction level reached over 85%. An even higher rate of customer satisfaction in district heating was achieved by KOGENERACJA in Wrocław in 2017 - 92%. In Kraków, in the 2017 edition of the social survey "Communal services in the opinions and budgets of Kraków residents" the district heating and technical warm water that we supply received scores of 9.01/10 and 8.66/10, respectively. These surveys are also carried out at PGE EC's Wybrzeże branch, although here they are intended to assess the level of business clients' satisfaction.

Good communication is the foundation of client relations therefore we make every effort to transparently and fully inform about our offering. Development of modern solutions is a priority, which is why we have created programmes for specific customer and user groups:

- Quality Ambassador - programme continued in 2017. Its task is to maximally reduce clients' waiting time for service, provide substantive and product information and assist in filling out documents.
- From 2016, select customer service locations of PGE Obrót feature holographic hostesses - modern holographs that, by interacting with PGE's clients, can more quickly find answers to questions about our company.
- PGE Contact Center's helpline and online access to customer service through PGE's eBOK function allow clients to deal with many issues at their convenience using computer or smartphone applications. PGE Obrót also offers electronic invoicing for customers' convenience and environmental reasons.
- Special email address: serwis@gkpgge.pl
- Chatbot - allows the users of Messenger, a communicator integrated with Facebook, to interactively select the optimal and fully tailored offering to purchase energy and additional services.

In 2017, PGE Dystrybucja worked on launching a Phone Submission Center for clients contacting the emergency number 991. This project is expected to be finalised at the beginning of 2018, but has already been completed at certain branches. Consultants at the 991 number receive submissions related to a lack of power due to network failures or planned works. This new solution will substantially increase the availability of the emergency number 991 for the company's clients. It will also make it easier to access current information.

PGE Dystrybucja is prepared to launch a remote channel for filing requests for a connection to the power network, i.e. the New Client Connection Panel. This convenient solution that meets our clients' expectations as they will be able to provide the essential documents without visiting the Company's office.

PGE Obrót and PGE Dystrybucja pay particular attention to properly informing their clients about the terms and rules of products, prices and other significant elements of service. In the case of contracts being executed outside the company's offices, consumers are also informed about their right to withdraw from the contract within 14 days.

We build relations with clients based on fairness. PGE Obrót has a certificate from the Energy Trading Association (TOE) and has adopted the Code of Good Practices of Electricity Sellers. Every year, it participates in TOE's nationwide educational and informational campaign for electricity customers: "Wybieraj mądrze: Sprawdź, kto sprzedaje Ci energię".

But this is not all - PGE Obrót also conducts regular activities intended to inform clients about fraud mechanisms applied by unfair energy sellers, who often pretend to be from the proven and trusted PGE. The company warns against this issue by creating own local media campaigns (in regional press, websites and radio stations).

In 2017, during two holiday weeks, PGE placed PGE Obrót's mobile information zones in 21 cities. Every day, experts responded to questions regarding tariff changes, explained formal issues related to invoices and contracts, informed about products and modern solutions. A significant objective of the campaign was to raise clients' awareness of the dangers related to unfair competition on the energy market. Flyers warning and informing about how not to get cheated were handed out.

Informational leaflets on this subject are available at PGE Obrót's customer service offices and sales sites. In recent months, the company has been distributing booklets with stories showing the methods being used by fraudsters on the energy market. It regularly publishes information on this matter on its website.

Another important channel of pro-consumer activities in local communities are meetings organised for people over the age of 50. Various surveys show that the elderly are the most exposed to unfair practices in energy sales. The company works with local government authorities (city town halls, voivodship offices, marshal's offices), police, fire-fighters and other entities such as the Polish Red Cross. PGE employees provide knowledge to participants that allows them to protect themselves against suspicious proposals. In 2017, such meetings were held in the operating area PGE Obrót's branches in Skarżysko-Kamienna,

Lublin, Warsaw and Rzeszów. Another cycle is planned, which will increase the reach of our campaign.

We also carry out strictly local activities inspired by questions from journalists concerning fraud in a given area. We initiate media discussions and press articles of educational and informational nature to highlight the problem.

We try to dynamically respond to the changing situation and needs of our clients. In 2017, new sales/customer service locations were opened in Hrubieszów, Zduńska Wola and at the shopping centre Złote Tarasy in Warsaw.

One of the priorities of PGE Obrót is providing service to disabled persons. 78% of PGE Obrót locations are equipped with ramps for wheelchairs and are located on the ground floor. In addition, people having difficulties entering our facilities may use remote channels, which PGE Obrót is constantly expanding. Employees of the 12 largest customer service sites of PGE have undergone special sign language training where they learned the basics and energy terminology. Based on their experiences, they developed case studies for the most frequently occurring situations.

For client and staff safety, customer service locations in Warsaw, Pruszków and Legionowo are equipped with AED defibrillators.

In 2017, PGE for the fifth time received the title "Customer-Friendly Company." This is a certificate confirming the high quality of services and good relations with clients, awarded based on independent satisfaction surveys. PGE Obrót's overall score in this year's edition was 92%. This is PGE's best result so far. Customer satisfaction is not the only proof of our high standards of customer service. The diligence with which we approach the security of client data is another manifestation. In 2017, PGE Dystrybucja, PGE Energia Ciepła and PGE Obrót did not record any client data loss.

G4

G4-PR8

G4

G4-26

5.2. Responsibility towards stakeholders

We care about building the company's value in the long-term, which is why we maintain lasting relations with our surroundings, based on trust, openness and dialogue. Cyclical panels for stakeholders are an example of such activities. The most recent one was held on October 26, 2017, at PGE's headquarters.

The meeting was held in accordance with AA1000 SES (Stakeholder Engagement Standard). Its validity and transparency was overseen by an NGO - the Forum for Responsible Business.

Representatives of PGE Group's key stakeholder groups were invited, from the following areas:

- government administration
- media
- industry organisations
- NGO organisations
- business partners / suppliers
- academia
- shareholders / investors
- competition
- clients
- local communities
- regulators
- employees

Discussions were held in four thematic groups related to the overall procedure for managing activities in the CCI area at PGE Group, related to business strategy:

- society / local communities
- workplace
- environment
- market

Representatives of PGE Group's stakeholders selected the priority topics that they saw as crucial for the company as well as subjects that should be included in PGE Group's integrated report for 2017.

Work on selecting the key topics for stakeholders was conducted in three stages: individual stage, group work at tables and work in the forum.

During the stage summarising the effects of group work, the following topics were selected:

PGE social involvement area	Key topics indicated by stakeholders
SOCIETY	<ul style="list-style-type: none"> • Educational activities as regards the operation of the electricity market, energy efficiency and the safe use of energy and its infrastructure (including educating children and youth) • Supporting local communities, actively implementing a good neighbour policy; activities at the level of each company.
ENVIRONMENT	<ul style="list-style-type: none"> • Investing in environmental protection projects, financing research projects focusing on reducing adverse environmental impact, investing in increasing the share of renewable energy • Reducing impact on environment • Emissions (types and quantities of substances emitted - measurements, targets)
WORKPLACE	<ul style="list-style-type: none"> • Doing business in an ethical manner, managing ethics in the organisation (including combating corruption) • Promoting workplace health and safety rules • Managing the generational gap
MARKET	<ul style="list-style-type: none"> • Investments for the development of renewable energy sources • Ensuring energy security - effective access to electricity and heating

The key issues selected by PGE Group's stakeholders will be discussed in PGE Group's integrated report for 2017. For questions submitted but not included in the integrated report, responses were provided in a separate document, sent to the discussion panel's participants. In the coming months, we as PGE Group will be working on a CSR action plan to meet these expectations.

5.3. Responsibility towards business partners

5.3.1. Our policies and approach to managing social matters: business partners

According to the Code of Conduct for PGE Group's Business Partners, we work only with those suppliers and other business partners that conduct business in a fair manner. Relations with our business partners are based on mutual trust, respect and

professionalism. Purchasing and procurement are done based on transparent and objective rules, in accordance with the existing law and clearly defined internal procedures.

With a view towards ensuring the highest standards of doing business, we as PGE Group want to work with business partners who respect the law, identify with our rules and apply them in every-day business. This is why we have collected our expectations in the "Code of Conduct for PGE Group's Business Partners."

This Code also sets out the minimum requirements for PGE Group's business partners as regards respect for human rights, working conditions, environmental protection and fairness in doing business.

We require the entities with which we cooperate to observe the same fairness standards that we obey. We have a standard set of contractual provisions for suppliers, subcontractors and business partners relating to workplace safety, fire safety, waste management, asset protection and environmental protection requirements.

5.4. Responsibility towards local communities

5.4.1. Our policies and approach to managing social matters: local communities

In the Group's updated strategy we laid down our approach to local communities and community involvement. We look for long-term, planned social and business activities. We care for the development of the areas where we do business, we raise the living standards in communities, we support local events, and we create jobs. We know that our business has an impact on the life of local communities and we strive to be a good neighbour and responsible partner for them.

CSR – area: Economy

Business strategy objectives	CSR directions and rules Code of Ethics	Operations
<p>Active participation in shaping the business environment</p>	<p>ECONOMY</p> <p>We support the development of local communities</p> <p>We care for good relations with local communities</p>	<p>We build local partnerships focused on development and cooperation through regular dialogue with the local community</p> <p>We pursue a sophisticated employee volunteering programme</p> <p>We support organisations and people in need through PGE's corporate foundations.</p>

Since 2014, PGE Group has a procedure for managing social involvement that ensures consistency, transparency and effectiveness. PGE Group's Code of Ethics is an important document addressing this area, with the following rule: "We care about relations with local communities."

Energy forums

Municipal authorities in areas where we do business are an important partner for PGE Group in working with the local communities. For municipal leaders, PGE Dystrybucja organises annual Energy Forums for local government during which the key issues in cooperation between the company and local leaders are discussed. Discussed during meetings are subjects related to key investments in each of PGE Dystrybucja's branches that are planned for the coming years. Much attention is paid to ways of regulating the legal status of land occupied by power equipment, highlighting the role of active participation of both sides in the process of developing local spatial development plans. Local authorities believe that investments in transmission networks and cooperation in planning and expanding power infrastructure bring tremendous benefits. Energy

professionals and local authorities agree that the improving supply continuity indicators are having a positive impact on the region's image and especially the quality of life of the residents. Formal and legal barriers and problems related to power infrastructure locations are also discussed. These issues still often result in delays in grid investments.

In recent years the topic of street lights has been giving rise to heated discussion. Modern lighting solutions, legal issues related to infrastructure ownership, maintenance, repairs and development continue to be a current topic, with much of the Energy Forums organised by PGE Dystrybucja in 2017 being devoted to this matter.

The last part of the forum is usually dedicated to procedures at PGE Dystrybucja in the event of mass failures and to CSR activities in the company's area

PGE's volunteering initiatives

PGE Foundation, which was set up in 2011, is one of the pillars of PGE's social involvement. Its objective is to support the development of local communities and performance of in-house social programmes. The foundation's key operating areas are: social aid, science and education, medicine and healthcare, support for culture and national heritage, as well as ecological activities and environmental protection. In 2017, PGE Foundation gave out more than 180 donations.

Local community support is also pursued through PGE's employee volunteering programme "Pomagamy." An important aspect of the programme is projects that bring lasting changes to the nearest surroundings. Our employees know what the representatives of local communities need the most because they themselves are from those communities. This is why they are the ones submitting projects in this programme. This is why we are sure that the aid goes where it is needed the most. PGE's volunteering programme was set up in 2014. Given significant interest on the part of our employees and the programme's dynamic development, in 2017 aside from the best pro-social projects from PGE Group employees the development of PGE's Regional Volunteering Leaders network was commenced. This is a place for the further development of those leaders who have already gained social experience in the competition. Volunteering activities are addressed to different groups: children, youth, disabled people, single mothers and the poorest people - all over Poland.

- Number of employees involved in PGE's employee volunteering programme "Pomagamy" in 2017: 276, including from PGE S.A.: 17
- Number of volunteering hours in 2017: 12500, including hours worked by PGE S.A. employees: 1077
- Number of projects completed in 2014-2017: 160, including projects completed by PGE S.A. employees: 14

Energetic Backpack

The Energetic Backpack campaign for families in need wherever we operate has been happening for 15 years. By working with local social assistance centres, first grades from low-income families receive colourful backpacks with school supplies. This is how they can start their school adventure full of energy. In 2017, PGE Foundation together with PGE S.A., PGE Dystrybucja, PGE GiEK, PGE Systemy and PGE EJ 1 prepared over 3000 Energetic Backpacks with the most essential school supplies.

PGE Foundation

In 2017, PGE Foundation and Cultural Memoriae continued a project as part of which Christmas packages are given to Warsaw-based veterans. Overall in 2016-2017 1000 packages were given to the veteran community. This campaign was not only an opportunity to give the veterans presents but also to meet and talk with them.

As a socially responsible company, we also support education in the area of safe and efficient use of electricity. PGE Group companies initiate their own educational programmes. This is how we shape proper habits amongst electricity users - kids, youth and adults. PGE Foundation has prepared an unusual educational adventure for the youngest school children - a theatre play about the safe use of electricity. A professional acting team travels around Poland to visit schools for kids aged 5-9. These are mostly primary schools but also social community centres and hospitals with child wards. Young viewers get the opportunity to learn about how electricity is created, when it can be dangerous, how to act in case of a danger, what do the markings on transformers mean and how to save electricity. Modern dolls, stage design and songs make it a real treat for kids and their teachers who want to conduct their teaching in an interesting manner. In 2017, the theatre play was shown at 225 locations around the country, with more than 20 000 kids attending.

PGE Energia Ciepła Foundation

PGE Energia Ciepła Foundation is most notably a cultural centre. It organises one of the largest art festivals in the country - Nationwide Festival for Art Songs OFPA as well as events such as the Nationwide Theatre Arts Festival and the Rybnik Festival of Photography. It also hosts workshops for kids and youth, including cyclical debates and challenges. The Foundation organises numerous meetings and special events for kids, such as Kids' Day, winter breaks, summer camps and

many educational campaigns (e.g. Safe Kindergartener), which served as the location of numerous meetings and competitions for kids from local kindergartens.

PGE Energia Ciepła Foundation also helps those in need and is behind the idea to mobilise the elderly. The Programme also includes numerous workshops, hobbyists and educational trips for the elderly, which is helping them to not be excluded from the society. For a number of years, the Foundation has been organising a Nationwide Senior Sports Olympics - You Win, for people at least 50 years old from all over Poland. It also joined the National Seniors Card Campaign for which it offers numerous discounts and rebates at its facilities.

Let's share the heat

For over 10 years, PGE Energia Ciepła's branches and companies have been running programmes to support socially sensitive customers. Their beneficiaries include NGOs, foundations and associations that act for people in hardship and for families in need referred by social assistance centres. At each PGE Energia Ciepła branch, this solution works in a slightly different way. The "Share the heat" programme at the CHP plant in Kraków is operated in cooperation with district heating distributor MPEC and other heating producers for the since 2007. Partners provide grants to cover heating bills for NGOs that work with people who are socially excluded. The organisations (tens every year) are selected by the social affairs division of the city office together with the social assistance centre. Wrocław-based KOGENERACJA supports its district heating users by paying their bills for over 10 years. Every year, the company signs an agreement with the Wrocław municipality and the Siechnice municipality pursuant to which public benefit entities or home-based orphanages that use district heating receive grants to partially cover their bills. Locations are selected by the social assistance centres in Wrocław and Siechnice. In Toruń, a programme entitled "Supporting socially aware customers" has been in place for five years. Its idea is to support district heating clients (public benefit organisations) that help others - people with illnesses or hardship. The committee, which comprises employees (representatives) of divisions and labour unions, selects the programme's beneficiaries every year. In addition, the Toruń-based company has been organising the competition "Safe work at PGE Toruń," as part of which employees - competition winners provide donations won in the competition (points are converted to cash) to organisations that help those in need.

The CHP plant in Zielona Góra provides donations to a social assistance programme for Zielona Góra residents who are in material hardship every year (since 2008). The programme aims to help with payments for house heating and use of warm water for families that qualify for social assistance in accordance with criteria from the act on social assistance, with the stipulation that they must be using district heating supplied through the city district heating network. Every year, the Company's representatives sign an agreement with the mayor of Zielona Góra pursuant to which a cash donation is made to the Zielona Góra Town Hall's account to be used by the city for implementing the programme. The programme's beneficiaries, who are natural persons, are selected by the City Centre for Social Assistance. In 10 years, EC ZG has helped 1900 families.

On the coast, PGE Energia Ciepła together with Gdańsk-based distributor OPEC Sp. z o.o. conducts the "Pass the heat forward" campaign. This is a campaign that supports the most valuable initiatives by NGOs and social economy entities from the Tri-City area. In 2017, the campaign's key theme was "Inter-generational city in open social spaces." Nearly 20 000 votes were cast for the best projects in an online vote. Cash prizes were given to three NGOs from Gdańsk and Gdynia.

Programme to Support Development of Site Municipalities

In 2017, PGE EJ1 conducted the third edition of the Programme to Support Development of Site Municipalities, initiated in 2015, which aims to assist the following municipalities: Choczewo, Krokowa and Gniewino, as well as disseminating knowledge about nuclear energy, building social acceptance for this source of energy and supporting the investment process' effectiveness. The company is involved in selected infrastructure projects that support its on-going and future needs. It also supports social engagement by members of local NGOs and public units involved in culture, education, parenting and social help, thus inspiring them to work for the common good. The programme provides funding or co-funding for initiatives located with the prospective site municipalities that help them to develop are addressed to residents and tourists. These are educational and informational activities that promote knowledge about nuclear energy, activities related to the local labour market and vocational learning, supporting municipal investment projects as well as charitable and sponsoring initiatives. The programme's beneficiaries are: local government authorities, residents and organisations from the municipalities where the nuclear plant might be located as well as the Puck and Wejherowo poviats.

Responding to the expectations of local communities - in 2017, we build a side walk for pedestrians of approx. 140 metres on the western side of Nowa street in Bogatynia, alongside support work, near the entrance to the new unit's construction site. This task was carried out pursuant to a three-party agreement between the Starost of Zgorzelec, Bogatynia City and Municipality Mayor and PGE GiEK, pursuant to which our company carried out work to improve access roads in the area of the Trzciniec residential estate in order to improve pedestrian safety near the entrance to the new unit's construction site.

This task was agreed in detail during discussions with local authorities, in which representatives of the Residential Council of the Trzcinec residential estate also actively participated.

We also engage the local community in joint ecological initiatives. In 2017, at nine key PGE Group companies, employees together with schools and local communities across the country planted 80 000 trees in a campaign entitled "Forest full of energy." This project was begun by PGE Dystrybucja 14 years ago near Zamość. In the past four years, our Group's employees planted nearly 300 000 young trees. This way, together with Regional Directorates of State Forests, we celebrate Earth Day.

Clean air

PGE Energia Ciepła becomes involved in local initiatives related to ecology and environmental protection. The Gdynia-based CHP plant together with the Gdynia Town Hall co-organises the competition "Best the smog," which is part of the Clean Pomeranian Air project co-financed by the Voivodship Fund for Environmental Protection and Water Management in Gdańsk. The competition is intended to raise school children's interest in clean air and to shape ecological attitudes. The plant in Rybnik organises a campaign to clean up the river Rudy, which in April 2017 was held for the eighth time. An ecological path was established at the CHP plant in Kraków, which allows visitors to meet the fauna and flora within the grounds and learn about activities addressing the protection of biodiversity.

Cinema on bicycles and machine tournaments

In 2017, PGE Energia Odnawialna sponsored the social initiative "Cinema on bicycles." This event combining culture with ecology and "green" energy was organised on the Children's Day. A module was placed in front of the Palace of Culture and Science with 20 "energy bicycles." During the campaign, short films showing humans' relations with nature and the surrounding world were shown. All electricity needed for the movies was produced by the cyclists on stationary bikes.

PGE Energia Odnawialna sponsored the Nationwide Tournament of Water Machines for the sixth time, with school children from around the country participating. Their task was to build a machine that converts the potential and kinetic energy of water into mechanical energy. Machines were evaluated in two independent categories: "power" and "efficiency." The Nationwide Tournament of Wind Machines was a similar concept. This was the sixth year of the competition. The participants' task was to build a machine that converts wind energy into mechanical energy. School children participated either on their own or in 2-3-person teams and they had to design and build wind turbine blades with diameter of up to 500 mm.

Blood donation campaigns

PGE GiEK's branches host Honorary Blood Donor Clubs. Blood donors - miners from PGE GiEK's branch KWB Bełchatów - have been visiting the youngest patients in hospitals in Bełchatów and Łódź for many years. The campaign involves meetings with small patients and giving them gifts. In addition, participants donate blood to these institutions. More than 10 litres of blood was collected during a field campaign for group blood donations organised by the Honorary Blood Donor Club at Elektrownia Bełchatów. The campaign was a part of the 10th nationwide edition of the "Collecting blood for Poland" project.

Open days

We want local communities to be able to learn about the specifics of our work. This is why PGE GiEK and PGE Energia Ciepła each year organise open days at their facilities during which visitors can get to know the work of miners and energy professionals.

Sports and culture sponsoring

We are close to local communities also thanks to our sponsoring activities which focus on two areas: sports and culture. The strategic marketing goal of PGE Polska Grupa Energetyczna S.A. and PGE Group is to retain existing clients and gain new ones. Sponsoring activities promote the PGE brand, increasing its awareness and reach. Sponsoring activities help in building PGE's reputation and garnering public support; they also help in achieving CSR objectives.

PGE Group works with professional teams in various sports that are fans' favourites, including volleyball, basketball, football and handball. In 2017, we sponsored PGE Skra Bełchatów (volleyball), PGE Viva Kielce (handball), PGE GKS Bełchatów (football). Aside from sports clubs, in 2017 PGE also sponsored individual athletes: Zofia Noceti-Klepacka (windsurfing), Waldemar Stawowczyk (sleddog racing) and Victor Borsuk (kitesurfing).

From 2015, PGE is the name sponsor of speedway world league - PGE Ekstraliga. We also have a sponsorship agreement with PL.2012+, pursuant to which we are the name sponsor of the most popular and most modern multi-functional arena in Poland, i.e. PGE Narodowy.

PGE Polska Grupa Energetyczna also supports local initiatives related to promoting amateur sports, especially by promoting sports amongst children and youth. In June 2017, we launch an amateur sponsorship initiative for the most interesting projects. PGE Group companies also conduct sponsoring activities on a smaller scale.

KOGENERACJA is the main sponsor of International Wheelchair Tennis Tournament Wrocław Cup 2017, under the patronage of the Wrocław mayor. The Wrocław CUP is more than a sporting competition. Its aim is to encourage people with disabilities to actively spend time and play sports, which is one of the best forms of physical and mental rehabilitation. The power plant in Kraków finances an award for the best disabled runner in the Cracovia Marathon. Last year, PGE Energia Ciepła was the name sponsor of two races organised by association "Start" for sports and rehabilitation in Beskidy. These events were attended by more than 100 participants, including the most accomplished skiers and cyclists in our country.

PGE Polska Grupa Energetyczna sponsors numerous important cultural events. These often are history-themed projects, important for Poland and for Poles. In 2017, PGE Polska Grupa Energetyczna also sponsored the movie "Wyklęty" directed by Konrad Łęcki - a film about post-war anti-communist underground resistance. For many years, PGE Polska Grupa Energetyczna has been supporting the National Philharmonic in Warsaw. In 2017, it also became involved in its project addressed to the youngest audiences: "Mornings and Afternoons for Young Listeners." Other projects supported by PGE S.A. are also addressed to kids - Educational Programmes at the Warsaw Uprising Museum and the "Brad!" comic book which tells the story of a Polish super spy Kazimierz Leski. We also supported events such as: 27th Mozart Festival, Poetic Evening for Zbigniew Herbert's Birthday, 56th Music Festival in Łańcut, "Youth for History" festival and many other important events, both local and nationwide.

PGE Energia Ciepła's branch in Kraków supports the Kraków Festival Office KBF and its concerts. In 2017, the CHP plants in Gdańsk and Gdynia once again sponsored artistic events at the Polish Baltic Philharmonic. The CHP plant in Toruń is involved in the Bella Skyway project - a festival organised as part of the Polish-Norwegian project Bella Skyway Toruń-Slemmestad. In 2017, PGE Toruń was also a sponsor of the Organum light installation by Steve Nash and Jan Mroczek. The power plant in Rybnik traditionally sponsors Rybnik's Juwenalia event, while the CHP plant in Zielona Góra sponsors the European Museum Nights.

5.5. Identified risks and management measures in the social area at PGE Group and PGE S.A.

In 2017, a consistent approach to managing risks was developed for nine key PGE Group companies: PGE S.A., PGE GiEK, PGE Dystrybucja, PGE Obrót, PGE EO, PGE EJ 1, PGE Systemy, PGE OKK, PGE Dom Maklerski.

The other PGE Group companies are supervised at business line level or by other PGE Group units that are tasked with corporate management. The risk management system in place at business lines takes into account the activities of the other PGE Group companies.

SOCIAL MATTERS AT PGE GROUP

Risk of damage to third parties

Risk associated with violating collective interests of consumers

Reputation risk

Risk reduction tools

Monitoring the technical state of equipment and installations

Control of work environment

Noise and electromagnetic field measurements

Use of protective means to reduce harm for the natural environment

Employee training in environmental protection (as part of workplace health and safety training)

Appropriate preparation of workplaces

Periodic inspection of the security of facilities and assets

Following rulings by the Competition and Consumer Protection Court and opinions of the President of the Office of Competition and Consumer Protection

Observing internal standards regarding information sharing

Monitoring of Company processes in terms of potential abuse of dominant position

Provision of universal access to regulations related to the company's operations (codes, rules, regulations)

Employee training

Verification of existing internal regulations as regards abuse of dominant position

Legal consultations

Media monitoring

Undertaking effective PR activities (in cooperation with the Corporate Centre)

Cyclical meetings of management with employees

Observing procedures for managing internal, external and crisis communications

Observing rules for representing PGE Group in the media (Regulations concerning communications activities)

Diversification of internal communication channels

Monitoring of marketing activities

SOCIAL MATTERS AT PGE S.A.

HR risk

Risk reduction tools

Long-term hiring plans based on optimal staff size supported by internship programmes in cooperation with technology-oriented schools

5.6. Selected indicators in the social area at PGE Group and PGE S.A.

In 2017, PGE's distribution network area was subject to extremely unfavorable weather conditions - caused in particular by very strong gusts of wind (exceeding 100 km/h), which resulted in grid failures resulting in mass damages of power network. Due to numerous and long-lasting downtimes caused by catastrophic events, PGE Dystrybucja did not meet SAIDI and SAIFI quality targets for 2017. Impact of the company's failure to reach its SAIDI and SAIFI targets in 2017 on the company's financial results will be visible in 2019 (see point 5.4.5 in this report). Currently, all Distribution Network Operators, through the Board of PTPiRRE, are in talks with the Energy Regulatory Office President concerning the removal of the effects of catastrophic events from these indicators, which are taken into account in the quality tariff.

Operating data	Unit	2017	2016	2015
SAIDI, average outage duration for each customer served, including:				
Planned	min	557	401	442
Unplanned, with catastrophic		95	119	159
		462	282	283
SAIFI, System Average Interruption Frequency Index, including:				
Planned	units	5.48	4.49	4.72
Unplanned, with catastrophic		0.48	0.61	0.70
		5.00	3.88	4.02

G4

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In the social area, PGE S.A. and PGE Group also use own indicators, which are presented in sub-sections of this part of the report (responsibility towards clients/responsibility towards local communities).

6. ENVIRONMENTAL MATTERS

We are an organisation that is aware of its impact on the surroundings. We continually strive to prevent or reduce the adverse impact of our activities on the natural environment. In making decisions with regard to modernisations and new investments, environmental effect is always an important criterion for us.

CSR - area: security of supply

Business strategy objectives	CSR directions and rules Code of Ethics	Operations
Supporting the country's energy security	SECURITY OF SUPPLY	We limit our impact on the environment through:
Ability to implement new products and technologies	We manage our impact on the surroundings	- Implementing modernisation investments intended to reduce emissions
Pro-active response to trends	At PGE Group, we care about sustainable and safe development	- Working on limiting our environmental footprint
		We use various sources of energy by searching for new solutions.
		We search for innovations inside and outside the organisation by creating conditions for the development of innovative ideas and implementing them

6.1. Our policies and approach to management in the area of environmental matters at PGE Group and PGE S.A.

Striving to improve the quality of the natural environment, we initiative, support and participate in initiatives intended to retain biodiversity and improve the state of the environment, the quality of which we monitor.

PGE Group's Environmental Protection Policy is a document that defines our attitude towards protecting the environment. It is in place at PGE Group's key companies (PGE GiEK, PGE EC, PGE Dystrybucja, PGE EJ 1, PGE EO).

Its objectives include:

- defining general rules, authorisations and responsibilities in PGE Group's environmental protection area,
- defining PGE Group's processes and activities having key meaning for environmental protection,
- assigning the key roles in the process of managing environmental protection to appropriate levels in PGE Group's management organisational structure,
- identifying environmental processes within business lines, taking into account their specific,
- continuously increasing PGE Group employees' awareness of environmental protection.

Aside from the environmental protection policy, all branches of PGE GiEK and PGE EC have an Integrated Management System. This covers an Environmental Management System, established and implemented in accordance with the standard PN-EN ISO 14001. The may task of the Environmental Management System is to support environmental protection and prevention of pollution in a way that takes into account social and economic considerations.

G4

G4-EN12

GC

GC-7

GC

GC-8

Moreover, in 2016 a Declaration by the Management Board of PGE S.A. regarding environmental protection was adopted, in which this company's leadership committed to continuous improvement of efforts aimed at protecting and improving the state of the environment and at preventing pollution - implementing high, economically justified technological standards.

Environment and ethics

All employees are committed to rationally using natural resources. Managing environmental impact is also addressed in PGE Group's Code of Ethics. The rule "We care for the natural environment" describes the company's attitude towards standards for emissions into the air, water and ground.

In line with this rule, we undertake the following activities:

- We regularly monitor and reduce the negative impact of our operations on the environment. We continuously strive to reduce environmental footprint both in the area of technologies applied in operations and during our every-day responsibilities.
- We effectively use natural resources. We reduce our environmental footprint and promote the sustainable use of the essential natural resources. We set environmental objectives for our supply chain. Our initiatives cover activities aimed at the sustainable development of electricity generation and transmission technologies, afforestation, reducing water and energy consumption and recycling. Every year, we publish information on our progress in this domain.
- We are championing innovations. We support innovative solutions that contribute to reducing the environmental impact of our products and services.

We are certain that by acting in a sustainable manner we bring benefits to both our shareholders and the society.

District heating - a path to clean air

For PGE Group, 2017 meant investment in the district heating sector. Its development has a positive impact on air quality improvements and on the environment. District heating is one of the most effective ways of combating smog, which - especially in the autumn and winter - is a problem in many Polish cities. As district heating market leader, PGE has substantial impact on the course and effects of efforts to clean the air. This became possible thanks to the acquisition of French-based EDF's assets located in Poland, finalised on November 13, 2017, including 8 CHP plants. Thanks to this transaction, PGE Group climbed to number one both on the energy market and in the production of eco-friendly district heating.

On December 14, 2017, the Group unveiled its District Heating strategy, which focuses on clients and the environment. PGE wants to be the leader of environmental changes in the sector, working to support the battle for clean air in Polish cities. It plans to manage district heating networks in at least two-thirds of PGE Energia Ciepła's existing locations by 2023 and construct 1000 MW of new power capacities in effective and eco-friendly cogeneration technology by 2030.

In 2030, PGE Energia Ciepła, a company that was built on the basis of our cogeneration assets, is expected in line with the District Heating a 50% level of low-emission energy sources in the Company's fuel mix.

Several days after the District Heating Strategy was published, PGE Energia Ciepła signed an agreement with the authorities of Rybnik intended to reduce household emissions in the region. The planned investment involves a conversion of PGE's power plant in Rybnik in a way that makes it possible to generate heat in combination with generating electricity, i.e. cogeneration. The investment is estimated to cost approx. PLN 100 million.

At the end of September 2017, representatives of local government in the Zgorzelec powiat, two PGE Group companies and ten local businesses and institutions signed an agreement on the foundation of the South-Western Energy Cluster. Its key aim is to improve the air quality in the region, enhance local energy security and support development of this area.

Signatories include the local government authorities of: Zgorzelec powiat, Bogatynia municipality, Węglińiec municipality, Pieńsk municipality, Zawidów municipality, PGE Group companies PGE GiEK (Elektrownia Turów and KWB Turów) and PGE Energia Odnawialna as well as local businesses.

The South-Eastern Energy Cluster will contribute to local energy security by ensuring economic effectiveness and improving the state of the environment, including air quality. The project takes into account local specifics and the need to stimulate regional development by using the energy resources available locally, including high-efficiency cogeneration and renewable energy sources.

At the end of 2017, PGE began work on its anti-smog offering, intended to help in the battle for clean air. This is an incentive to install electric heating and use electric vehicles. It was addressed to clients planning to use electric heating installations

and electric car charging stations, who are ready to increase electricity consumption during the night (22:00-6:00), while reducing consumption during the day. The price discount is 50% of the base tariff price (G11). If these preferential rates are combined in a product offering with fees for distribution services, during the night PGE's clients will have a price that is 65% lower than during the day.

Investments in environmental protection

We are the largest energy company in Poland, which naturally obligates us to especially care about the natural environment, which is the source of resources used in our production processes. In its modernisation and investment programmes, PGE uses the latest technologies that ensure efficiency, reliability and environmental safety. Energy warehouses are one of the solutions that fit in this approach. They are also important in stabilising the operation of generation infrastructure that uses renewable energy sources. PGE Energia Odnawialna is planning to build an energy warehouse intended to ensure the stability of energy supplies to end users at the South-Western Energy Cluster, formed with PGE's participation.

The company is developing its potential by building generation infrastructure that uses high-efficiency technologies guaranteeing optimal production processes and emission reductions. From February 2017, PGE's CHP plant in Gorzów features a modern gas-and-steam unit with 138 MW electric and 100 MW heat capacity, which contributes to improving the city's air and better use of local gas deposits.

Modern units are also being built at Opole and Turów. As of the end of 2017, two units in Opole with total output of 1800 MW were approx. 90% complete, while the unit in Turów was 50% done. The Group is also implementing an installation for thermal waste processing with energy recovery at PGE's CHP plant in Rzeszów and it has announced that its Investment Committee recommends gas as the most favourable fuel for the planned new power unit at Elektrownia Dolna Odra.

Innovations at PGE

Innovativeness is one of the pillars of PGE Group's business strategy. The Group will spend approx. PLN 400 million on research, development and innovations by 2020, half of which is own funds and the other half will be financed externally. The Group intends to provide PLN 50 million in financing per year, to be used in developing new technologies, products and business lines.

In supporting innovative undertakings, PGE's approach is comprehensive. PGE Ventures, a specialised corporate investment fund, is responsible for equity investments, while PGE Nowa Energia is in charge of incubation and acceleration of early-stage projects.

PGE Ventures has established a strategic partnership with Foundation Startup Poland. This gives it access to information on the startups operating in Poland and facilitates getting in touch with them. The foundation also supports entrepreneurs in cooperation with startups, holds dialogue with public administration and participates in consultations of legislative projects as well as monitors, identifies and promotes business projects with innovative features that are developed by startups operating on the Polish market. In September 2017, PGE Ventures launched its scouting programme, which is aimed at selecting the most promising startups. The fund is especially interested in technological startups that have interesting ideas on what to do with ashes and other combustion by-products, mainly synthetic gypsum.

In 2017, PGE Group joined as the global accelerator Bridge to MassChallenge Warsaw as a partner. As part of this programme, we want to establish cooperation with the most innovative startups from the entire CEE region. PGE Nowa Energia is especially focusing on innovations in electromobility, infrastructure security and combustion by-products.

Circular economy

The generation of combustion by-products is an unavoidable consequence of producing energy at conventional plants that use hard coal, lignite or biomass. Waste treatment is gaining traction worldwide. This trend can especially be seen in Europe, which the use of combustion by-products is expected to grow substantially due to dynamic development of new technologies, mainly related to fly ash and synthetic gypsum. The European Commission is proposing a comprehensive change from a linear model of economy to a circular economy, which should jump-start the development of businesses involved in waste treatment, especially waste generated in the process of electricity generation.

PGE Group is consistently improving and expanding the scale of application for its combustion waste and is conducting research on finding new applications that are aligned with sustainable development. The management of combustion waste at PGE GiEK that is generated in the process of electricity and district heating generation takes on a multi-directional shape and is aimed at using combustion waste in place of natural resources. The idea of re-using combustion by-products has been around in the energy sector for over 20 years. Reducing emissions is causing an increase in the number of substances being caught by air protection installations and makes it possible to manage combustion by-products. The company places strong

emphasis on the economic use of combustion by-products, implementing the concept of reducing environmental footprint in practice. The circular economy concept is manifested in concrete actions being taken by the company in order to close-circuit its production processes and cost-optimize the combustion by-product area. This project promotes the use of resources from secondary sources and thus material effectiveness. The rule 'secondary first' makes it possible to re-direct combustion by-products from landfills to the economy. It develops and provides alternatives to securing the economy's needs as regards natural resources in infrastructure building and the cement industry. In the last 10 years, the company sent to the market over 10 million tonnes of synthetic gypsum, thus limiting the use of natural resources.

Very good combustion waste re-use indicators are also being reached in the coal combustion ash and slag management area, especially hard coal. These substances, given their desired chemical and physical properties, are commonly used in various branches of the economy.

The energy industry is ready to transfer its by-products to other sectors as valuable anthropogenic minerals, raw materials and products. In the case of the construction industry, this will be fly ash for concrete, hydraulic adhesives, mineral fillers, aggregates and others.

Electromobility

Electromobility offers PGE a chance to develop new business areas and revenue sources and thus is aligned with the Group's strategic objectives.

We are already involved in the electromobility programme in Poland - we are developing projects at Group level through PGE Nowa Energia (e-vehicle charging stations, car sharing) but we are also shareholders of ElectroMobility Poland - a company responsible for the development of a Polish electric car. We have launched our own programme - "e-Mobility for cities" - based on work with local governments, which includes a pilot run related to the construction of infrastructure for an electromobility system.

PGE is gaining experience based on various models of cooperation with several cities. In Łódź, we will be working with shopping galleries by locating charging posts for electric cars at parking lots (the first such post was launched in December 2017). In Rzeszów, we are working on a network of chargers and an agreement with hotels that would provide a shuttle service from hotels to the airport and vice versa. In Kraków and Rzeszów, we are also discussing car sharing. All in all, the on-going pilot projects - in Łódź, Kraków and Rzeszów - include the construction of nearly 40 rapid charging stations. Each of these projects will have an impact not only on PGE Group's value but will constitute a real contribution to stimulating the country's economic growth.

The "e-Mobility" programme initiated by PGE is aligned with the strategic objectives set out by the Ministry of Energy, which include a million electric cars on Polish roads by 2025.

PGE's Green Offices

In 2017, we again went through a certifying audit and got a Green Offices certificate for PGE SA from the Environmental Partnership Foundation. By the end of 2017, we implemented the Green Office concept at the headquarters of four key PGE Group companies: PGE S.A. (ul. Mysia 2 in Warsaw), PGE EO (ul. Ogrodowa 59a in Warsaw), PGE Dystrybucja (ul. Garbarska 21a in Lublin) and PGE GiEK (ul. Węglowa 5 in Bełchatów).

The Green Office certificate is not just an accolade but also a commitment for the company to manage resources and materials at its offices in a way that reduces adverse impact on the environment related to office activities. Search for new methods to minimise our impact on surroundings is also important to us. Waste sorting, monitoring the use of paper, using energy-efficient lighting, promoting ecology amongst employees - these are just several practices that characterise Green Offices.

At PGE S.A.'s headquarters we monitor the consumption of electricity. From March 2016, there is a building management system. It collects data on energy consumption from all switchgears at every floor. From September 2016, it is possible - aside from controlling room temperature by users - to monitor and remotely control temperature in offices and server rooms. We are systematically replacing worn out lighting with energy-efficient LED lamps.

Network printers are programmed by default to print on both sides of the page, in black and white. We also monitor the number of print outs. Each print out or photocopy is recorded and assigned to person and organisational unit (the follow me printing function). PGE SA uses an electronic document workflow, e.g. invoices and documents, business travel accounting, time sheets, time off requests, quarterly tasks and training registrations, thanks to which we are reducing the number of prints. The most important messages for employees are sent by email and displayed on TVs, which reduces paper consumption.

We install tap aerators in bathrooms and kitchen facilities. Some tap are equipped with motion detectors, which also reduces consumption. We use ecological detergents to clean office space. These detergents are biodegradable and do not release harmful substances (for people and surroundings). We collect plastic bottle caps for charity purposes. At select locations in building, we collect waste in three-section bins and we collect used batteries in specially marked containers.

On our Intranet, on a blog that every PGE Group employee can contribute to we share know-how about ecology. In July 2017, we also carried out special training for PGE SA employees to promote pro-ecological attitudes.

6.2. Identified risks and management measures in the environmental area at PGE Group

In 2017, a consistent approach to managing risks was developed for nine key PGE Group companies: PGE S.A., PGE GiEK, PGE Dystrybucja, PGE Obrót, PGE EO, PGE EJ 1, PGE Systemy, PGE OKK, PGE Dom Maklerski.

The other PGE Group companies are supervised at business line level or by other PGE Group units that are tasked with corporate management. The risk management system in place at business lines takes into account the activities of the other PGE Group companies.



ENVIRONMENTAL MATTERS AT PGE GROUP

Environmental protection risk

Concession risk

Risk reduction tools

Environmental protection training for employees

Monitoring the technical state of equipment and installations

Monitoring legal regulations related to environmental protection

Cooperation with company providing ecological emergency services

Conducting, in accordance with plans and regularly, maintenance and repair work in compliance with manufacturer recommendations and regulations (standards, laws)

Internal standards for managing water abstraction

Environmental management system - control of emission volumes and technological process

Monitoring the environment in the impact area of power equipment and installations

Updating and modernising installations for waste treatment

Up-to-date
 ISO 14001:2015 environmental management system certificate

Monitoring the Company's key operating areas in terms of compliance with concession requirements

Monitoring deadlines and amounts of concession fees

Monitoring legal regulations regarding concessions

Active participation in drafting and assessing regulations

Training for employees concerning the Energy Law and executive legislation as well as concession obligations

Constant oversight of application preparation process at the Company

ENVIRONMENTAL MATTERS AT PGE S.A.

Workplace health and safety risk

Risk reduction tools

Periodic technical state assessments (inspections of buildings and installations)

Equipment and installation modernisations

6.3. Selected indicators in the environmental area at PGE Group

Our Common Environmental Policy commits all PGE Group companies to caring for the natural environment. Given the specific nature of the operations of our key companies, we present those indicators that are the most relevant to our impact on the environment.

Table: CO₂ emissions at key PGE Group installations in 2017, compared to the allocation of CO₂ emission allowances for 2017 (in Mg)

Operator	CO ₂ emissions in 2017*	CO ₂ emissions in 2016	CO ₂ emissions in 2015	Allocation of CO ₂ emission allowances for 2017**
Elektrownia Bełchatów	37 646 220	34 941 622	37 051 920	7 788 822
Elektrownia Turów	7 108 058	7 838 244	7 595 544	3 135 350
Elektrownia Opole	6 278 862	5 917 008	5 821 226	1 802 162
Zespół Elektrowni Dolna Odra	4 250 126	4 806 958	5 457 187	1 484 923
Zespół Elektrociepłowni Bydgoszcz	766 247	770 355	792 394	354 984
Elektrociepłownia Lublin Wrotków	507 729	554 078	472 217	202 222
Elektrociepłownia Gorzów	433 258	437 569	431 350	158 071
Elektrociepłownia Rzeszów	317 164	313 875	291 175	94 345
Elektrociepłownia Kielce	197 402	183 701	172 746	64 141
Elektrociepłownia Zgierz	192 520	173 366	202 509	26 016
TOTAL FOR PGE GI EK	57 697 586	55 936 776	58 288 268	15 111 036
Elektrownia Rybnik***	6 484 111			460 420
Elektrociepłownia Gdańsk***	1 237 883			246 768
Elektrociepłownia Gdynia***	668 687			194 847
Elektrociepłownia Kraków***	1 775 841			383 084
Elektrociepłownia Wrocław***	1 167 200			226 526
Elektrociepłownia Czechnica***	355 700			73 649
Elektrociepłownia Zawidawie***	12 700			4 822
Elektrociepłownia Zielona Góra***	570 888			55 354
Elektrociepłownia Toruń***	218 956			82 472
TOTAL New assets***	12 491 966			1 727 942
including New assets from 14 November 2017	1 755 106			317 124
TOTAL Conventional Generation segment	59 452 692			15 428 160

*estimated data, unverified emissions - emissions will be accounted for and certificate by an authorised CO₂ emissions certifying expert based on annual reports concerning CO₂ emissions.

** the quantities of allocated CO₂ emission allowances will be confirmed through an ordinance of the Council of Ministers in Q1 2018

*** The units' volumes are on a pro-forma basis and are presented for illustration purposes in order to adequately show the scale of the acquired assets in comparison with PGE GiEK S.A.'s generating units (without the distortion related to proportional recognition in annual results).

Increase in CO₂ emissions at PGE GiEK in 2017, compared to 2016, results from 2.4% growth in gross electricity generation.

G4

G4-EN15

G4

G4-EU5

GC

GC-7

Table: Total water withdrawal by source in 2017 [m³]

	PGE GiEK	PGE EC	PGE EO
Total volume of water abstracted for production purposes from the following sources	1 176 371 367.61	731 062 150.32	17 721 590 022.50
surface waters, including water from wetlands, rivers and lakes	1 174 331 817.81	726 729 661.00	17 721 580 761.50
groundwater	1 365 176.50	2 892 267.00	3 381.00
rainwater directly collected and stored by the organisation	-	-	-
wastewater from other organisations	13 495.00	-	-
supplies of city water and suppliers from other water enterprises	660 878.30	1 440 222.32	5 880.00

G4

G4-EN8

Table: Emissions of NO_x, SO₂ and other significant air emissions at PGE GiEK and PGE EC in 2017

	2017	2016	2015	2017
Weight of significant emissions into the air [tonnes]	PGE GiEK			PGE EC
NO _x	47 014	47 466	57 013	14 667
SO ₂	55 631	51 504	99 402	7 710
Particulate matter	2 145	2 072	2 917	628
Emissions per net energy generated for all generation capacities [kg/MWh]:				
NO _x	0.89	0.92	1.06	0.72
SO ₂	1.05	1.00	1.85	0.38
Particulate matter	0.04	0.04	0.05	0.03

G4

G4-EN21

Table: Total water discharge by quality and destination [m³] in 2017

	PGE GiEK			PGE EC	PGE EO			PGE Dystrybucja		
	2017	2016	2015	2017	2017	2016	2015	2017	2016	2015
Total actual quantity of wastewater	20 188 191.85	17 489 118.55	16 214 313.20	23 951 739.04	224 798.18	226 948.18	227 415.86	2 406	1 548	1 034
Quantity of wastewater broken down by:										
rivers	19 681 160.98	17 213 188.93	16 014 247.13	7 349 567.79	220 607.18	221 486.18	220 741.86	2 406	1 548	1 034
lakes	-	-	-	-	-	-	-	-	-	-
ground	452.03	23.61	-	-	-	-	-	-	-	-
communal enterprises	506 578.84	275 906.01	200 066.07	2 153 594.25	4 191	5 462	6 674	-	-	-
Water from mine de-watering / treated	214 919 799.50	227 958 668	246 778 569	not applicable	not applicable	not applicable	not applicable	not applicable	not applic	not applicable
Cooling water from open cooling water circuit, not requiring treatment	1 054 634 377.49	1 105 809 092.38	1 202 150 300.76	723 422 747.49	35 784	34 558	50 851	not applicable	not applicable	not applicable

Growth in actual total quantity of wastewater compared to 2016, by category:

- quantity of wastewater to rivers and ground - recorded at branches: Elektrownia Opole (ELO), Zespół Elektrowni Dolna Odra (ZEDO), Kopalnia Węgla Brunatnego Bełchatów (KWBB):
 - ELO – reason: connection of new land and changes in technology (new treatment station),
 - KWBB – reason: connection of new entities to wastewater treatment plant,
 - ZEDO – reason: specific nature of work of CHP plant Pomorzany during downtime - water collected to flush out the system. Also changed was the way in which wastewater is accounted for during pipeline repairs at Elektrownia Dolna Odra (quantity of wastewater was calculated based on pump operation time and output).
- Quantity of wastewater sent to municipal undertakings - increase caused by start of new gas-and-steam unit at Elektrociepłownia Gorzów.

Table: Total weight of waste by type and method of utilisation in 2017 [t]

	PGE GiEK			PGE EC	PGE EO			PGE Dystrybucja		
	2017	2016	2015	2017	2017	2016	2015	2017	2016	2015
Quantity of hazardous waste by method of utilisation:	1 058.35	825.27	1 203.69	685.24	101.62	67.23	47.61	2 350.05	2 874.45	3 603.87
Recovery (including energy recovery)	521.06	470.18	524.96	4.17	6.49	-	-	-	-	-
Recycling	188.70	68.64	269.31	663.71	-	-	-	-	-	-
Mass burn	-	-	10.10	-	-	-	-	-	-	-
Disposal	215.93	215.69	180.06	9.95	5.02	3.50	3.50	-	-	-
Storage at landfills	27.28	0.11	61.46	0.57	-	-	-	-	-	-
Storage on plant site and warehousing	105.39	70.65	157.80	-	65.97	46.79	14.66	-	-	-
Other (e.g. transfer to authorised recipients)	-	-	-	6.84	24.13	16.94	29.45	2350.05	2 874.45	3 603.87
Quantity of waste other than hazardous, by method of utilisation:	5 333 625.82	7 966 743.27	7 784 916.41	571 048.38	193.39	559.15	704.00	6 913.09	7 318.33	8 614.53
Recovery (including energy recovery)	1 994 904.72	2 165 396.96	2 342 603.68	271 535.89	-	-	-	-	-	-
Recycling	9 322.60	319.06	46.07	282 192.32	0.28	-	-	-	-	-
Mass burn	7.40	-	-	-	-	-	-	-	-	-
Disposal	14 392.91	4 409.63	25 828.40	8.89	1.17	-	-	-	-	-
Storage at landfills	3 238 673.03	4 974 720.38	5 339 595.29	12 599.59	-	-	-	-	-	-
Storage on plant site and warehousing	76 325.17	821 897.24	76 842.97	69.48	73.76	44.86	67.74	-	-	-
Other (e.g. transfer to authorised recipients)	-	-	-	4 620.84	118.18	514.29	636.26	6 913.09	7 318.33	8 614.53

The increase in quantity of hazardous waste produced results from normal exposure related to processes that in previous years were not applied or were applied less frequently. Hazardous waste is generated in 12 GiEK branches. In some of the branches, their quantities decreased. The largest growth was recorded in three locations: 1) Elektrociepłownia Lublin Wrotków, caused by the cleaning of separators. This is an activity performed periodically, as needed. In 2016, this was not needed so there was no waste; 2) Elektrownia Bełchatów, caused by the quantity of working oils generated; 3) KWB Bełchatów, in 2017 growth in waste resulted from the cleaning of separators at waste treatment plant and exchange of oils in equipment and batteries. Fewer such activities were conducted in 2016.

Table: Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations

PGE GiEK	2017	Additional information
Amount of cash penalties imposed and paid in given year for violations of environmental protection laws and regulations	PLN 1 370.00	Penalty for noise level violations at KWB Bełchatów.
Amount of cash penalties not yet imposed but estimated for violations of environmental protection laws and regulations	PLN 28 020.51	<p>Administrative penalties will also be imposed for exceeding emission levels (noise emissions and emissions into the air) that occurred in 2017. Relevant decisions imposing administrative penalties will be issued in 2018:</p> <ul style="list-style-type: none"> • administrative cash penalty estimated at PLN 22 941 for noise level violations at KWB Bełchatów, • administrative cash penalty estimated at PLN 5 078 for a single violation of daily concentration of SO₂ at Elektrociepłownia Bydgoszcz installations. <p>Once a decision imposing an administrative penalty is issued, the company takes action intended to decrease the penalty by the amount of own funds spent on activities that will remove the reason for the penalty.</p>
PGE Dystrybucja	2017	Additional information
Amount of cash penalties imposed and paid in given year for violations of environmental protection laws and regulations	PLN 3 733.00	Penalty for PGE Dystrybucja's branch Łódź-Teren for exceeding water-law permit conditions, imposed through an administrative decision of the Łódź Voivodship Inspectorate for Environmental Protection in Łódź

In 2017, PGE GiEK and PGE Dystrybucja did not receive non-financial, administrative and court sanctions for violating environmental protection laws, including: international declarations/conventions/treaties as well as national, regional and local provisions, together with voluntary agreements concerning environmental protection with regulatory organs, considered as binding and developed in order to replace existing regulations.

At the other key companies, no cash penalties and sanctions for failure to observe environmental protection laws were imposed.

6.4. Selected indicators in the environmental area at PGE S.A.

The following indicators present our approach to managing our environmental footprint in terms of energy, water and paper consumption.

Table: Annual electricity consumption at PGE S.A.'s headquarters:

MWh	2017
Energy for administrative purposes	1 701.20
Energy for administrative and technical purposes (server rooms)	1 191.58

Table: Annual thermal energy consumption at PGE S.A.'s headquarters:

GJ	2017
Annual thermal energy consumption (in GJ)	7 413.60
Annual thermal energy consumption (in GJ/m ³ *)	0.07

*Volume of PGE S.A.'s building at ul. Mysia 2, Warsaw: 111 599 m³

Table: Annual paper consumption at PGE S.A.'s headquarters:

	2017
Paper for office printing (counted in A4 format and size)	1 100 964
Use of paper for office printing (A4 format/person*)	2 126

*Average monthly employment at PGE S.A. in 2017 (in persons): 517.85

Table: Annual water consumption and wastewater discharge at PGE S.A.'s headquarters:

	2017
Annual water consumption and wastewater discharge (m ³)	6 284
Annual water consumption and wastewater discharge (m ³ /person)	12.14

Table: Annual toner consumption at PGE S.A.'s headquarters:

	2017
Annual toner consumption (in pcs)	173
Annual toner consumption (in pcs/person)	0.33

Table: Energy-efficient LED lamps at PGE S.A.'s headquarters:

	2017
LED lamps (in %, replaced until 2017)	40

7. HUMAN RIGHTS MATTERS

We respect Polish and international law and we act in accordance with the highest existing human rights standards, including UN Global Compact. The values that we follow in each area are listed in PGE Group's Code of Ethics.

7.1. Social dialogue and freedom of association

There are 149 trade unions at PGE Group. This requires active and diverse social dialogue. It takes place on three levels:

- central level - social dialogue is conducted by PGE SA's Management Board with CEOs of each Business Line (PGE GiEK, PGE EC, PGE Dystrybucja, PGE Obrót, PGE EO) and employee representatives at PGE Group.
- Business Line level - social dialogue is conducted with all trade unions:
 - at PGE GiEK, as part of Social Consultation Councils and the labour organisation Porozumienie Związków Zawodowych Pracowników PGE "Miedza"
 - at PGE Dystrybucja and PGE Obrót, as part of a Social Dialogue Commission,
 - at PGE EO, as part of the Confederation of Labour Unions, which constitutes a negotiation and discussion forum for matters that exceed the level of a single employer.
 - at PGE EC, labour unions have not established joint union representatives therefore the company's management board meets with the chairpersons of the relevant labour unions.
- at Employers' level - social dialogue is conducted on an on-going basis in accordance with the Labour Code, Act on Labour Unions and Act on informing employees and conducting consultations on economic, social and legal matters.

2017 ended with the signing of memorandums concerning the level of workforce, which ended the collective disputes at PGE Dystrybucja and PGE Obrót. This made it possible to begin the process of reducing the average age of the crew and harmonising collective labour agreements. The signed memorandums cover the period until the end of 2027 and set workforce levels for 2017–2020. They are intended to maintain the number of employees that is necessary to safely and effectively conduct tasks by each employer. From 2020, the parties to the memorandums will periodically analyse and verify workforce levels. Moreover, employers have pledged not to carry out any group or individual lay-offs for reasons not related to employees without consultations and arrangements with labour unions.

At PGE Dystrybucja and PGE Obrót "Agreements on cooperation in social dialogue" was signed. These agreements establish independent organs for the two Business Lines - Social Dialogue Commissions - which are composed of the representatives of labour unions, employers and branches.

New remuneration rules

There is one representative Labour Union at PGE S.A. and social dialogue is conducted on an on-going basis in accordance with the Labour Code, Act on Labour Unions and Act on informing employees and conducting consultations on economic, social and legal matters.

In 2017, the Management Board of PGE S.A. adopted a resolution on establishing remuneration rules in individual employment contracts. This was caused by a lack of opportunity to execute an agreement regarding the content of a Company Collective Bargaining Agreement and lack of consent from labour unions to negotiate the Remuneration Regulations. Remuneration rules were thus harmonised in accordance with the law.

The new remuneration rules will be in effect from when a new Company Collective Bargaining Agreement or Remuneration Regulations are established. This is therefore a temporary solution that clarifies remuneration regulations.

Benefits from the new remuneration rules at PGE SA include:

- simpler remuneration system that includes certain benefits in base pay,
- more transparent remuneration rules.

Three-Party Groups

In order to conduct effective social dialogue at national level and solve industry problems, PGE SA representatives work in three-party groups - Three-Party Group for the Energy Industry and Three-Party Group for the Lignite Industry. The Groups' tasks are aligned and cover three-party social dialogue, addressing and solving the industry's problems and developing common positions by social partners in certain matters.

These groups include the representatives of government, employers and employees. Effects of signed agreements may include draft bills, programmes or strategic documents. Moreover, the groups prepare joint statements on matters of importance to the industry and employees' interests.

7.2. Our policies and approach to management in the area of human rights matters at PGE Group and PGE S.A.

Human rights matters are taken into account in numerous internal documents and procedures at our company. One of the most important is PGE Group's Code of Ethics, which describes the core ethical values and standards that the organisation expects from all of its employees, including the management.

All of our actions are in compliance with the fundamental documents, which include: Universal Declaration of Human Rights, International Labour Organization standards and United Nations Global Compact commitments. We underline our commitment to the right to dignity, association, freedom of opinion, freedom of speech and right to privacy.

We show respect to diversity in terms of race, gender, sexual orientation, age, culture, marital status, religious and political beliefs, freedom of membership in social and professional organisations. There is a complete prohibition of discrimination. We comply with all requirements concerning workplace health and safety.

We place strong emphasis on expanding knowledge and developing appropriate attitudes. Assistance in obtaining new qualifications and competences as well as training plans are an expression of this.

Expectations concerning business partners

The Code of Conduct for PGE Group's Business Partners sets out our expectations regarding entities that work with us. We want them to respect human rights, in terms of both working conditions for their employees and in doing business. All employees of our business partners and other people working for them should be treated fairly, with respect and in a dignified manner. PGE wants its business partners to provide a safe workplace for their employees and observe workplace health and safety standards and regulations.

We require our business partners to refrain from applying any sort of discrimination with respect to gender, race, ethnic origin, nationality, religion, belief, world-view, disability, age, sexual orientation, health status, political beliefs, marital status or membership in organisations. This applies to recruitment, hiring, employment conditions (access to promotions, bonuses, training, etc.) and employment termination.

We expect our Business Partners to pay their employees on time, at least legally required minimum wages, and are responsible for all legally required labour costs, in particular concerning social security insurance and taxes. They should also observe employment conditions in respect of their employees as well as conditions concerning work time, annual leaves, absences related to child care, sick leaves and all other issues regulated by labour laws.

Any form of forced labour, in Poland and abroad, is prohibited. This also applies to overtime or work on public holidays if the employees are not subject to any specific legal regulations in this area. We prohibit child labour. If under-age persons are employed in accordance with the law, these employees should be hired for light work. Light work may not endanger the under-age employees' life, health or psychophysical development and it may not collide with school work.

PGE Group's Business Partners should acknowledge and respect their employees' right to assemble and organise.

Information and declarations

All companies that have adopted the Code of Conduct for Business Partners publish it on their websites. Information on procurement procedures being conducted in accordance with rules contained in the Code of Conduct for Business Partners should be included in the Terms of Reference as well as in other procurement-related documents (e.g. template agreements). Business partners should read the code and submit a declaration on compliance in the course of the procurement procedure.

7.3. Identified risks and management measures in the human rights area at PGE Group

In 2017, a consistent approach to managing risks was developed for nine key PGE Group companies: PGE S.A., PGE GiEK, PGE Dystrybucja, PGE Obrót, PGE EO, PGE EJ 1, PGE Systemy, PGE OKK, PGE Dom Maklerski.

The other PGE Group companies are supervised at business line level or by other PGE Group units that are tasked with corporate management. The risk management system in place at business lines takes into account the activities of the other PGE Group companies.

HUMAN RIGHTS MATTERS AT PGE GROUP

Risk associated with
mobbing and molestation

Risk associated with
employee discrimination

Risk reduction tools

Training for employees and management

Whistleblower function - possibility to submit
irregularities observed in the organisation

Labour regulations

Employee training

Internal standards related to submitting irregularities and
providing information

HUMAN RIGHTS MATTERS AT PGE S.A.

Risk associated with
mobbing and molestation

Risk associated with
employee discrimination

Risk reduction tools

Training for employees and management

Whistleblower function - possibility to submit irregularities
observed in the organisation

Impartial Advisor function - possibility to contact an external
company in cases related to mobbing

Labour regulations

Employee training

Internal standards related to submitting irregularities and
providing information

7.4. Selected indicators in the human rights area at PGE Group

Employee training concerning the human rights policy and procedures that take into account human rights took place in 2017 at those companies that have a compliance function. As at December 31, 2017, this applied to 21 PGE Group companies.

Table: Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations

	PGE S.A.	PGE GiEK	PGE Obrót	PGE Dystrybucja	PGE EO
Total number of training hours completed	75	1441.5	142.5	603	90
Number of employees trained	478	16066	1371	10007	446
% of employees trained	89.19%	98.18%	93.07%	97.50%	85.44%

	PGE EJ 1	PGE Systemy	PGE Dom Maklerski	PGE OKK
Total number of training hours completed	7.5	19.5	1.5	3
Number of employees trained	62	498	26	44
% of employees trained	82.67%	86.76%	100%	91.67%

	Megazec sp. z o.o.	Elbest sp. z o.o.	Elbest Security sp. z o.o.	Bestgum sp. z o.o.
Total number of training hours completed	24	12	52.5	70.5
Number of employees trained	172	410	1162	846
% of employees trained	98.85%	90.11%	97.16%	97.92%

	PTS Betrans sp. z o.o.	Elbis sp. z o.o.	Eltur-Serwis sp. z o.o.	MegaSerwis sp. z o.o.
Total number of training hours completed	40.5	12	78	115.5
Number of employees trained	1232	114	574	1087
% of employees trained	98.72%	96.61%	89.55%	99.09%

	Elmen sp. z o.o.	Top Serwis sp. z o.o.	Ramb sp. z o.o.	PGE EC
Total number of training hours completed	30	4.5	94.5	0
Number of employees trained	329	60	1333	0
% of employees trained	97.63%	90.91%	97.44%	0%

G4

G4-HR2

GC

GC-1
GC-2

8. ANTI-CORRUPTION MATTERS

8.1. Our policies and approach to management in the area of combating corruption at PGE Group

As regards the counter-corruption area, PGE Group companies apply the provisions of PGE Group's Anti-Corruption Policy and PGE Group's Code of Ethics. The relevant provisions are specified in the "Code of Conduct for PGE Group's Business Partners".

A business partner is defined as a natural person, legal entity or organisational unit without legal status operating in the public or private sector, with which PGE Group has any sort of business relation. This includes in particular: contractors, subcontractors, consultants, trading partners in the wholesale trading area, agents, financial institutions, trade organisations and other entities with which PGE Group does business, excluding mutual relations between PGE Group entities.

PGE Group's Anti-Corruption Policy was adopted by PGE SA's Management Board on October 13, 2017. It applies to all PGE Group companies.

At the same time, members of PGE Group management boards underwent training in anti-corruption policy.

The regulations contained in our documents establish ways to counter corruption and avoid conflicts of interest. They should be followed by all persons working for PGE Group.

The Group's Anti-Corruption Policy includes rules such as:

Compliance and fairness in business

PGE Group Companies expect their Business Partners to conduct their activities in compliance with the law and in an ethical and fair manner.

Fair competition and antitrust rules

PGE Group Companies expect their Business Partners to operate in compliance with all competition protection laws in force, including for example refraining from dumping and price fixing.

Prevention of money laundering

PGE Group Companies expect their Business Partners to take actions in the course of their business aimed at limiting the risk of money laundering and the financing of terrorism and illicit activities.

Zero tolerance for corruption and fraud

PGE Group's Business Partners may not in any way be involved in corruption, fraud, bribery, extortion, embezzlement, defraudation or any other activities of such type. Business Partners may not directly or indirectly offer or accept any undue considerations or promises thereof, including tangible, financial, personnel considerations or inappropriate gifts, etc. in exchange for specific actions or omissions.

Remuneration for Business Partners

Remuneration paid to PGE Group's Business Partners may not be used to provide undue considerations to themselves, their clients or third parties.

Conflict of interest

PGE Group's Business Partners avoid conflicts of interest that might impair their credibility or erode PGE Group's trust in them or the trust of third parties towards PGE Group Companies.

Business gifts and invitations

In the course of cooperation between PGE Group Companies and Business Partners, it is acceptable to receive and give business gifts only if they are in compliance with the law and this document, they are appropriate and of a small value, not exceeding PLN 200 (with VAT) each, and their receiving or giving has no impact on tasks being performed or decisions being made and therefore they do not require reciprocity and are not related to any expectations of considerations or preferential treatment. This includes tangible objects, invitations to events, outside meetings as well as food services up to PLN 200 (with VAT) per person. Certain PGE Group employees are subject to a zero-gifts policy.

Treatment of holders of public office

PGE Group Companies expect their Business Partners to not tolerate and not engage in the giving, offering or promising of any illegal and undue considerations to holders of public office, regardless of whether such considerations are being given or offered directly or through third parties.

Political parties

PGE Group Companies expect their Business Partners not to tolerate or engage in the giving of any illegal tangible and intangible considerations to political parties, their representatives and candidates for political positions.

Donations and sponsoring

PGE Group Companies expect their Business Partners to give donations in compliance with the law and exclusively on a voluntary basis, without expecting any undue considerations in exchange. Sponsoring individual persons, groups or organisations may not be intended to obtain illegal business considerations.

Combating corruption in practice

Submitting irregularities concerning corruption and bribery is incorporated into the Group's internal General Procedure for Compliance Management.

The Group's Anti-corruption Policy makes it possible to introduce appropriate mechanisms to prevent, monitor and report suspicion of or actual corruption or bribery and create clear and transparent standards for employees, management as well as clients and external partners in working together.

Combating corruption requires above all greater awareness amongst employees and managers. Intensive activities are planned in 2018 at the entire Group related to implementing PGE Group's Anti-Corruption Policy. Currently, the Group's employees undergo training on the content of PGE Group's Code of Ethics, which includes the rule "Zero tolerance for corruption and fraud."

We manage corruption risk and train employees particularly exposed to it. In 2018, we will continue these activities, gradually expanding their scope.

If a crime involving corruption is suspected, we closely work with the relevant state authorities.

8.2. Identified risks and management measures in the anti-corruption area at PGE Group and PGE S.A.

In 2017, a consistent approach to managing risks was developed for nine key PGE Group companies: PGE S.A., PGE GiEK, PGE Dystrybucja, PGE Obrót, PGE EO, PGE EJ 1, PGE Systemy, PGE OKK, PGE Dom Maklerski.

The other PGE Group companies are supervised at business line level or by other PGE Group units that are tasked with corporate management. The risk management system in place at business lines takes into account the activities of the other PGE Group companies.

G4

G4-14

GC

GC-10

FRAUD AND CORRUPTION MATTERS AT PGE GROUP

Fraud and corruption risk

Procurement risk

Risk reduction tools

PGE Group's Code of Ethics

Employee training

Internal control system

Guaranteed confidentiality for people reporting fraud

Internal and external audits concerning the company's internal processes and regulations

Universal access to regulations related to the company's operations (codes, rules, regulations)

Procurement policy

Analysis of terms of reference

Mandatory observance of Good Procurement Practices and Code of Ethics

Declarations by procurement procedure participants

Training for employees concerning the Energy Law and executive legislation as well as concession obligations

Training for employees participating in procurement procedures

FRAUD AND CORRUPTION MATTERS AT PGE S.A.

Fraud and corruption risk

Procurement risk

Risk reduction tools

PGE Group's Code of Ethics

Employee training

Internal control system

Guaranteed confidentiality for people reporting fraud

Internal and external audits concerning the company's internal processes and regulations

Universal access to regulations related to the company's operations (codes, rules, regulations)

PGE SA's procurement policy

Oversight of procurement procedures

Mandatory observance of Good Procurement Practices and Code of Ethics

8.3. Selected indicators in the anti-corruption area at PGE Group and PGE S.A.

Compliance units as at December 31, 2017, at 21 PGE Group companies. Each of them was assessed in terms of corruption incidents. A full list of companies is presented in tables for indicator G4-SO4.

Table: Total number and percentage of operations assessed for risks related to corruption

	2017
Number of companies evaluated in corruption risk	21
% of companies evaluated in terms of corruption risk	100%

Table: Communication and training on anti-corruption policies and procedures

	PGE S.A.	PGE GiEK	PGE Obrót	PGE Dystrybucja	PGE EO
% of management board and supervisory board members informed of the organisation's anti-corruption policy and procedures	100%	100%	100%	100%	100%
% of employees informed of the organisation's anti-corruption policy and procedures	100%	100%	100%	100%	100%
% of employees in management positions informed of the organisation's anti-corruption policy and procedures	100%	100%	100%	100%	100%
% of other employees informed of the organisation's anti-corruption policy and procedures	100%	100%	100%	100%	100%
Total number of business partners informed of the organisation's anti-corruption policy and procedures	*100%	*100%	*100%	*100%	*100%

	PGE EJ 1	PGE Systemy	PGE Dom Maklerski	PGE OKK
% of management board and supervisory board members informed of the organisation's anti-corruption policy and procedures	100%	100%	100%	100%
% of employees informed of the organisation's anti-corruption policy and procedures	100%	100%	100%	100%
% of employees in management positions informed of the organisation's anti-corruption policy and procedures	100%	100%	100%	100%
% of other employees informed of the organisation's anti-corruption policy and procedures	100%	100%	100%	100%
Total number of business partners informed of the organisation's anti-corruption policy and procedures	*100%	*100%	*100%	*100%

	Megazec sp. z o.o.	Elbest sp. z o.o.	Elbest Security sp. z o.o.	Bestgum sp. z o.o.
% of management board and supervisory board members informed of the organisation's anti-corruption policy and procedures	100%	100%	100%	100%
% of employees informed of the organisation's anti-corruption policy and procedures	100%	100%	100%	100%
% of employees in management positions informed of the organisation's anti-corruption policy and procedures	100%	100%	100%	100%
% of other employees informed of the organisation's anti-corruption policy and procedures	100%	100%	100%	100%
Total number of business partners informed of the organisation's anti-corruption policy and procedures	*100%	*100%	*100%	*100%

G4

G4-SO3

GC

GC-10

G4

G4-SO4

GC

GC-10

	PTS Betrans sp. z o.o.	Elbis sp. z o.o.	Eltur-Serwis sp. z o.o.	MegaSerwis sp. z o.o.
% of management board and supervisory board members informed of the organisation's anti-corruption policy and procedures	100%	100%	100%	100%
% of employees informed of the organisation's anti-corruption policy and procedures	100%	100%	100%	100%
% of employees in management positions informed of the organisation's anti-corruption policy and procedures	100%	100%	100%	100%
% of other employees informed of the organisation's anti-corruption policy and procedures	100%	100%	100%	100%
Total number of business partners informed of the organisation's anti-corruption policy and procedures	*100%	*100%	*100%	*100%

	Elmen sp. z o.o.	Top Serwis sp. z o.o.	Ramb sp. z o.o.	PGE EC
% of management board and supervisory board members informed of the organisation's anti-corruption policy and procedures	100%	100%	100%	0%
% of employees informed of the organisation's anti-corruption policy and procedures	100%	100%	100%	0%
% of employees in management positions informed of the organisation's anti-corruption policy and procedures	100%	100%	100%	0%
% of other employees informed of the organisation's anti-corruption policy and procedures	100%	100%	100%	0%
Total number of business partners informed of the organisation's anti-corruption policy and procedures	*100%	*100%	*100%	0%

*information on anti-corruption procedures is contained in the Code of Conduct for PGE Group's Business Partners, available on each of the companies' websites.

Table: Training on anti-corruption policies and procedures

	PGE S.A.	PGE GiEK	PGE Obrót	PGE Dystrybucja	PGE EO
% of management board and supervisory board members trained in combating corruption	93.33%	41.67%	40.00%	38.46%	36.36%
% of employees trained in combating corruption	0.93%	0.01%	0.13%	0%	0.19%
% of employees in management positions trained in combating corruption	0.85%	0.11%	1.19%	0%	1.54%
% of other employees trained in combating corruption	0.95%	0.01%	0%	0%	0%
	PGE EJ 1	PGE Systemy	PGE Dom Maklerski	PGE OKK	
% of management board and supervisory board members trained in combating corruption	10%	100%	40%	20%	
% of employees trained in combating corruption	2.53%	0%	3.85%	2.04%	
% of employees in management positions trained in combating corruption	14.28%	0%	16.66%	0%	
% of other employees trained in combating corruption	1.38%	0%	0%	2.44%	
	Megazec sp. z o.o.	Elbest sp. z o.o.	Elbest Security sp. z o.o.	Bestgum sp. z o.o.	
% of management board and supervisory board members trained in combating corruption	85.7%	33%	33%	42%	
% of employees trained in combating corruption	0%	0.22%	0%	0.12%	
% of employees in management positions trained in combating corruption	0%	0%	0%	0%	
% of other employees trained in combating corruption	0%	0.24%	0%	0.01%	
	PTS Betrans sp. z o.o.	Elbis sp. z o.o.	Eltur-Serwis sp. z o.o.	MegaSerwis sp. z o.o.	
% of management board and supervisory board members trained in combating corruption	28.57%	100%	28.5%	37.5%	
% of employees trained in combating corruption	0.07%	0.93%	0.16%	0%	
% of employees in management positions trained in combating corruption	4.55%	0%	3.85%	0%	
% of other employees trained in combating corruption	0%	1.02%	0%	0%	
	Elmen sp. z o.o.	Top Serwis sp. z o.o.	Ramb sp. z o.o.	PGE EC	
% of management board and supervisory board members trained in combating corruption	100%	25%	28.57%	0%	
% of employees trained in combating corruption	0.29%	1.51%	0%	0%	
% of employees in management positions trained in combating corruption	0%	16.6%	0%	0%	
% of other employees trained in combating corruption	0.31%	0%	0%	0%	

9. REPORT APPROVAL

This report on non-financial data of PGE Polska Grupa Energetyczna S.A. and PGE Group for 2017 was approved for publication by the parent's Management Board on March 6, 2018.

Warsaw, March 6,

Signatures of members of the Management Board of PGE Polska Grupa Energetyczna S.A.

President of the Management Board	Henryk Baranowski
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Vice-President of the Management Board	Wojciech Kowalczyk
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Vice-President of the Management Board	Marek Pastuszko
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Vice-President of the Management Board	Paweł Śliwa
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Vice-President of the Management Board	Ryszard Wasilek
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Vice-President of the Management Board	Emil Wojtowicz
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10. INDEX OF GRI G4 AND GLOBAL COMPACT INDICATORS

Profile indicators

Indicator	Global Compact rules	Page
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Strategy and analysis

G4-1	statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	This information is presented in the Management Board report on the activities of PGE Polska Grupa Energetyczna S.A. and PGE Group for 2017, on page 3-4
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Organizational Profile

G4-3	Name of the organization		3
G4-4	Primary brands, products, and services		5
G4-5	Location of the organization's headquarters		Poland, Warsaw
G4-6	Number of countries where the organization operates		PGE Group operates mainly in Poland
G4-7	Nature of ownership and legal form		This information is presented in the Management Board report on page 133-134
G4-9	Scale of the organization		This information is presented in the Management Board report on page 5
G4-10	Total number of employees by employment contract and gender	GC-6	20
G4-11	Percentage of total employees covered by collective bargaining agreements	GC-3	20
G4-12	Organization's supply chain		This information is presented in the Management Board report on page 6
G4-13	Significant changes during the reporting period regarding the organization's size, structure, ownership,		This information is presented in the Management Board report on pages 12-16
G4-14	Risk management in the organization	GC-10	17, 34, 41, 51, 55 This information is presented in the Management Board report on page 27-32
G4-15	Economic, environmental and social declarations, rules and other external initiatives adopted or endorsed by the organization	GC-1 GC-2	10
G4-16	List of national and international industry associations		10
G4-17	Organization's operating structure, including main units, subsidiaries, related parties and joint ventures		4
G4-24	List of stakeholders engaged by the organization		9
G4-26	Approach to engaging stakeholders, including frequency of engagement by type and group of stakeholders		9, 28, 30
G4-28	Reporting period		1.01.2017 – 31.12.2017
G4-30	Annual reporting		cycle

G4-32	GRI content index		62-65
G4-34	Governance structure of the organization, including committees of the highest governance body, responsible for specified tasks		This information is presented in the Management Board report on pages 122-130
G4-56	Values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics	GC-10	12
G4-EU1	Installed capacity by primary source of energy and level of regulation		This information is presented in the Management Board report on pages 44-45; 56-57
G4-EU2	Net energy generated by source of energy and regulator's requirements		This information is presented in the Management Board report on page 41
G4-EU3	Number of individual, institutional and commercial client accounts		This information is presented in the Management Board report on page 61
G4-EU4	Length of overhead and underground energy transmission and distribution lines by regulator's requirements		This information is presented in the Management Board report on page 61
G4-EU5	Allocation of CO ₂ emission allowances or equivalent, by allocation to emission trading schemes		44
Economic indicators			
Important aspect: Economic results			
G4-DMA	DMA Economic results		This information is presented in the Management Board report on pages 33-38, 106-111
G4-EC1	Direct economic value generated and distributed		This information is presented in the Management Board report on pages 33, 106
Important aspect: indirect economic impact			
G4-DMA	DMA indirect economic impact		31-32
G4-EC7	Development and impact of infrastructure investments and services supported and impact of infrastructure		32
Environmental indicators			
Important aspect: Water			
G4-DMA	DMA Water		38, 41
G4-EN8	Total water withdraw by source		45
Important aspect: Biodiversity			
G4-DMA	DMA Biodiversity	GC-7	38-41 This information is presented in the Management Board report on pages 51-54, 59-60, 64, 67
G4-EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	GC-8	37-41
Important aspect: Emissions			
G4-DMA	DMA Emissions	GC-7	37-39
G4-EN15	Direct greenhouse gas (GHG) emissions	GC-7	44

G4-EN21	Emissions of NO _x , SO ₂ and other significant air emissions		45
Important aspect: Sewage and waste			
G4-DMA	DMA Sewage and waste		37-38
G4-EN22	Total water discharge by quality and destination	GC-8	45
G4-EN23	Total weight of waste by type and disposal method	GC-8	46
Important aspect: Compliance with regulations			
G4-DMA	DMA Compliance with regulations	GC-7	37-38
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	GC-8	48
	Application and dissemination of eco-friendly technologies	GC-9	38-40
Indicators in the social area - practices in hiring and decent work			
Important aspect: Hiring			
G4-DMA	DMA Hiring	GC-4 GC-5	PGE Group observes all rules and laws related to the prohibition of forced labour and child labour.
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	GC-6	21
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation		15
Important aspect: Workplace health and safety			
G4-DMA	DMA Workplace health and safety		15-17
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender		24
Important aspect: Education and training			
G4-DMA	DMA Education and training		14-15
G4-LA9	Average hours of training per year per employee by gender, and by employee category	GC-6	21
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings		14-15
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	GC-6	22
Important aspect: Diversity and equal opportunity			
G4-DMA	DMA Diversity and equal opportunity		50-51

G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	GC-6	23
Social indicators - human rights			
Important aspect: Investments			
G4-DMA	DMA Investments		51
G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	GC-1 GC-2	53
Social indicators – society			
Important aspect: Combating corruption			
G4-DMA	DMA Combating corruption	GC-10	54-55
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	GC-10	58
G4-SO4	Communication and training on anti-corruption policies and procedures	GC-10	60
Social indicators - responsibility for product			
Important aspect: Product and service labelling			
G4-DMA	DMA Product and service labelling		25
G4-PR5	Results of surveys measuring customer satisfaction		26
Important aspect: Confidentiality of client information			
G4-DMA	DMA Confidentiality of client information		28
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data		28
Important aspect: Product and service availability			
G4-DMA	DMA Product and service availability		25-28
G4-EU28	SAIFI, System Average Interruption Frequency Index		36
G4-EU29	SAIDI, average outage duration for each customer served		36