



Energa

**OUR
RESPONSIBILITY
2017**



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About Energa Group





Dear Readers,

The 'Our Responsibility 2017' report is meant to be a summary of Energa Group's achievements in the area of sustainable development and corporate social responsibility. The past year saw substantial positive change, thanks to implementing documents of key importance to the area of business ethics we were able to increase the quality of services provided to our Customers and the quality of our work within the organisation. We believe that we were also able to meet the expectations of our shareholders by improving our financial results. In the coming years we will continue to strive to achieve the goals we have set for ourselves, making sure to strike a balance between the expectations of our shareholders and care for the natural environment in accordance with the philosophy of balanced development that we have been following for many years now.

Our priority will be to continue the modernisation of our power grid and its full computerisation. We want to limit to a minimum the inconveniences experienced by our Customers due to disruptions in the supply of energy. The hurricane force winds that hit Poland in August proved the importance of keeping energy supply infrastructure in good technical condition. Other important activities of our Group include research and development work, in particular the research carried out in the Faraday Research and Development Centre founded by Energa in Gdańsk. Research aimed at developing a battery for use in electric cars is one of our Group's priorities. All of the above activities will not only improve the reliability of energy supply and spur the development of electromobility but will also enable us to provide our Customers with innovative services and products. We want our activities to translate into responsibility for the natural environment and that is why we are so pleased about the fact that we were able to keep Energa Group in the prestigious EMAS (Eco-Management and Audit Scheme) in the past year. Participation in the system is a major ecological merit for companies, and its importance to us is even greater given the fact that Energa is the first energy group in Poland to feature so many companies to undergo environmental certification. Strategic objectives are supported by a change of organisational culture within the Group, based on a modern human resource management policy. We make sure that our employees and partners identify themselves with the Group and derive satisfaction from working in companies constituting part of the Group. We want to give them a workplace that is both safe and friendly, provide them with opportunity for development and to strike a work-life balance. We present this 'Our Responsibility 2017' report and we hope that you will find the achievements of Energa Group of interest.

A handwritten signature in black ink, consisting of a large, stylized 'A' followed by 'licja' and a long, sweeping flourish.

Alicja Barbara Klimiuk
acting CEO of Energa SA

Modern business has moved on from a model focused on maximising profits first and creating value second; we are now heading towards a model where stable, balanced development is the priority.

Like many other large companies, Energa Group for years has been publishing reports on balanced development based on international GRI standards. However, this year has brought on some changes and non-financial reporting has now become mandatory for many companies, including companies who had already developed solutions in this regard, Energa included.

We are aware that in the coming 2 to 3 years, the market will work out the best practical solutions with regards to the new reporting requirements. As Energa Group, we decided to combine our previous reporting activities, based on GRI G4, with the reporting requirements implemented by legislation, simultaneously proposing a transparent method of mapping information required by the Accounting Act in our GRI-based report. We are



confident that this approach will not only prove effective from the perspective of the issuer but will also be an optimal solution for readers of previous reports and will be clear to other stakeholders interested in our activities.

We want this to be our contribution to the creation of exemplary good practices in non-financial reporting.

Grzegorz Ksepko
Corporate Affairs VP, Energa SA

Mapping Energa Group's non-financial information declarations

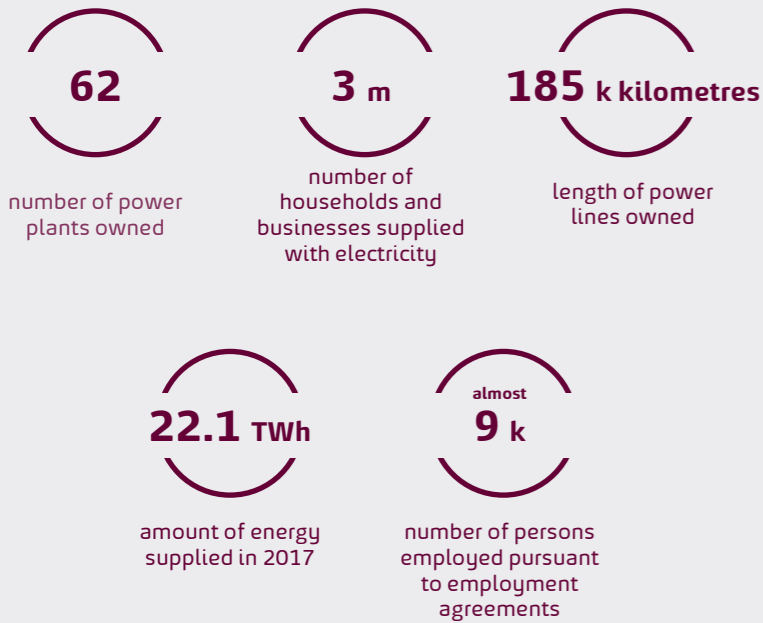
Issue	Reference in the 2017 report
Reporting methods used	GRI G4 (core) with a sector supplement
Business model description	1. About Energa Group (1.1 Company's profile. 1.2. Energa Group's structure and business model)
Description of non-financial risk management	1.5 Responsible and ethical management (Integrated Risk Management System in Energa Group)

Issue	Reference in the 2017 report		
	Policy management approach, due care procedures	Associated risk aspects	Indexes
Social	2. Responsible relations with our Customers 5. Working with the community	1.5. Responsible and ethical management (Integrated Risk Management System in Energa Group)	2. Responsible relations with our Customers 5. Working with the community
Employee-related	4. Responsible Employer	1.5. Responsible and ethical management (Integrated Risk Management System in Energa Group)	4. Responsible Employer
Natural environment-related	3. Wyzwania środowiskowe dla działalności Grupy Energa	1.5. Responsible and ethical management (Integrated Risk Management System in Energa Group)	3. Wyzwania środowiskowe dla działalności Grupy Energa
Respect for human rights-related	1.5. Responsible and ethical management (ethics and compliance, ethical and friendly work environment)	1.5. Responsible and ethical management (Integrated Risk Management System in Energa Group)	1.5. Responsible and ethical management (ethics and compliance, ethical and friendly work environment)
Corruption prevention-related	1.5. Responsible and ethical management (regulations concerning breaches of rules, analysis of business units with regards to corruption-related risk and risk identification)	1.5. Responsible and ethical management (Integrated Risk Management System in Energa Group, regulations concerning breaches of rules, analysis of business units with regards to corruption-related risk and risk identification)	1.5. Responsible and ethical management (regulations concerning breaches of rules, analysis of business units with regards to corruption-related risk and risk identification)

1.2. Company profile

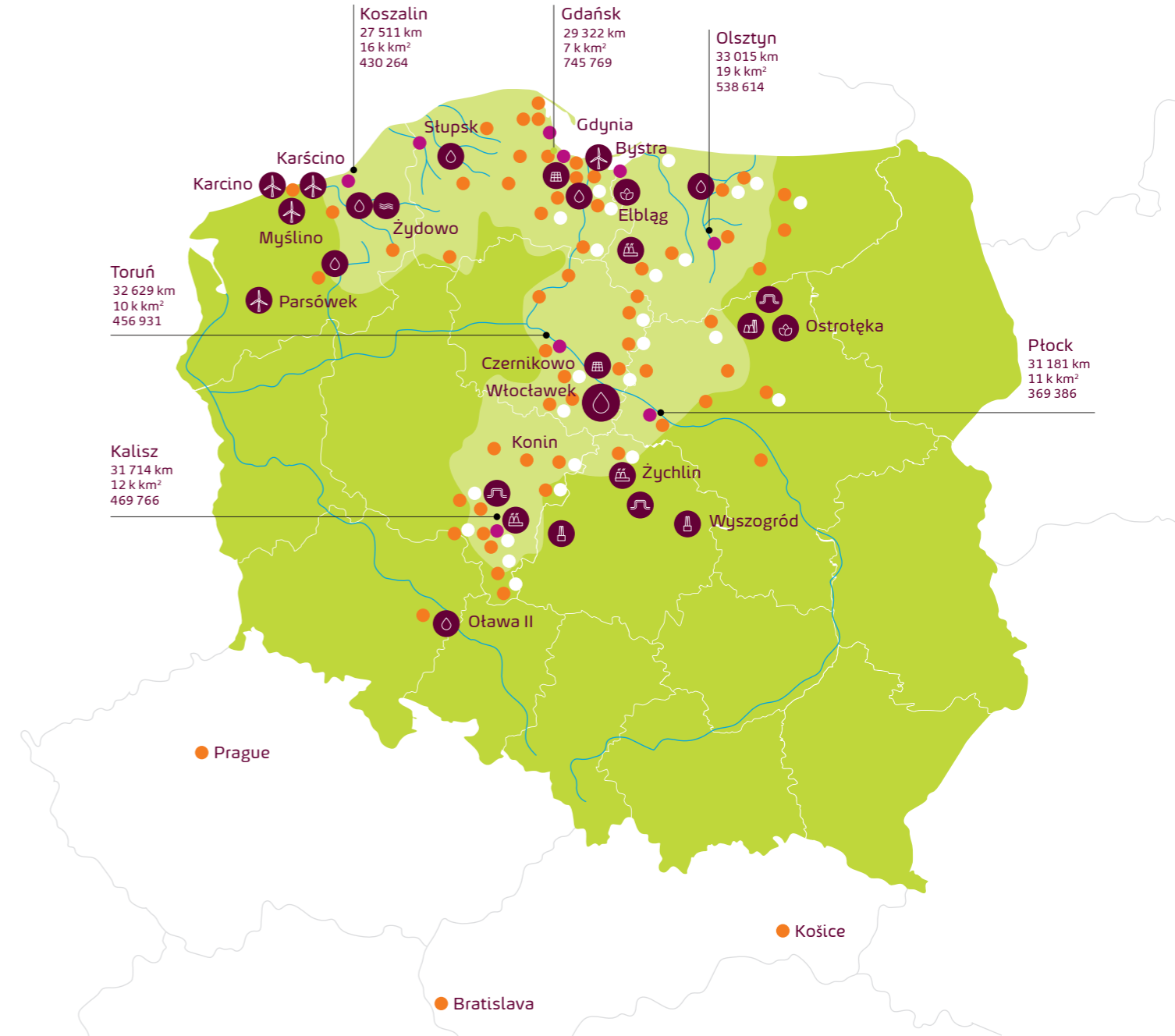
Energa Group is one of Poland's four major energy groups, with a leading position in the Polish market with regards to the share of electric energy produced from renewable sources in total own production. The Group's basic operations include the production, distribution and trading in electricity and heat and the sale of natural gas. Energa Group delivers and sells electricity to approx. 3 million Customers, households and businesses included. Energa Group is the third biggest integrated distribution system operator in Poland in terms of the volume of energy supplied. Its distribution network comprises a total of 185 thousand kilometres of power lines and covers a total area of almost 75 thousand square kilometres, i.e. approx. 24% of the surface area of Poland.

Energa Group's operations in numbers



Locations of Energa Group's operations and main assets

- Wind farm
 - Pumped-storage plant
 - Biomass-fired plant
 - Photovoltaic farm
 - Combined heat and power plant
 - Baseload power plant
 - Heat plant
 - Heat network
 - Small hydroelectric power plant
 - Large hydroelectric power plant
- Distribution of electricity
 - Sale of electricity
- City or town
 - Length of power lines
 - Electricity distribution area
 - Number of recipients connected to the grid
 - Local branch offices of Energa Operator SA
 - Head Office of Energa SA
 - Sales outlet
 - Sales point
 - Partner-operated point

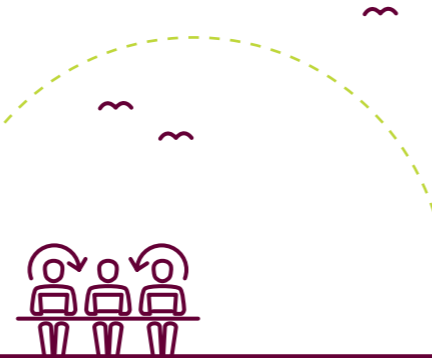
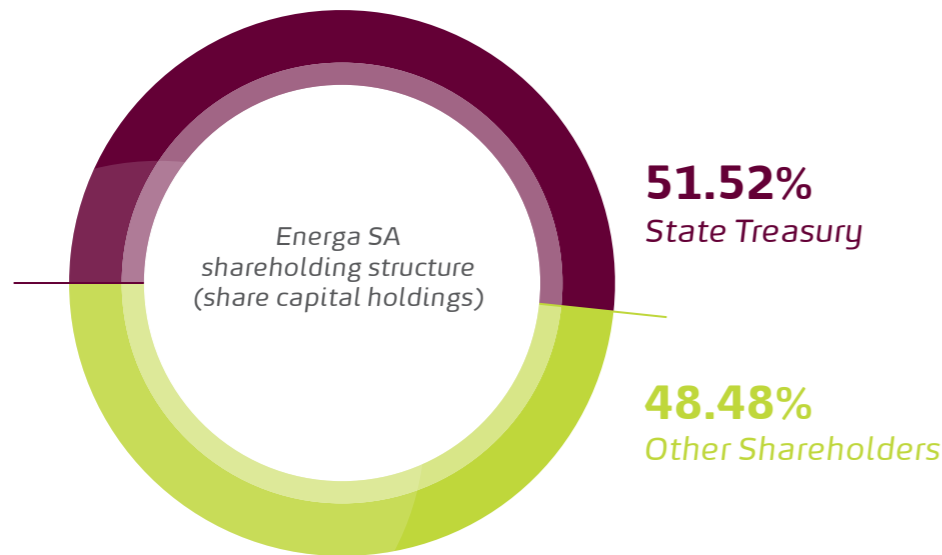


1.3. Energa Group's structure and business model

Energa Group's operations are focused on three key business lines: Production, Distribution and Sales of electricity and natural gas; these three areas under the supervision of Energa SA as the managing company create the value of the entire group of companies.

Energa SA

with its registered office in Gdańsk is the parent company of all companies making up the group of companies – as their sole owner or majority shareholder. It exercises active ownership supervision, integrates key management and support functions within the Group and chooses the Group's strategic directions and its business and value management models. Since December 2013, the company's shares are publicly traded on the Warsaw stock exchange. Energa SA is included in the index of Poland's largest publicly traded companies (WIG20) and indexes of socially responsible companies: RESPECT Index and FTSE4Good Emerging.



Building the value of Energa Group

Production

is a business unit whose Lead Entity is Energa Wytwarzanie SA. The unit works based on 4 business lines: Ostrołęka Power Plant, Water, Wind and Others (including CHP). It consolidates operations in the following key areas:

production of electrical energy from renewable sources:

- Hydroelectric power plant in Włocławek,
- 43 small hydroelectric plants,
- 5 wind farms in north-west Poland – Karcino, Karścino, Bystra, Myślino, Parsówek,
- 2 photovoltaic farms: one near Gdańsk, the other in Czerników near Toruń,
- Pumped-storage power plant in Żydowo;

production of electrical energy in a conventional power plant:

- company Energa Elektrownie Ostrołęka SA, Ostrołęka B power plant;

cogeneration of heat and electrical energy:

- company Energa Kogeneracja Sp. z o.o. in: Elbląg CHP plant, Kalisz CHP plant, Żychlin CHP plant and Winnica CHP plant;

generation of heat in heat plants:

- company Energa Kogeneracja Sp. z o.o., Wyszogród heat plant and company Energa Ciepło Kaliskie sp. z o.o., Kalisz heat plant;

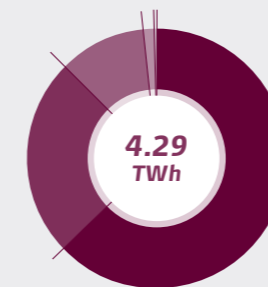
heat distribution:

- Energa Ciepło Ostrołęka Sp. z o.o.,
- Energa Ciepło Kaliskie Sp. z o.o.;

support services:

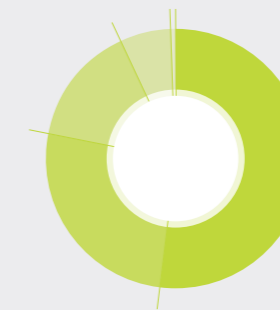
- Energa Serwis Sp. z o.o.

Generated energy



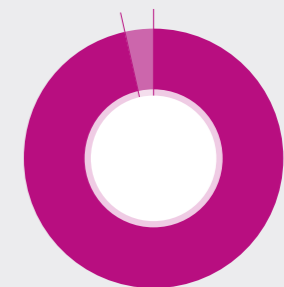
- Coal 2.70 TWh
- Water 1.06 TWh
- Wind 0.47 TWh
- Biomass 0.05 TWh
- Photovoltaics 0.01 TWh

Production assets



- Coal 731.20 MW
- Water 364.84 MW
- Wind 211 MW
- Biomass 89.06 MW
- Photovoltaics 5.41 MW

Resources consumed for production



- Coal 1280.4 k tons
- Biomass 46.1 k tons

Responsibility

- supporting the domestic energy system
- developing environmentally friendly sources of energy



Distribution

supports operations consisting in the distribution of electrical energy. The Lead Entity of the business line is company Energa Operator SA, granted the status of a Distribution System Operator based to a decision of the Chief of the Energy Regulatory Office. According to the requirements of the distribution permit, the business line is responsible for the development, operation and modernisation of distribution infrastructure in the area of its operations and for ensuring the supply of energy with the required quality parameters to recipients connected to its power grid.

The following companies are responsible for maintaining a high standard of operation of power infrastructure and required operational work:

- Energa Operator Eksploatacja Elbląg Sp. z o.o.,
- Energa Operator Eksploatacja Gdańsk Sp. z o.o.,
- Energa Operator Eksploatacja Kalisz Sp. z o.o.,
- Energa Operator Eksploatacja Płock Sp. z o.o.,
- Energa Operator Eksploatacja Słupsk Sp. z o.o.,
- Energa Operator Eksploatacja Toruń Sp. z o.o.

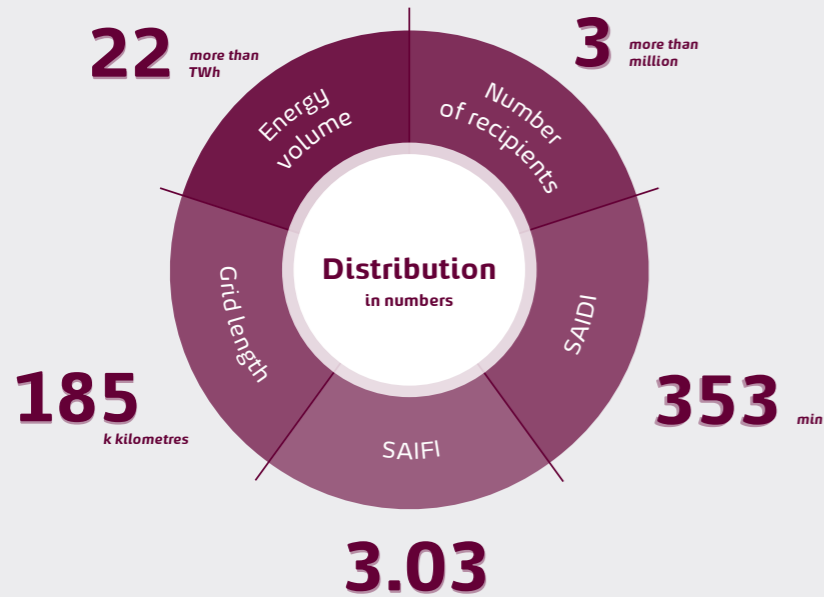
Company Energa Operator Techniczna Obsługa Odbiorców is responsible for providing technical services to recipients. Company Energa Logistyka Sp. z o.o. provides comprehensive logistical services and supplies other companies with materials and devices for project purposes, as well as consumables required to perform renovations and modernisations of power grids. Capital improvement companies, i.e.:

- Energetyka Kaliska – Usługi Techniczne Sp. z o.o.,
- Przedsiębiorstwo Budownictwa Elektroenergetycznego ENBUD Słupsk Sp. z o.o.,
- ZEP Centrum Wykonawstwa Specjalistycznego Sp. z o.o.,
- Zakład Budownictwa Energetycznego Sp. z o.o.,

perform capital improvement works and renovations of the grid and remove the effects of major defects.

Responsibility

- reliability and safety of supply of electrical energy
- safety of employees and subcontractors



Sales

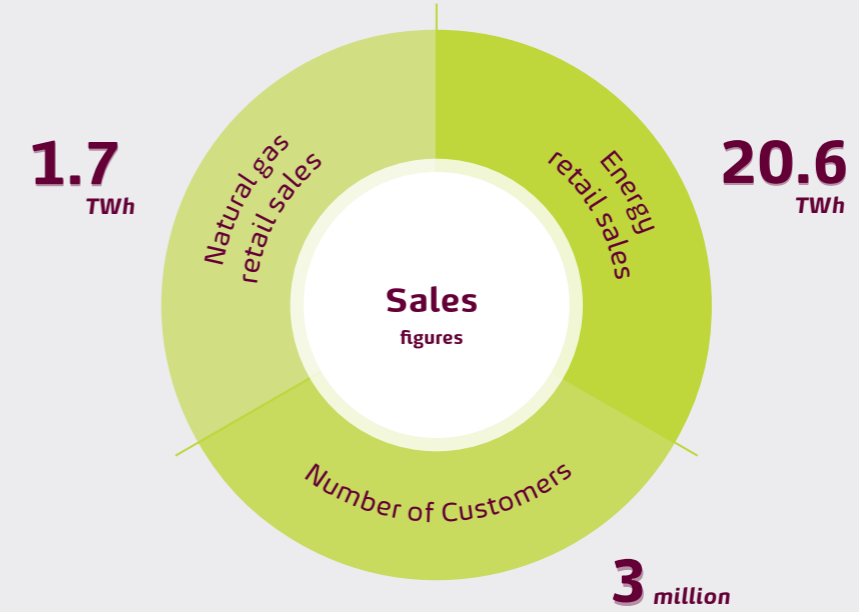
focuses operations connected with trading in electrical energy and natural gas and providing customer service. The Lead Entity of the business line is company Energa Obrót SA.

The activities of Energa Obrót focus on trading in the domestic and international wholesale electrical energy market and selling energy and natural gas to individual, business and institutional Customers, as well as offering innovative, pro-environmental technologies and services. The company sells electrical energy to more than 3 million Customers, of which 2.6 million are households. Its operations focus on developing modern channels of communication with Customers, such as electronic channels (eBOK, mBOK – electronic and mobile customer service centres, respectively), telephone customer service centre (tBOK), as well

as traditional channels, such as retail or partner outlets. Another company working in this business line is Energa Oświetlenie, which offers services connected with lighting streets, roads and other open areas.

Services and other

The group also includes companies directly reporting to Energa SA, providing shared services to companies forming part of the Group in areas of importance from the Group's perspective, such as: Energa Centrum Usług Wspólnych Sp. z o.o., Energa Informatyka i Technologie Sp. z o.o., Enspirion, Energa Ochrona Sp. z o.o. and, since 29 December 2017, Energa Logistyka Sp. z o.o.



Responsibility

- top Customer service quality
- preferred supplier of solutions connected with the energy needs of Customers



In 2017, Energa SA continued its work, commenced in the preceding year, on implementing a new business model of the Group of Companies, the main objective of which is to reduce the number of group companies within three years by consolidating them into business lines, which will be able to more efficiently react to challenges awaiting the energy industry, in turn leading to an improvement in the quality of management, competitiveness and profitability of the Group. Increasing the level of ownership supervision and taking full advantage of the consolidated entities will enable the Group to obtain a better synergy. Among the changes that took place in this area in late 2016 and early 2017 as well as over the course of 2017 are such examples as the takeover of direct supervision of company Energa Invest Sp. z o.o. by Energa SA and the purchase of shares in Elektrownia Ostrołęka SA, a special purpose vehicle. This enabled the company to take over the management of two of its biggest capital work projects, i.e. the construction of a hydroelectric plant on the 2nd barrage on Vistula and the construction of a new power unit at the Ostrołęka C power plant. The takeover of shares in Energa Oświetlenie Sp. z o.o. will enable Energa SA to concentrate and improve its supervision over the former's collaboration with local government authorities, as local governments are the main customer of services provided by Energa Oświetlenie Sp. z o.o. Acquiring control over company Energa Logistyka Sp. z o.o., previously controlled by Energa Operator SA, is connected with the expansion of the authorities of the former. Ultimately, Energa Logistyka Sp. z o.o. is to coordinate the purchase of power generation materials and other strategic materials and to organise the storage of these materials for the purposes of the entire Group. A new company, Energa Ochrona Sp. z o.o., has also been founded; its purpose is to increase the security of the Group's property and to increase the quality of services provided in this regard. Creation of the company will also enable the optimisation of expenses, uniformization of security systems and implementation of uniform standards. According to adopted documents, the most extensive consolidation will take place in the Distribution Business Line, where operational companies and company Energa Techniczna Obsługa Odbiorców are planned to be merged with company Energa Operator SA. A similar consolidation is to take place with regards to four companies responsible for performing capital works in power grids. As far as the Sales Business line is concerned, company Energa Obsługa i SALES Sp. z o.o. has been merged with Energa Obrót SA. Information about all changes that took place in Energa Group's model in 2017 are available in 'Energa Group's 2017 Annual Report'.

Structure of Energa Group as at 31 December 2017.

Energa SA

Production

- Energa Wytwarzanie SA
- Energa Elektrownie Ostrołęka SA
- Energa Kogeneracja Sp. z o.o.
- Energa Ciepło Kaliskie Sp. z o.o.
- Energa Ciepło Ostrołęka Sp. z o.o.
- Energa Serwis Sp. z o.o.

Distribution

- Energa Operator SA
- Energa Operator Eksploatacja Toruń Sp. z o.o.
- Energa Operator Eksploatacja Gdańsk Sp. z o.o.
- Energa Operator Eksploatacja Elbląg Sp. z o.o.
- Energa Operator Eksploatacja Słupsk Sp. z o.o.
- Energa Operator Eksploatacja Kalisz Sp. z o.o.
- Energa Operator Eksploatacja Płock Sp. z o.o.
- Energa Operator Techniczna Obsługa Odbiorców Sp. z o.o.
- Zakład Budownictwa Energetycznego Sp. z o.o.
- Przedsiębiorstwo Budownictwa Elektroenergetycznego ENBUD Słupsk Sp. z o.o.
- ZEP – Centrum Wykonawstwa Specjalistycznego Sp. z o.o.
- Energetyka Kaliska – Usługi Techniczne Sp. z o.o.

Sales

- Energa Obrót SA
- Energa Oświetlenie Sp. z o.o.
- Energa Slovakia s.r.o.

Services and other

- Energa Informatyka i Technologie Sp. z o.o.
- RGK Sp. z o.o.
- Energa Centrum Usług Wspólnych Sp. z o.o.
- Energa Finance AB
- Enspirion Sp. z o.o.
- ENSA PGK8 Sp. z o.o.
- Energa Ochrona Sp. z o.o.
- EOB PGK1 Sp. z o.o.
- Centrum Badawczo-Rozwojowe im. M. Faradaya Sp. z o.o.
- Energa Invest Sp. z o.o.
- Energa Logistyka Sp. z o.o.

- Companies under direct control of Energa SA
- Companies under indirect control of Energa SA

* The organisational structure scheme presented above came into existence on 20 December 2017, as a result of a Collaboration Agreement made within the Group. However, the operational and financial data included in this report were presented based on the structure applicable from the start of 2017, which involved a division of the Group into segments and according to which company Energa Operator Logistyka Sp. z o.o. was included in the Distribution Segment, while company Energa Invest Sp. z o.o. was included in the Production Segment.



Members of the Board of Directors of Energa SA



Alicja Barbara Klimiuk
acting CEO



Jacek Kościelniak
VP, Finance



Grzegorz Ksepko
VP, Corporate Affairs

Membership in organisations

Energa Group is an active member of industry organisations and initiatives which constitute a forum for the exchange of opinions and where optimal solutions for the entire energy sector and its individual representatives are created. In 2017, the Group reviewed the membership of its child companies in specific organisation, focusing on participating in associations of major importance from the perspective of their actual involvement, and conversely benefits enjoyed by group companies thanks to being part of that organisation. Such beneficial organisations definitely include the Energy and Environmental Protection Economic Chamber, Transfer Pricing Centre, Association of Stock Exchange Issuers, Association of Polish Corporate Treasurers, Mutual Insurance Association of the Polish Mutual Insurance Committee or the Polish Committee of Electrical Energy, as well as the Polish Electrical Energy Transfer and Distribution Association, where Energa Operator is a member. Energa Group is also part of Global Compact, the world's largest UN initiative for corporate social responsibility and support of sustainable development. Membership in this organisation requires the Group to associate its strategic business operations with 10 rules concerning human rights, labour rights, environmental protection and prevention of corruption.



Major awards and accolades received in 2017

January

Energa Operator SA receives a Consumer Support Quality Certificate, awarded by the Consumer Federation to companies and institutions who successfully pass a consumer audit. The aim of the audit is to verify whether practices applied by the company as Customer-friendly and comply with consumer law.

May

Energa Group is awarded the CSR Golden Leaf in the sixth edition of the ranking of companies who apply the rules of corporate social responsibility in their everyday operations. The occasion marks the fifth time the Group is honoured in the ranking and the third time in a row that the Group placed first.
Energa Informatyka i Technologie Sp. z o.o. receives the 2017 Innovation Award for an efficient migration of its data from SAP to SAP HANA.

August

Energa Obrót SA is among the finalists of the 'IT Leader 2017' competition, organised by the editing team of the 'Computerworld' periodical. The jury was impressed with the Indexed Offer Platform – an innovative IT system independently created by employees of the company, used to provide services to business Customers.

October

Energa Group receives the 2017 Polish Compass award. The award is given for the effort made by the company to clean up its grid and its determination to repair the damage to the Customer service system caused by natural disaster. The Group is also recognised for a significant improvement of its results.
Energa Informatyka i Technologie Sp.z o.o. (EITE) receives an ISO 27001 Certificate in the area of information security. Implementation of an Information Security Management System at EITE minimizes the risk of information security incidents and prepares the organisation for dealing with any hazards in this area.

December

Energa SA is included in the '100 Emerging Markets' ranking drawn up by the Vigeo Eiris rating agency. The ranking includes 100 companies from emerging markets who achieve the best results in the environmental, social and corporate governance areas. As part of the survey, more than 850 companies from 37 sectors in 31 countries were analysed.
For the fourth time, Energa SA is included in the RESPECT index that groups publicly traded companies who comply with best standards with regards to social responsibility and management. RESPECT is the first index of socially responsible companies in Central and Eastern Europe, created by the Warsaw Stock Exchange. Its portfolio includes Polish and foreign companies publicly traded on the Warsaw Stock Exchange's Main Market.

April

At the 'Leaders of the Energy and Manufacturing World' Gala, Energa Group is awarded the title of the Best Producer of 2016. The Group was recognised for its activities in the field of capital works, restructuring and innovation.

June

At the annual conference of the Trading Forum, the Polish Power Exchange awards Energa Obrót SA the 'Platinum Megawatt' statuette in recognition of its position as a leader in international trading in 2016.

September

Energa Group maintains its presence in the EMAS register and receives an ISO 14001:2015 environmental certificate. Group companies also commence the implementation of an ISO 50001:2012-compliant energy management system, integrated with the EMAS system.
The Energa Foundation is awarded the 'Amber Crane' award and the title of the 2016 Philanthropist of the Year by the rev. E. Dutkiewicz Hospice Foundation and Hospice. The award is given in recognition of sympathy and help provided to the fellow man.

November

Energa Group receives the Toruń Sport Patron statuette. The award is given in recognition of the support provided by the Group to sports clubs and athletes in Toruń.



1.4. Energa Group's economic impact

Energa Group's consolidated financial data (in millions of PLN)

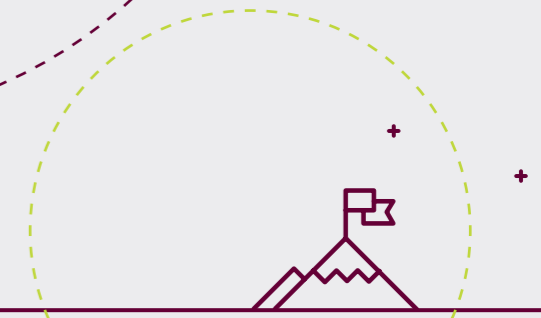
	2016	2017
Revenue – including net revenue from sales of products, goods and services (excise tax included), other operational revenue, financial revenue, shares in the profit of entities considered at-equity	10 650	11 042
Operational costs – including consumption of materials and energy, outsourced services, depreciation and write-offs of current value of non-financial fixed assets, other overheads and other operational costs, financial costs excluding costs of interest incurred on debts taken out, share in the profit of entities considered at-equity	8 633	8 141
Employee salaries and benefits – including salaries, costs of social security contributions and other costs of employee benefits	873	907
Payments to investors – including costs of interest incurred on debts taken out, dividend paid out for the preceding year*	440	366
Government levies – including fees and taxes	899	817
Investments in the community in the form of donations	11	13
Retained economic value	(206)	798

* Dividend paid out for the preceding year amounted to PLN 203 million in 2016 and PLN 79 million in 2017.

The above data is taken from the consolidated financial statement of the Energa SA Group of Companies, compliant with International Financial Reporting Standards approved by the European Union for the year ending 31 December 2017 (data includes all companies forming part of Energa Group).



1.5. Responsible and ethical management



In November 2016, Energa Group adopted a new business strategy for the years 2016-2025; its consistent application was continued in 2017. The Group's operations are aimed at creating value in an effective manner and in the long term. In order to maintain the status of a modern energy group and an important element guaranteeing the stability of the National Energy System and the entire region, the Group focused on two areas of development: business and value creation, i.e. adopted a business model oriented on the Customer and the development of modern energy infrastructure; the Group's strategic objectives were adopted within these areas. In order to achieve its vision, mission and objectives and increase its value, Energa will conduct its operations in an open manner based on ethical assumptions, transparency and openness to dialogue, which will enable the Group to achieve long-term benefits while ensuring that an appropriate balance is struck between the Group's operational activities, ethics, environmental protection and the needs of all stakeholders – shareholders, Customers, employees and local communities.

In connection with the announcement of Energa Group's new business strategy for the years 2016-2025, adoption of the 'Strategy for Responsible Development' by the Council of Ministers and in light of the Communication from the European Commission 'Europe 2020: a strategy for smart, sustainable and inclusive growth' and the UN 'Agenda for Sustainable Development 2030', as well as given the results of consultations made with stakeholders between 2011 and 2016, Energa SA carried out a review and analysis of 'Energa Group's strategy of sustainable development and responsible business' and updated it accordingly.

A strategic approach to Group management enables the responsible evaluation of the Company's actual environmental footprint, while social responsibility constitutes a key component of the Group's system of values, allowing it to successively increase the level of actual synergy of economic, social and environmental aspects of its operations. This integrated approach to management supports the achievement of long-term business goals, development of durable and friendly relations with the Group's stakeholders, based on trust, openness and dialogue, creation of an energy market based on the rule of sustainable development, as well as construction of a basis for the development of innovative solution.

Energa Group makes every effort to ensure that its operations are developed with respect to intellectual capital, diversity and human rights, including the right to free speech and freedom of association.

Objectives and priorities adapted to the needs and expectations of stakeholders were defined in each strategic area in accordance with the updated 'Energa Group's strategy of sustainable development and responsible business'.



Priorities in strategic areas

Customer

Building durable relations with Customers, based on fair practice, transparency and openness, and increasing availability of energy to the society.

Natural environment

Constantly striving to improve energy efficiency, as well as effectively caring about environmental issues in all areas of operations, reducing the emission of pollution into the atmosphere and caring for the rational use of resources.

Employees

Creating a friendly and safe work environment for employees, promoting and implementing high standards of employment, involving employees in the life of the Group through various forms of dialogue and communication and involvement in specific activities, e.g. in the form of volunteer work.

Fair market practice

Managing the supply chain and relations with suppliers in a responsible manner.

Local communities and the nation as a whole

Supporting communities in which companies forming part of Energa Group operate and building social partnerships, performing charitable work, in particular through supporting initiatives within local and national communities, aimed at promoting durable values unifying the community and building a common awareness with regards to national heritage and culture, patriotism, religion, health care, security and education, with particular attention paid to historical education, as well as supporting pro-environmental activities and activities connected with amateur sport, using competition as a tool for bringing up children and young adults.

Corporate governance

Managing the organisation based on standards and rules impacting the manner in which the objectives of the 'Energa Group's strategy of sustainable development and responsible business' will be achieved.



Agreement on collaboration within Energa Group

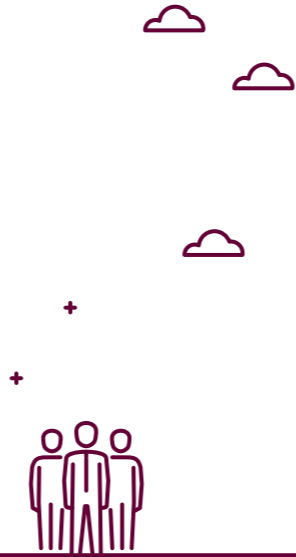
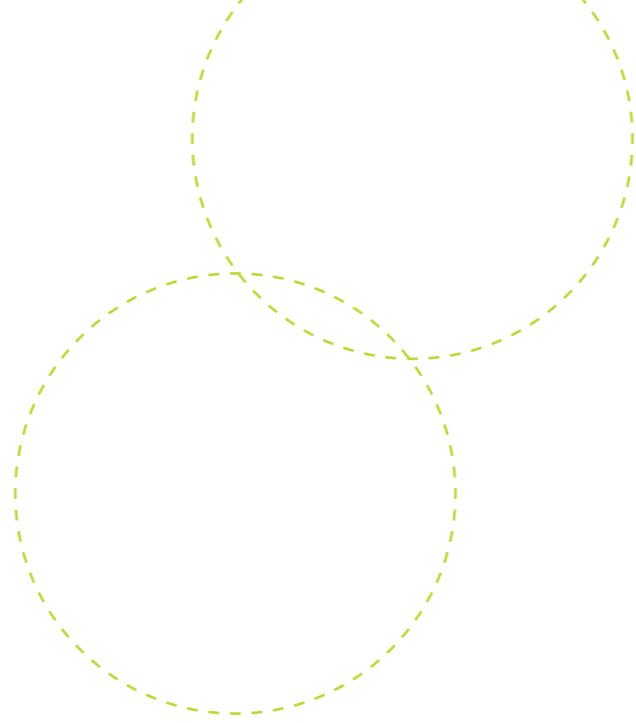
In December 2017, 31 companies making up Energa Group signed an agreement on collaborating within the Group. This agreement is of fundamental importance. It redefines the activities of the entire Group, describes its most important rules of conduct and specifies the areas of its operations. Adopting a common and unified set of rules of collaboration is meant to serve as a basis for the continued development of the Group, while the strengthening of mutual ties between the companies and consolidation of business areas will support the interests of the Group taken as a whole, while respecting the individuality of each company. The collaboration agreement is a document that helps its signatories find their place in today's world and tackle the new challenges connected with the dynamic nature of the surrounding environment, as well as improve Energa SA's results in the stock exchange.

The agreement includes

32 regulations

determining the conduct of Group companies in the following areas:

- ethics,
- occupational safety and health,
- security,
- finance,
- IT,
- marketing and communication,
- personal,
- development and innovation strategy,
- legal,
- corporate management.



Integrated Risk Management System in Energa Group

An Integrated Risk Management System ('IRMS') has been used in key Energa Group companies since 2011 and is supervised centrally by Energa SA. As part of activities aimed at improving the system, implemented in 2017, the system was cleaned up, provisions of the 'Energa Group Risk Management Policy' were made more precise and training was provided to risk coordinators in individual companies with regards to risk management support tools. As part of its supervisory activities, the risk department at Energa SA increased the frequency of reviewing risk action plans and formulated individual guidelines for each of the companies with regards to their approach to risk management. Additionally, as part of creating and implementing a compliance system in Energa SA, actions were taken in order to identify and assess

potential abuse scenarios in order to assess the risk of abuse on the level of the entire Energa Group.

The Integrated Risk Management System is implemented based on a risk management process uniform across the entire Group, based on international standards (ISO, COSO, FERMA) and inclusive of all levels of the organisation and business lines. The risk management process is made up of stages that determine each other and are implemented in a continuous manner. The process runs from the level of organisational unit to the upper management and from the level of Group companies to Energa SA as the managing company.

Risk management process applicable within Energa Group



The fundamental document used as the basis for the risk management process within Energa Group is the 'Risk Management Policy', together with 'Risk Management Methodology', which specify e.g. a uniform approach, rules of risk management and roles in the risk management process. Risk management within the organisation is carried out based on the precautionary principle;



Board of Directors – specifies the direction of risk management, accepts the results of risk reviews, accepts risk appetite;



Risk department – coordinates the risk management process, carries out risk reviews, draws up reports summarising the results of risk identification and assessment;



Risk owner – manages risk, creates and implements action plans, monitors risk, keeps risk within specified limits;



Employees – provide information about risks and incidents and the lack of effectiveness of control mechanisms;



Auditing Committee – monitors the effectiveness of existing internal control and risk management systems within Energa Group;



Internal audit – carries out an independent and objective assessment of the risk management system.

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



Risk review – involves the identification and assessment of risk and formulation of a comprehensive risk management strategy on every level of the organisation (in all organisational units) and Energa Group (companies, business lines, Energa SA) on a biannual basis;



Action plan review – involves a quarterly update of the risk management strategy and verification of actions taken by Risk Owners in order to limit risk (on a quarterly basis);



Current risk management – involves the identification and assessment of risk and formulation of a comprehensive risk management strategy in the context of current events concerning Energa Group.



As a result of risk reviews, information concerning the exposure of individual companies from Energa Group to risk is compiled. Based on this information, Boards of Directors make decisions with regards to the level of risk appetite and approve key risk management strategy. Results of risk reviews are communicated to Risk Owners and reported to the Auditing Committee.

Furthermore, Energa Group reacts to changes in the market, society and laws, paying particular attention to corporate responsibility for products or services introduced into the market. By means of the IRMS, Energa Group identifies and assesses risks connected with new products and services prior to introducing them into the

market. At each stage, the management of risks connected with new products and services, as well as processes and systems created within the group, focuses on four areas: implementation process, design of the product or service, infrastructure and personnel. A direct involvement of risk management therefore increases the awareness of risks resulting from improperly chosen products or services, including in terms of corporate responsibility.

Selected risks identified in the areas of external environment, environmental protection, labour, corruption prevention, respect for human rights and social issues are described below.

Area of relations with the external environment

Risk concerning services performed for and relations with Customers of Energa Group

The risk concerns maintaining the standards of quality and timeliness with regards to customer service within the Energa Group, performing sales activities and seeing out the terms of contracts. The risk is connected with a decrease in Customer satisfaction with services provided by Group companies, decrease in sales and distribution revenue and loss of image.

Risk of Energa Group's non-adjustment to the data protection regulation

The risk is connected with legal, financial, organisational and image-related consequences of Energa Group's non-adjustment to the terms of the General Data Protection Regulation (GDPR) by 25 May 2018 and the Group's subsequent failure to comply with the provisions of GDPR.

Risk of loss of business continuity

The risk is connected with a disruption in the critical activities of Energa Group companies with regards to the continuity of providing distribution services, activities in the area of energy and heat generation, as well as sales activities.

Risk of communication with the media

The risk concerns communication between Energa Group and the media (including social media), building the Group's image in accordance with its mission, vision and values and obtaining social acceptance for the Group's activities.

Risk of communication with the capital market

The risk is connected with communication concerning Energa Group's activities with representatives of the capital market and performing stock exchange reporting requirements.

Environmental protection area

Environmental protection risk

The risk is connected with ensuring that operations are performed in compliance with provisions of environmental law, with due care and efficiency, in accordance with reasonable environmental practices that minimise risk and ensure the implementation of rules of sustainable development, providing information to and assuring stakeholders, in particular financial stakeholders, of legal compliance and the results of environmental monitoring, implementation of the environmental management system in accordance with the requirements of the EMAS resolution.

Labour area

Risk of Energa Group's human resources policy

The risk is connected with such aspects as the level of employment in Energa Group, level of salaries, training and motivational processes, succession or hiring.

Risk of occupational safety and health and fire safety

Risk of workplace accidents and occupational illnesses suffered by persons employed by the Group. The risk also concerns fires that might break out on the premises of Group companies.

Risk of safety of persons and property

Risk connected with ensuring the proper security and safety of assets owned by the Group and the security of persons, in particular preventing unauthorised access to the Group's assets, including risk connected with ensuring an effective system of controlling access to the Group's locations.

Risk of social relations and labour unions

The risk includes dialogue with social partners, in particular labour unions. Risk connected with an ineffective process of maintaining relations between the employer and representatives of employees. Risk is also connected with the lack of/erroneous, imprecise, untimely communication with representatives of employees.

Area of preventing corruption and respecting human rights

Risk of abuse within Energa Group

The risk concerns situations and behaviours connected with abuse, including conflicts of interest, corruption and misappropriation, that might be committed by employees of Energa Group companies. The risk includes the potential existence of abuse and corrupt activity in operational processes.

Risk of unwanted employee behaviours and relations

The risk concerns the behaviour of employees and their relations with the employer, as well as the exchange of informal information.

Social area

Image risk

The risk is connected with activities performed by the Group, affecting its image in the context of taking the voice of local communities into account.

Risk of relations with institutions and stakeholders

The risk is connected with maintaining relations with stakeholders of Energa Group, including industry associations and unions, with regards to requests for subsidising social campaigns, as well as with ecological or environmental institutions.

Corporate social responsibility risk

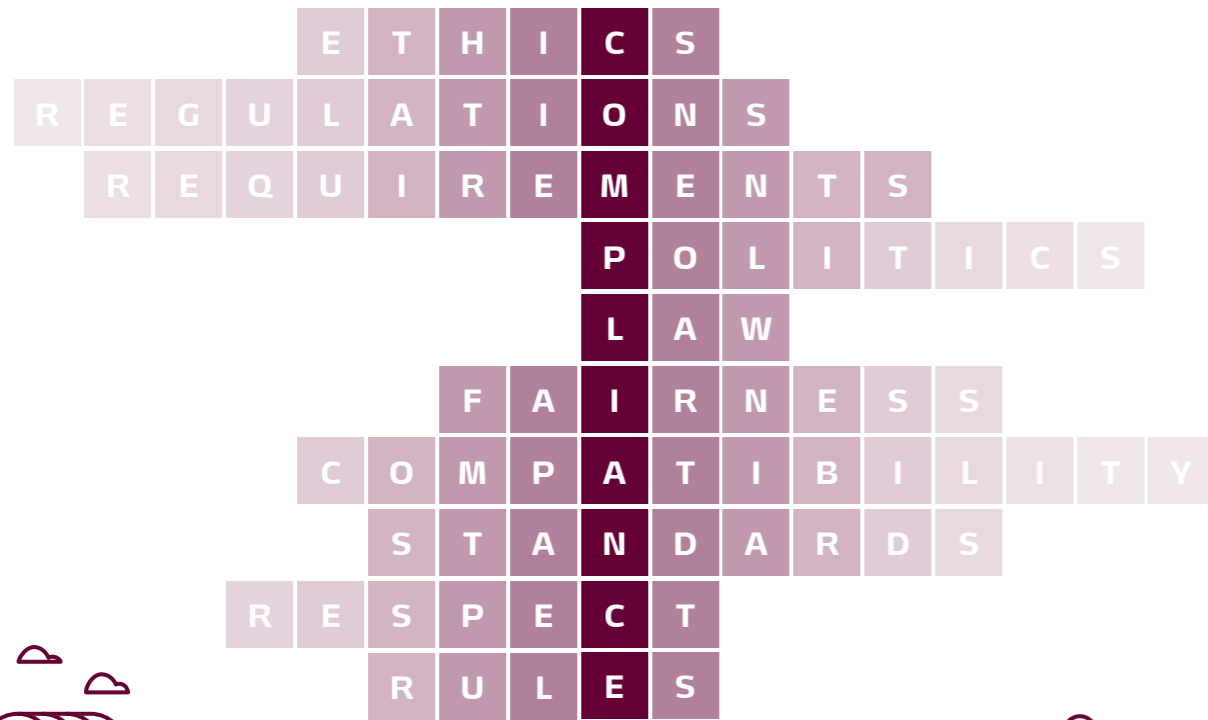
The risk concerns the lack of effective supervision over activities in the field of CSR and the EMAS system and Energa Group's environmental management system.



Ethics and compliance system

Energa Group makes every effort to continue building an ethical culture of organisation. There is no doubt that ensuring the compliance of decisions, attitudes and behaviours of all Group employees with requirements stemming from ethical values, applicable laws, guidelines formulated by regulatory authorities, internal and other regulations that the Group entities are required to comply with constitutes the basis for achieving the company's mission and vision, its development and growth and the achievement of business purposes. This belief and the results of surveys carried out among Group employees resulted in a decision made by the Board of Directors of managing company Energa SA in 2017 to appoint a Board's Representative for the Compliance System and to create a compliance department within the organisational structure of Energa SA, as well as to initiate works

aimed at implementing a compliance system. Mechanisms and activities functioning and developed within the Energa Group resulting from the implementation of three (updated in 2017) key documents for the area of business ethics: 'Code of Ethics', 'Policy of preventing abuse and conflicts of interests' and 'Policy of preventing mobbing and discrimination' form an important part of this system. Works aimed at implementing the system are accompanied by informational activities addressed to all employees of Energa Group which include all the issues described below using available internal communication tools. The Group also plans to implement training courses for employees in order to expand their knowledge and awareness in the area of ethics and compliance.



Ethical values and rules of conduct within Energa Group

The 'Energa Group Code of Ethics' is the supreme regulation in the area of ethics; it specifies the key values for the entire organisation in the implementation of the 'Energa Group strategy for the years 2016-2025', as well as values important to employees in their attitudes and behaviours when making decisions and performing everyday duties. The Group's values include responsible development, credibility and safety, daring and innovation, durable relations.



responsible development



credibility and safety



daring and innovation



durable relations

The above values also constitute part of rules of conduct specified in the Code of Ethics, which determine how we expect our employees to behave when in the workplace. What should our conduct be?

- We follow the law.
- We act fairly.
- We treat others with respect.
- We act in a transparent manner, we communicate in an open and considered way.
- We create a friendly and safe work environment.
- We are reliable partners to our contractors.
- We are politically and ideologically neutral when working.
- We do not abuse Energa Group's resources.



Regulations concerning non-compliance

Energa Group strives to ensure the compliance of the organisation's operations with accepted ethical standards, applicable laws and internal regulations, and therefore it makes every effort to prevent, detect, investigate and take punitive action in respect of those who act contrary to these requirements. In particular, abuse will include corruption, misappropriation and conflict of interest. As a rule, risk of abuse is managed in accordance with the methodology of risk management applicable within Energa Group, and its assessment is based on e.g. the results of analyses of potential abuse situations, carried out by risk departments within Energa Group companies. The definition of non-compliance and abuse, regulations concerning the duty to report non-compliance and abuse and complaint handling procedure can be found in a regulation named 'Policy of preventing abuse and conflicts of interests', last updated in 2017.

Employees of Energa Group are required to avoid any behaviours contrary to requirements, as well as to react to and report any abuse they witness and potential or actual conflicts of interest,

using a whistleblowing system implemented and coordinated by the compliance department – by sending a message to a specified e-mail address or postal address or by speaking to their direct supervisor. The identity of whistleblowers is kept confidential and the whistleblowers themselves are protected from any potential retaliation.

A number of communication activities that took place in 2017 were devoted to increasing awareness among employees with regards to the detrimental nature and consequences of abuse (including corruption) and the functioning of the whistleblowing system. The activities were addressed to all Energa Group employees and accompanied the implementation of the compliance system and adoption of an updated 'Policy of preventing abuse and conflicts of interests'. The activities were performed with the use of internal communication tools available within the organisation (including intranet, email and printed materials); the area concerning anti-corruption activities was additionally the subject of internal training.

Communication and training concerning anti-corruption policy and procedures applicable within Energa Group

% of employees of Energa Group companies who underwent training	2016		2017	
	MANAGEMENT PERSONNEL	OTHER EMPLOYEES	MANAGEMENT PERSONNEL	OTHER EMPLOYEES
Energa SA	100	100	95	83



Analysis of business units in terms of risk connected with corruption and risk identification

In 2017, each organisational unit of Energa SA was subjected to an analysis of potential abuse scenarios, including corruption. The aims of this analysis included:

- identifying areas particularly susceptible to the risk of abuse,
- assessing the risk of the occurrence of irregularities and their impact on the company's operations,
- specifying opportunities for improvement and the perspective of required corrective action,
- gathering information about patterns and mechanisms of abuse and gaps in control mechanisms enabling the occurrence of abuse,
- compiling material for the purposes of assessing the risk of abuse for the owner of that risk at Energa SA.

The objectives of the analysis did not include identifying cases and incidents of intentionally prejudicing the company but was meant solely to prevent the occurrence of such situations in the future.

The identification and assessment of potential abuse scenarios within Energa SA indicated that the following areas were particularly susceptible to abuse:

- information security,
- management of the company's assets,
- procuring,
- giving and accepting gifts,
- finance management.

A similar analysis was performed at Energa Operator SA, where potential abuse scenarios were identified in the field of capital work management and procuring management, as well as in the field of connecting Customers to the distribution grid.

No incidents of corruption were recorded within Energa Group in 2017.

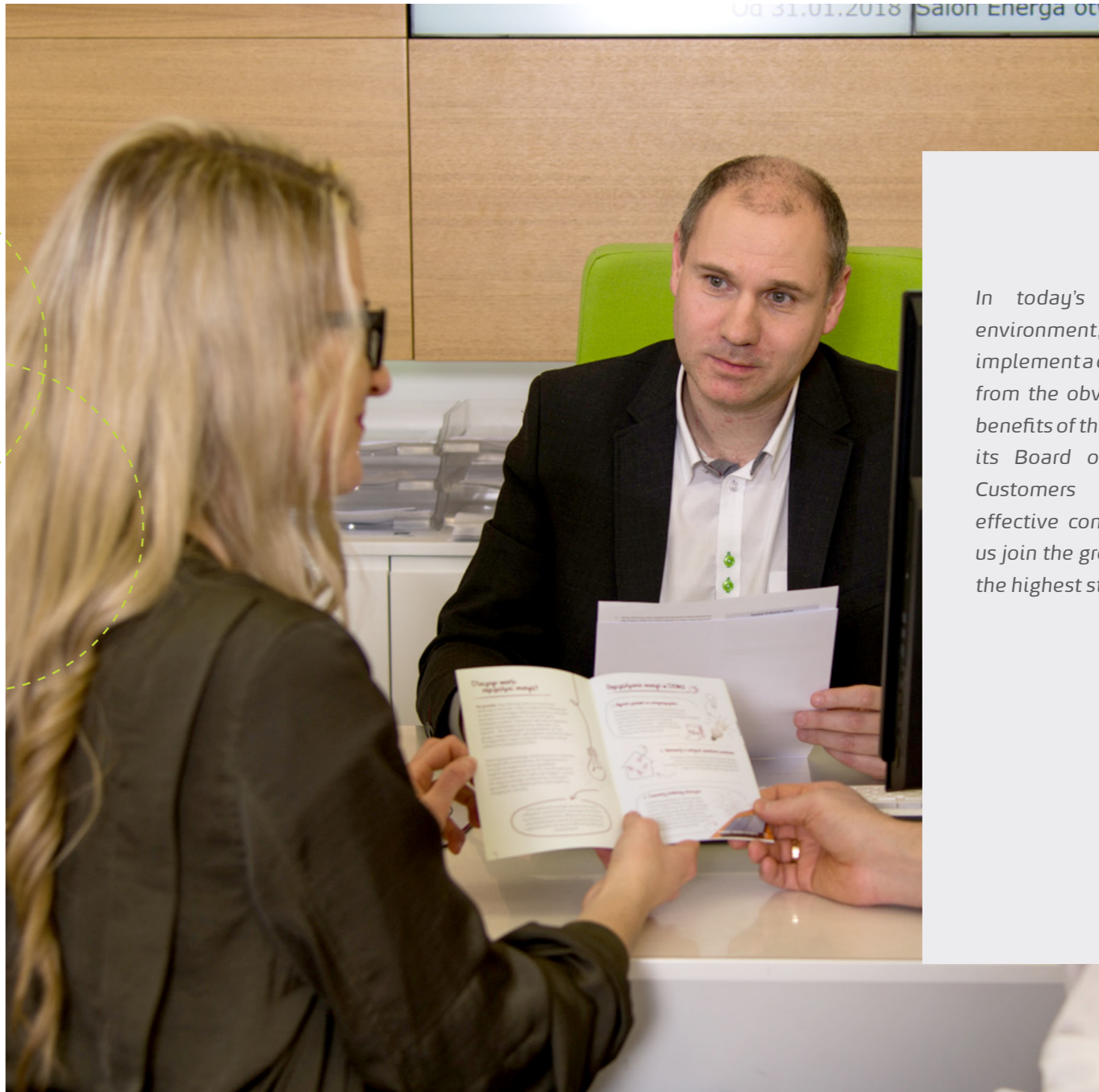
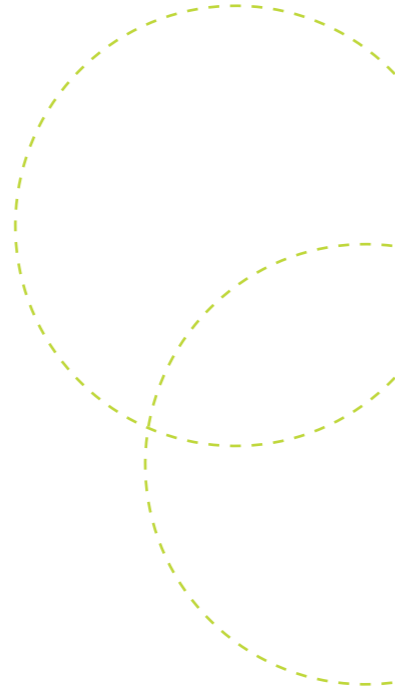


Ethical and friendly work environment

Energa Group expects all of its employees to contribute to an ethical organisational culture and to build relations between employees (irrespective of their position, function and mutual professional reporting relationship) based on the values and rules of conduct included in the 'Code of Ethics'. In particular, any actions on the part of our employees that can be interpreted as mobbing, discrimination or harassment are unacceptable and will be penalised. Regulations describing improper conduct and specifying procedures to be implemented in case of conflicts can be found in the 'Policy of preventing mobbing and discrimination', last updated in 2017.

The creation of the Council for the Prevention of Mobbing and Discrimination – an authority tasked with preventing conflict by improving the employees' awareness in this regard, as well as appointing commissions to investigate the circumstances of any negative incidents reported by our employees in this regard – is proof of the exceptional efforts made by Energa Group to prevent, expose and react to unacceptable behaviours in relations between employees. Employees can report such behaviours by sending an email to a specified address, sending a traditional letter to the compliance department or by contacting members of the commission by telephone or in person. Employees who report unacceptable behaviours as well as those involved in the investigation are protected from having their identity disclosed and against any retaliation.

Energa Group intends to further promote business ethics within its organisation and effectively implement and expand a compliance system within the Group entities – with benefit to all stakeholders, including employees. The Group is convinced that basing the company's organisational culture on a foundation of ethics and fairness, actual knowledge and awareness of employees in this regard, acting in line with ethical values in everyday decisions, actions and behaviours will positively impact not only relations between employees, but also the safety and image of the organisation, its competitive advantage and the achievement of its business goals.



In today's legal and regulatory environment, we can't afford not to implement a compliance system. Apart from the obvious and communicated benefits of the system to the company, its Board of Directors, employees, Customers and shareholders, an effective compliance system will let us join the group of entities who meet the highest standards in this regard.

Wiesław Jasiński
Board's Compliance
System Representative

Effects of works so far and investigations into anonymous complaints

By the end of the year, the Investigation Commission received 8 complaints. 5 complaints were found to be valid, one was submitted by a person from outside the Group and as such was not investigated by the Commission. 2 complaints are still being investigated.

Collaboration with suppliers and supply chain

Energa Group collaborates with over 3 thousand suppliers across Poland. Until recently, each business line had managed its own supply chain adapted to the nature of its operations and to a varied degree took advantage of services provided by local suppliers. Due to the implementation of the new Group management model, as part of the optimisation of the Group's structure, a new purchasing model has been rolled out within Energa Group. The target business model is based on two sourcing centres within Energa Group, i.e.:

- Energa Informatyka i Technologie Sp. z o.o. – IT purchases,
- Energa Logistyka Sp. z o.o. – purchases of power generation materials and other strategic materials, including storage services.

The supply chain is made up mostly of suppliers of fuel (e.g. coal, biomass) and components of power generation infrastructure (e.g. power lines, transformer units, circuit breakers, meters etc.).



The adopted model is displaying a high potential of cost and organisational effectiveness and assumes the gradual takeover of competencies from individual business lines of the Group by sourcing centres (first from the Distribution Business Line). This will increase their scale of operations and will ensure the full use of the Group's human resources currently involved in sourcing processes, as well as impact the potential achievement of a synergy and scale effect within the Group's sourcing area. It will also enable a flexible and efficient management of sourcing by a single competence centre while maintaining standardisation and will facilitate the review of systems and processes. Consolidation of the sourcing area will also enable better collaboration with partners in the context of respecting the rules of conducting business in a responsible way. Energa Group is committed to doing business in a responsible manner and expects its business partners to do the same. Contracts made by companies Energa SA, Energa Informatyka i Technologie Sp. z o.o. and companies from the Sales business line routinely include clauses requiring their partners to care for ethics, respect human rights and the natural environment.

Company Energa Wytwarzanie has implemented 'Environmental and occupational safety and health rules and requirements applicable to business partners visiting the premises of Energa

Wytwarzanie SA', which require business partners and their subcontractors to follow certain rules when performing works on the company's premises, such as:

- holding all permits, qualifications, occupational health and safety training certificates and medical certificates required by law,
- performing works in a manner preventing the pollution of the natural environment,
- implementing preventive action in case of any potential degradation of the natural environment,
- immediately taking appropriate action in case of any damage to the natural environment in order to limit any negative consequences thereof to human health and the environment,
- providing training in occupational health and safety and environmental protection to all business partners prior to commencing the performance of works on the premises of company Energa Wytwarzanie.

Consolidation of the sourcing area makes us hopeful that in the future we will be able to introduce uniform clauses and rules concerning responsible operations with all business partners of Energa Group.

Percentage of suppliers who have been evaluated in terms of employee criteria

Energa Group companies	2016	2017
Energa Operator SA	100%	100%

1.6. Innovative Energa

Research and development and innovative activities are becoming increasingly important, as they are proof of the direction in which an organisation is developing and its strategic objectives. Energa Group is aware of the significance of this matter and has taken many actions with regards to research and innovation, continuously increasing its financial outlay in this area. In 2017, Energa SA set up a dedicated research and development unit within the structures of the group of companies, named 'Centrum Badawczo-Rozwojowe im. M. Faradaya Sp. z o.o.' (Michael Faraday Research and Development Centre).

The Michael Faraday Research and Development Centre (MFRDC) will be the main tool used to implement the Innovation Strategy adopted by Energa for the years 2017-2020, with an outlook to 2025+. Energa is one of the first electrical power groups in Poland to create such an entity in order to pursue innovative research and development projects in the area of new electrical power technologies. MFRDC is located in LINTE² – Poland's cutting edge electrical energy laboratory, opened in December 2015 at the Faculty of Electrotechnics and Automatics at the Gdańsk University of Technology.

MFRDC will be a platform for collaboration with start-ups, scientific institutes, as well as companies that might support innovative initiatives implemented by Energa Group. Innovations will ensure the stable development of the Group in the dynamically changing technological environment of the energy sector. The Group is currently implementing a strategy and a process of consolidating research and development and innovation policy. Projects implemented by Group companies gave us the opportunity to devise and test some very interesting and innovative solutions.

Each innovative initiative proposed to Energa Group will be subjected to a so-called innovative initiation selection cone. Ideas that go through this selection with a positive result will be referred to the MFRDC for consideration, where they will undergo a detailed feasibility analysis prior to making a decision to continue with the project.

Our major current research and development projects include:

UPGRID demonstration project

As part of the project, the grid has undergone a modernisation process in order to ensure the appropriate level of monitoring medium- and low-voltage grids. The objective of the project is to devise and test new functionalities connected with the management of medium- and low-voltage grids, leading to an improvement in the efficiency of grid operation (reducing malfunctions, reducing SAIDI/SAIFI rates, reducing grid losses, improving the efficiency of the malfunction repair process, improving the flexibility of operation of low-voltage networks, controlling micro-sources).

LOB project

The project is Poland's first virtual power plant equipped with a power storage, which will enable us to obtain knowledge and experience with regards to the potential construction of local balancing areas, familiarise ourselves with energy storage control mechanisms and the abilities of solutions based on lithium-ion technologies.

TETRA project

The project will result in devising a dedicated communication system for the purposes of controlling grid transmissions (a redundant channel for controlling connectors with remote control capability) and to contact emergency field power services. Implementation of the TETRA system will improve the reliability of communication with remotely controlled connectors installed within the grid and will ensure reliable communication with emergency field power service teams, in particular during incidents of a mass nature and disasters.

AMI project

As part of the project, 842 thousand electricity meters with remote reading capability were installed and 25,659 medium/low-voltage stations were modernised. AMI infrastructure was and is used as part of various projects implemented by Energa Operator, i.e. Smart Grid Hel (data from AMI meters were used in researching the potential optimisation of the configuration of medium- and low-voltage grids) and Smart Toruń (which also involved the optimisation of medium-voltage grid configuration).

Carsharing project

In 2017, as the first company in Poland, Energa launched a carsharing service in the Tricity area, based exclusively on electric cars. Energa's carsharing is a service aimed at business and institutional Customers. The service can be used by employees of companies who enter into relevant contracts with company Enspirion. Services will be billed between the service operator and Customer companies. Each Customer can choose the formula based on which the car will be made available to its employees. Energa's carsharing is currently available to companies residing in the Olivia Business Centre office complex, but we are working on bringing this service to individual Customers. In collaboration with our technological partner, we've prepared cars which can be rented using a mobile application. The purpose of our works is to participate in the carsharing system currently under construction in the Tricity area.



Energa Group intends to spend an average of 2% of investment outlay (approx. PLN 40 million) on Research and Development (R&D) in the coming years. These funds will be spent on collaborating with start-ups, universities, research units and on own research and development projects. R&D spending in proportion to Energa Group's EBITDA is to increase to 1.5% in 2020 and reach 2.5% in 2025.





2017 was the year of many developments connected with electromobility. The Prototype stage of the eMobility project concluded in March and resulted in preparing new products for implementation. One of these products was EnerGO developed in collaboration with Energa Obrót SA, a service involving the supply of electric vehicle charging terminals to business Customers. We also launched a carsharing service – short term rental of electric vehicles, dedicated to residents of the Olivia Business Centre office complex. Last year also saw intensive work being done on the electromobility act and our involvement in the consultation process in respect of new regulations. In preparation for the development of electromobility in Poland, together with Energa Obrót SA we commenced working on developing our own network of charging stations and developing electromobility at our partners. Examples of these activities include our collaboration with the towns of Toruń and Tczew – letters of intent have been signed and we're currently in negotiations with regards to the installation of first charging stations. Much work has been done, but 2018 and later years will definitely be a period of intensive development of electromobility – and we intend to actively participate in this process.

Tomasz Lesiewicz
CEO of Enspiron Sp. z o.o.

Energa Open Innovation

On 1 October 2017, Energa Group announced a competition for the best innovative project in such fields as intelligent grids and energy storage, under the name 'Energa Open Innovation'. The competition is addressed to individuals, scientific units, consortiums, businesses and start-ups from across Poland. The competition is meant to correspond with the areas of research and development work performed by Energa Group, which is why the competition categories include fields where Energa Group will perform its R&D work.

- intelligent grids, active recipients, renewable energy sources, balancing clusters,
- system services for grid operators,
- optimal consumption of energy by users,
- improving the reliability and continuity of the supply of power to recipients,
- energy storage and grid stabilisation,
- improving the flexibility and efficiency of energy generation,
- new products and services,
- development of diagnostic systems.

The competition was won by a voltage loss compensator designed by innovators from the Baltic Laboratory of Powerelectronics – Power Converter Unit at the Institute of

Electrotechnics. The best design is based on a prototype device designed by researchers at the Institute a few years ago. The prototype of the device is currently located in the head office of the Institute in Warsaw and had not yet been operationally tested. That's why the Laboratory was looking for a partner among distribution gear operators who would enable it to analyse the effectiveness of the device's operation after connecting it to actual power infrastructure. The Energa Open Innovation 2017 competition was an excellent opportunity to find such a partner. The design prepared by the Laboratory stands out thanks to the wide spectrum of its possible uses. It can definitely have a positive impact on ensuring the continuity of the supply of electricity to the most sensitive industrial recipients of Energa Group. It will also strengthen one of the Group's most important areas of activity, namely distribution of electricity, ensuring greater comfort to individual recipients by reducing the risk of harmful voltage fluctuations.

The winner of the Energa Open Innovation 2017 was awarded the sum of PLN 50,000. The winning project was chosen from among numerous submissions by a ten-person jury comprising scientists representing Poland's leading technical research centres and specialists in the field of power generation and distribution.



1.7. Reporting as a means of communication with our stakeholders

The 'Our Responsibility 2017' report is issued on an annual basis. This report is the seventh publication in the history of Energa Group to summarise our activities in the field of corporate social responsibility. Our previous report was published in April 2017. The report was prepared based on Global Reporting Initiative G4.0 guidelines at the CORE level (including indicators specified in the supplement for entities from the energy sector) and contains information concerning the disclosure of non-financial data required pursuant to:

- Directive 2014/95/EU amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups, published in the Official Journal of the EU on 15 November 2014;
- the accounting act of 29 September 1994 (i.e. Journal of Laws of 2017, item 2342, as amended).

This year's document includes data for the entire calendar year of 2017 in respect of all Energa Group companies. No significant changes in the scope or applied measurement methods were recorded.



Our stakeholders

The key stakeholders of Energa Group were identified from the perspective of business strategy and organisations exerting direct and indirect influence. The method of communication with our stakeholders remains unchanged from last year.

● **Shareholders**

Direct communication, webpage at www.ir.energa.pl, current and periodical reports and other events (including '1+1' meetings and conferences, transmissions, chats, roadshows).

● **Customers, recipients**

Individual meetings, correspondence, communication through electronic channels, communication through marketing campaigns, interventions, providing clarifications, helplines.

● **Banks, financial institutions**

Correspondence, periodical reporting, individual meetings.

● **Local governments**

Consultations, direct meetings, correspondence.

● **Public administration**

Correspondence, lobbying, periodical reporting during crisis situations, meetings, reporting environmental hazards.

● **Suppliers and business partners**

Exchange of information, contact by email and telephone, correspondence, online publications, register of qualified contractors.

● **Local communities**

Dialogue with local communities during public consultations carried out during capital works processes, handling requests, educational activities, social activities carried out by Energa Foundation and CSR Foundation, sponsoring events of importance to the local community.

● **Employees, employee organisations and labour unions**

Intranet, employee portal, carrying out consultations and

arrangements, meetings between the Board of Directors and employees or labour unions, 'Emisja' and 'Energa Ekspres' and other internal publications, periodical employee assessment system, competitions for employees, training courses and workshops, team-building sessions.

● **Energa Group entities**

Consultations, meetings, exchange of information, email communications, periodical meetings of the Council of the Group of Companies.

● **Non-governmental organisations (social, environmental and other)**

Collaboration as part of implemented projects, sponsoring, providing answers to questions, correspondence, webpages, activities of Energa Foundation and CSR Foundation.

● **Academic and scientific community**

Meetings, job fairs, projects and conferences, financial support, Acta Energetica, scholarship and internship programs, competitions.

● **Members of the parliament**

Correspondence, meetings.

● **Opinion leaders**

Providing information, presentations and lectures, studio visits.

● **Media**

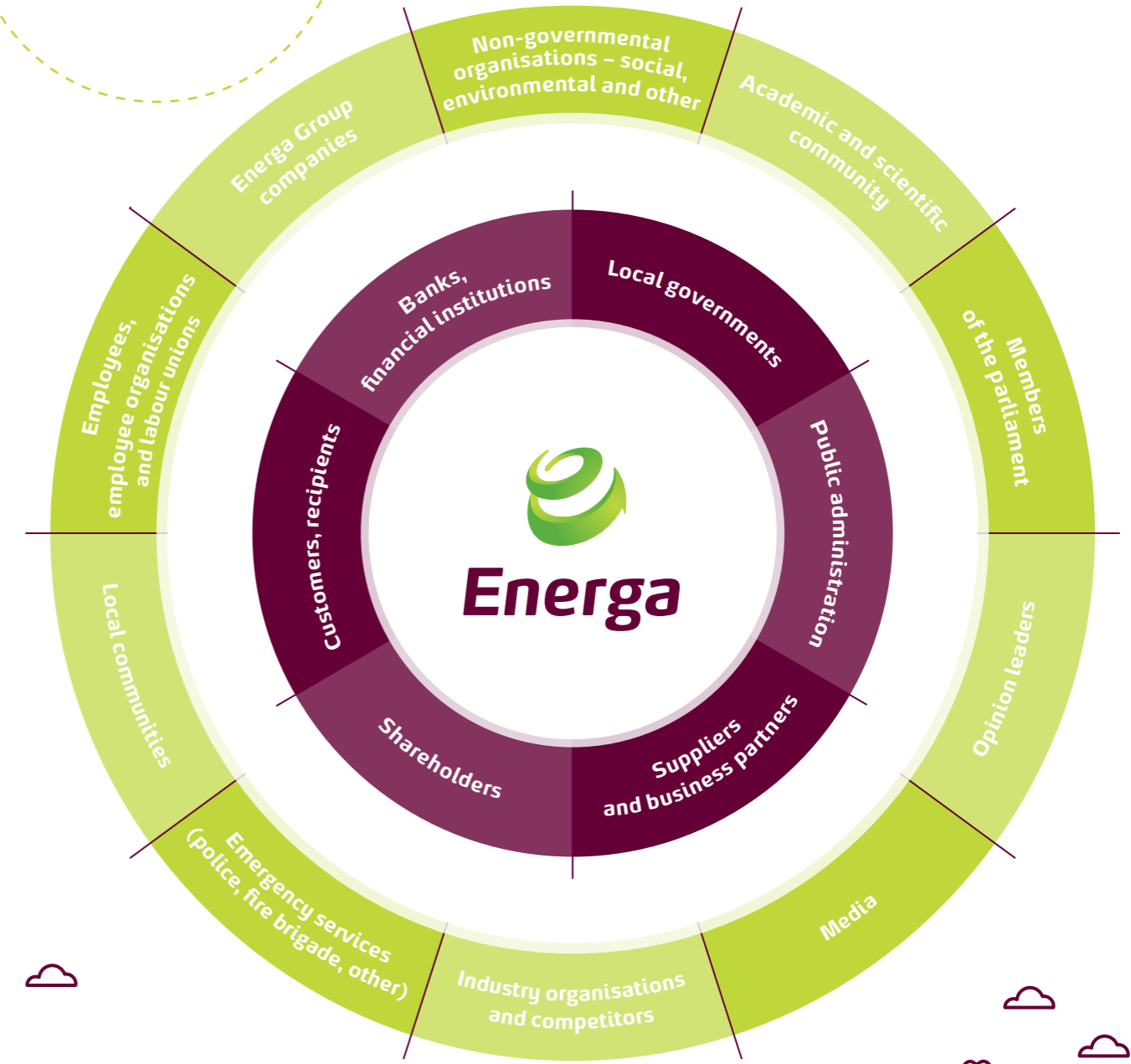
Current reports and releases, interviews, press conferences and individual meetings, webpage.

● **Industry organisations and competitors**

Participation in the works of organisations, participation in industry conferences, joint projects.

● **Emergency services (police, fire brigade, other)**

Ongoing collaboration, correspondence, sponsoring, joint activities





Communication with stakeholders when drawing up the 2017 Corporate Social Responsibility Report

Communication with stakeholders, both internal and external, was the basis for drawing up the 2017 Corporate Social Responsibility Report (CSR Report).

Form of communication

Communication with stakeholders for the purpose of the CSR Report was carried out in August and September 2017, in the form of a survey addressed both to internal stakeholders, i.e. employees, and external stakeholders, i.e. institutions and organisations operating in Energa Group's environment.

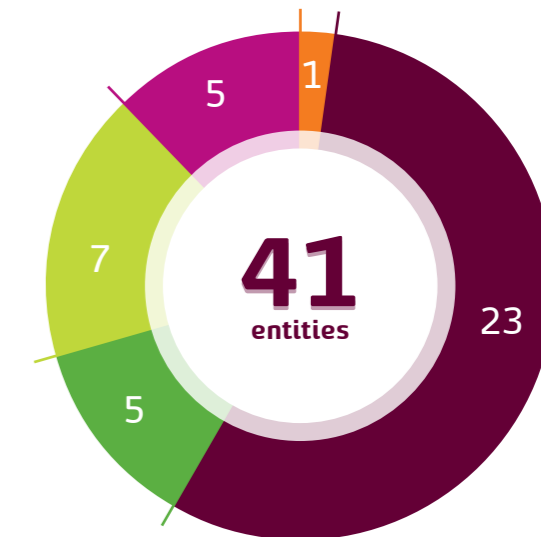
Scope of communications - areas for discussion

The surveyed internal and external stakeholders were to assess aspects of importance from the perspective of the impact of Energa Group's operations on its environment in the following areas: market, workplace, natural environment and society that they believed should be included in the next corporate responsibility report drawn up by Energa Group. Issues were also evaluated in terms of the company's current and past involvement in a given area. Respondents furthermore provided recommendations with regards to the 2017 CSR Report based on an analysis and assessment of the report for the year 2016 based on the following criteria: content and completeness, credibility, communication.

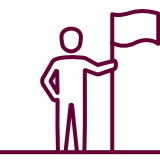


Survey results

104 organisations/institutions and all of the Group's employees were invited to participate in communication. 771 persons filled in the survey addressed to the employees. Representatives of 41 entities responded to the invitation addressed to external stakeholders.



- Shareholders
- Public administration
- Industry and consumer organisations
- NGOs
- Local communities

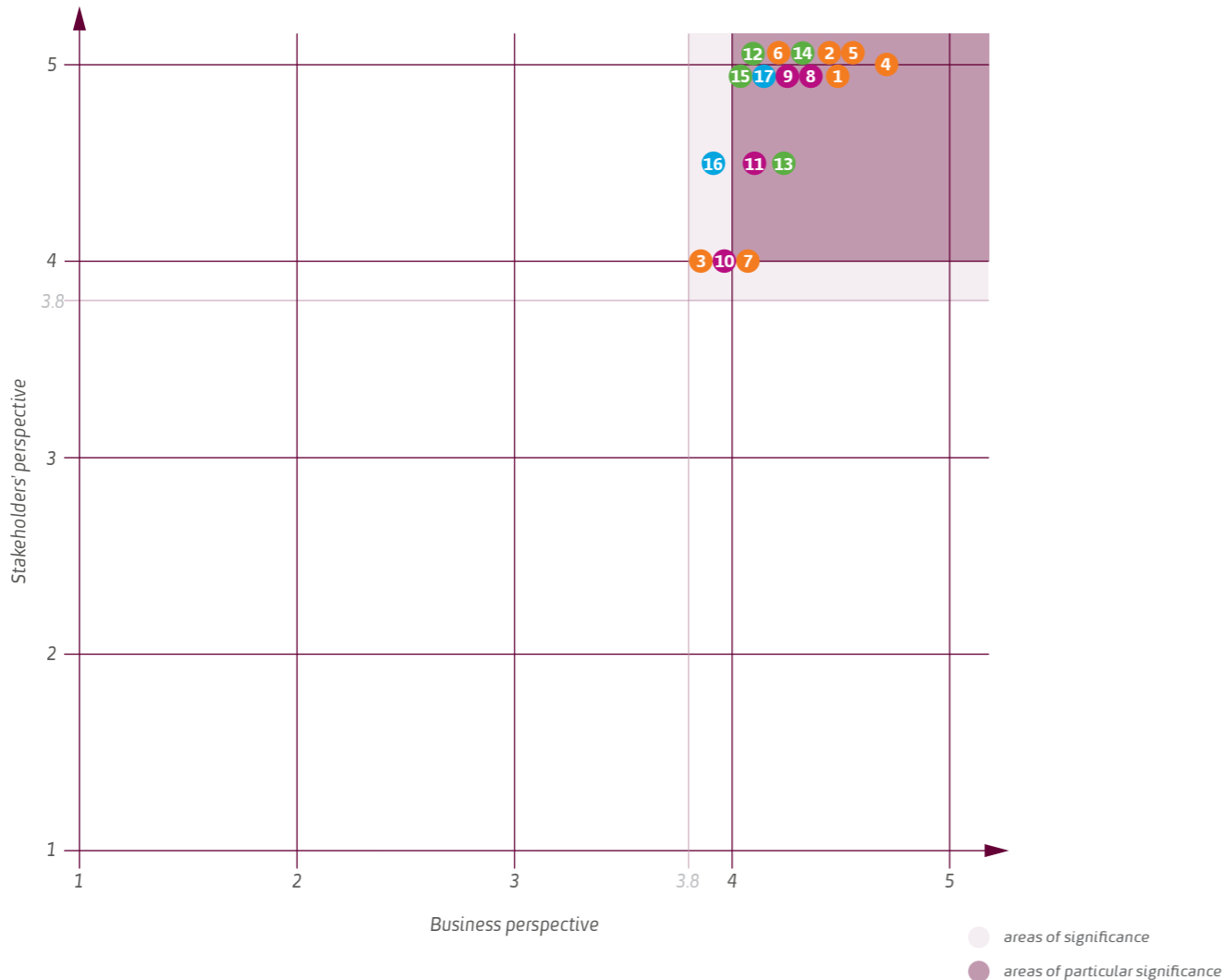


Key environment impact factors specified by stakeholders

After comparing issues important to stakeholders with issues important to Energa Group, a list of 17 significant aspects in the area of the market, workplace, environment and impact on local communities was compiled; all of these aspects were included in the report.

Importance matrix of issues to be discussed in the report

Perspective: business vs. external and internal stakeholders.



Market:

- 1 Customer service standards, complaint handling system, consumer service
- 2 Offer transparency and responsible sales process
- 3 Surveying the satisfaction of Customers with products and services offered by Energa Group
- 4 Security of Customer data
- 5 Safety and reliability of electricity supply, initiatives aimed at ensuring the stability of supply
- 6 Projects aimed at increasing the Customers' access to energy and the effectiveness of its distribution
- 7 Balanced supply chain

Workplace:

- 8 Terms of employment and remuneration
- 9 Employee safety and health
- 10 Equal opportunity in the workplace – diversity management policy
- 11 Code of ethics and abuse prevention policy, mobbing and discrimination prevention policy

Natural environment:

- 12 Environmental management strategy
- 13 Initiatives aimed at reducing the Group's negative environmental footprint (consumption of raw materials and energy, increasing energy efficiency, waste management, reducing the emission of harmful substances to the atmosphere, water resources and wastewater management)
- 14 Investing into projects aimed at increasing the share of energy produced from renewable sources
- 15 Development and promotion of innovative technologies supporting environmental protection

Society:

- 16 Collaboration with local communities (support for local social, educational, cultural, patriotic and charitable initiatives)
- 17 Collaboration with social partners, government and local government administration to develop and improve the comfort of living of local communities

Credibility of the report

The report was internally verified by the CSR Department at Energa SA, responsible for supervising activities in the area of corporate social responsibility in Energa Group.

The report was drawn up under the overall guidance of dr Jacek Dymowski.

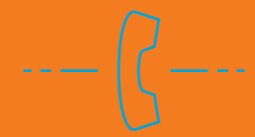
Contact data

Please send any remarks and opinions about the report and activities of Energa Group to csr@energa.pl.





2



Responsible relations with our Customers



2.1. Shaping our relations with our Customers

Striving to continuously adapt to the needs of our Customers is a strategic objective of Energa Group, stipulated both in the 'Energa Group's business strategy for the years 2016-2025' and in the supporting 'Energa Group's strategy for sustainable development and responsible business'. Implementing a new business model oriented on our Customers and the development of new areas of operations is intended to enable effective and long-term value building based on a coherent range of dedicated products and

services. Energa Obrót SA – leader of the Sales Business Line – is the company responsible for implementing that model within the Group. However, the focus of Customer-oriented activities is not limited solely to the sales of products and services. Projects aimed at developing the power infrastructure may seemingly be far from the Customers' needs, but today they are of key importance to improving not only the quality of service, but also of the life and functioning of energy recipients.

Responsible management



CUSTOMER

Focus on the Customer and their needs – both identified and subconscious. Ongoing research into the Customer's needs and providing them with support form the basis for these activities.

ENERGY DNA

Sale of electrical energy and natural gas is the foundation for building a long-term relation with the Customer, based on trust, a sense of security and comfort.



LONG-TERM CUSTOMER RELATIONS

- Marketing 3.0
- Development of sales and consulting services
- Omnichannel

COMPREHENSIVE RANGE OF ENERGY-RELATED PRODUCTS AND SERVICES

This foundation enables us to offer our Customers combined products and services as part of a comprehensive offer in an informed and effective manner.

Objectives for 2017 and their achievement

Priorities set for the previous year, in matters such as the stabilisation of IT systems supporting sales and billing, eliminating extended failures to invoice Customers, optimising processes and costs and consciously building a portfolio of products and services dedicated to selected Customer groups, connecting new recipients to the grid or ensuring the highest possible energy safety to recipients, were achieved as a result of a number of endeavours.



Objectives for 2017	Achievement
Stabilisation and development of the SMILE system (CRM-class billing and Customer relations management system)	Pursuant to a decision made by the Board of Directors of Energa SA on 19 April 2017, development works under the 'SMILE Development' project were suspended. System maintenance and stabilisation works are currently underway. The decision whether to resume development works and the choice of the target system will be made in Q1 2018.
Continued development of the sales network, combined with the creation of new sales channels tailored to Customer segments (new online brand)	Under the current strategic document, 'Integrator Business Model Implementation Plan', a continued development of the sales network has been planned, based on the D2D (door to door) direct Customer contact channel. The pilot program implemented in Konin is currently being analysed and work is ongoing on business and financial analyses required in order to make the decision on the continued development of this form of contact with Customers.
Creation of an analytical data warehouse and centralisation of development competences	<ol style="list-style-type: none"> 1. The stage of combining billing data with billing systems used within the organisation into a single analytical environment that will constitute the company's central data warehouse has been completed; mechanisms aimed at providing the warehouse with data on a daily basis have been implemented. 2. Data from other dedicated system supporting the implementation of basic sales and service processes have also been introduced into the data warehouse.
Improvement of the process between receiving a meter reading and posting payment – implementing the Metering Data Processing System	Energa SA has consented to the launch of a proof of concept of a metering data system project. Works will involve preparing metering data loading processes for the areas of Tauron DISTRIBUTION, branches in Gliwice, Wrocław and Kraków, as well as Energa Operator. The proof of concept will be prepared with the assistance of employees of Energa Obrót SA, Energa ITE and external consultants competent in building metering data storage solutions.

Objectives for 2017

Achievement

Connecting new entities to the distribution grid, both recipients and producers

A significant increase in the number and power of microinstallations (power sources with an installed output of up to 40kW) in subsequent years: 2015, 2016, 2017; almost 99% of these microinstallations were household photovoltaic installations: 793 installations with an output of 5.6 MW in 2015, 2236 installations with an output of 13.8 MW in 2016 and approx. 2250 installations with an output of 16 MW in 2017.

A significant decrease in the total output of renewable energy sources (sources in high- and medium-voltage networks and microinstallations) connected to the grid between 2015 and 2017, resulting from a significant drop in the number of connections of high-output sources to the high- and medium-voltage network – mainly wind farms: 674 MW in 2015, 108 MW in 2016 and 18 MW in Q3 2017 (of which as much as 12.5 MW was the output of newly connected microinstallations).

Expansion of an intelligent electrical power distribution network, enabling the implementation of energy storage and local energy management

The Local Balancing Area project – the scope of works scheduled for 2017 has been completed to plan. A research laboratory, made up of separate departments developing solutions relating to the grid, power recipients, existing and newly-constructed power generation sources, DADR demand side management devices installed on the Customers' premises, energy storage system and new grid automation components, jointly comprising a VPP virtual power plant.

Providing recipients with the highest possible level of energy security, defined as the continuous supply of power of a sufficient quality (SAIDI of 231 min, SAIFI of 3.13)

Objectives set with regards to reliability indicators result from the provisions of the 'Quality regulation 2016-2020', which does not exclude malfunctions resulting from force majeure events, e.g. extreme weather conditions. In 2017, power supply reliability indicators were heavily affected by mass blackouts caused by adverse weather conditions, including Cyclone Xaver and the severe storms of hitherto unmatched force that hit Poland in August. The effects of these events translated into a significant increase of the reliability indicators, in particular SAIDI, which exceeded the planned figure by 53% and equalled 353 min (of which 46% was SAIDI in respect of mass blackouts caused by the above weather anomalies).

As regards SAIFI, despite the above-described events, the achievement prognosis for 2017 amounted to 3.03, i.e. 3% below the set objective.



Priorities for 2018

- development of a new range of products combined with the sale of electrical energy,
- development of products and services addressed to local government entities,
- increasing return on sales to Customers in the mass and business markets,
- increasing awareness of Energa Group's new range of products and services, supported by creating the Digital Customer World,
- building own electrical vehicle charging infrastructure,
- optimising Customer service by decreasing single point of contact service time and automating activities, resulting in a reduction of the number of complaints,
- implementing the Strategic Competences Model and reaching a synergy of operation of organisational units,
- continuing work on the construction of an energy storage system in Czernikowo.



2.2. Energa Group's Customers and products

Customers

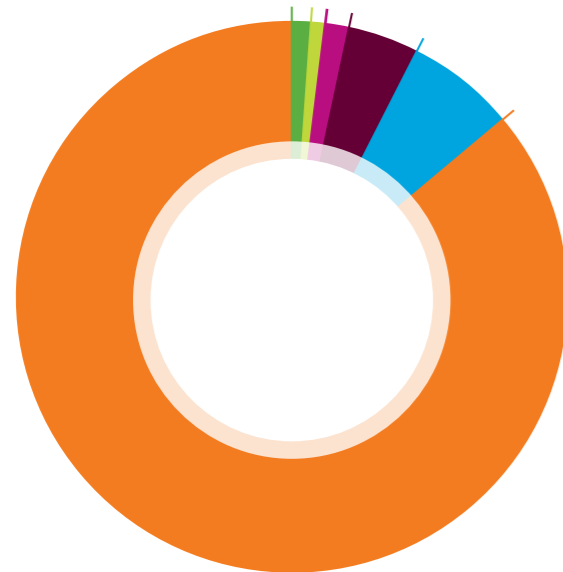
Energa Obrót SA is a significant player in the market of supplying electricity and natural gas to public sector entities. Energa Obrót, with more than 3 million recipients of energy and a 15.7% volume share in the electricity sales market (as of Q3 2017), is the third of the five major vendors in the Polish energy market.

In May 2017, company Energa Obrót reached its historical high with regards to the number of Customers, i.e. 3 million, and reached its highest energy sales volume.

Its portfolio of Customers from the public sector is steadily growing. Energa Obrót collaborates with leading players in the mining, gas supply, railway, fuel and coal mining markets, as well as metropolitan areas.

PKP PLK S.A., Gaz-System S.A., Polskie LNG, the sourcing department of the City of Gdańsk, the sourcing department of the Kalisz-Ostrów agglomeration and the province of Pomorskie are among the largest and most notable public-sector Customers acquired by Energa Obrót S.A.

Customers of Energa Obrót SA by segment



- Individual customers 2591.5k
- SOHO 197.5k
- Public institutions 120.7k
- SME 39.2k
- business 30.8k
- strategic 35.5k

SOHO (Small Office/Home Office) – companies running small, usually in-house accounting and administration offices.

SME – Small and Medium-sized Enterprises.



2.6 m

Power delivery points at individual households Customers

5.47 TWh

volume of electricity consumption in 2017



31.3k

Power delivery points at business Customers

2.93 TWh

volume of electricity consumption in 2017



199k

Power delivery points at SOHO Customers

0.99 TWh

volume of electricity consumption in 2017



35.8k

Power delivery points at strategic Customers

7.43 TWh

volume of electricity consumption in 2017



39.7k

Power delivery points at SME Customers

1.38 TWh

volume of electricity consumption in 2017



121.2k

Power delivery points at public institution Customers

2.78 TWh

volume of electricity consumption in 2017



Mass market

Bidding market

Business market

Number of registered individual, industrial, institutional and commercial users, grid connection data compiled by Energa Operator SA

Type of recipient	Number of users	
	2016	2017
individual	2 710 995	2 749 848
industrial	7 138	7 208
institutional	10 857	10 943
commercial	277 583	273 455
TOTAL	3 006 573	3 041 454

Products and services

Energa Group's ambition is to provide its Customers with innovative products and services tailored to their needs. Company Energa Obrót is consistently implementing a new, Customer-oriented business model by expanding its range of products and services. Four new areas of development of its range of products have been set apart.

Developing the range of products and services addressed to the business market

The strategy adopted by the company provides for the development of the basic range of products and services, based on electricity and natural gas, improving the products and tailoring them to the needs of increasingly demanding business partners. The range will simultaneously be expanded by products implemented using the agency model.

Developing the range of maintenance services addressed to the mass market

This area provides for the sale of maintenance services, repair of malfunctions and defects connected with the supply of utilities. This service is provided by company Enspirion, at first in the field of electrical, gas and water and wastewater installations. The solution will gradually evolve and will also provide Customers with products from the Smart Home range as well as devices such as photovoltaics, gas boilers and heat pumps, together with comprehensive auditing, consulting, design, contracting and maintenance services.

Developing the insurance programme

'Standard' insurance will be sold under this model, such as extended warranties, assistance services and asset insurance.

Developing the range of products and services dedicated to local government institutions

The range of products and services addressed to local government institutions is created by company Energa Oświecenie in collaboration with company Enspirion. Products already available from Energa Oświecenie include: intelligent urban lighting systems, internal lighting systems or intelligent parking lots.

Some of the most interesting offers addressed to Customers in 2017:

1. The 'Seniorzy z energią' ('Energetic Senior Citizens') program, launched in 2017 and addressed to senior citizens; the scope of the program includes the sale of electricity in combination with medical care, repair of defects and provision of technology enabling senior citizens to keep in touch with their loved ones. As part of the program, senior citizens are able to purchase electricity at prices based on the G11 tariff group plus a suitable commercial fee, as well as:
 - a medical services package, including the assistance of a physician and a nurse, delivery of medicines, organisation of a rehabilitation process and equipment in case of a sudden accident or permanent health impairment in a period of 24 months,
 - a domestic malfunction repair package, valid for 2 years,
 - a CALMEAN Senior Watch and/or a CALMEAN Child Watch Touch, which enables quickly locating a senior citizen or a child and to activate an SOS mode..

Current information about the campaign and products can be found on a dedicated website at www.seniorzyenerga.pl

2. In 2017, Energa Obrót modified another of its programs, 'Fachowcy z energią' ('Energetic Professionals'), which combined the purchase of electricity with insurance. The program provided households with free professional assistance in case of a malfunction and is available in two options: Standard and Premium. Depending on the variant, customers may receive

free assistance of a hydraulic, electrician or gas and heating technician in an emergency situation. The price of electricity will remain the same throughout the term of the agreement. The offer is available not only to Customers of Energa, but also Customers of other electricity vendors.

3. Energa Obrót has also offered its Customers a pilot program of selling electricity in two time zones. Under the program, electricity prices will be higher at peak times and lower during the night. The purpose of the offer was to check whether Customers would switch to using electricity in the cheaper zone and whether they would change their habits. 9109 Customers took advantage of the offer in 2017. Conclusions from the pilot program were used by the company to create the principles of an offer that would diversify electricity prices depending on the time zone. The offer will go live in 2018.

4. In 2017, Energa Obrót also introduced new methods of paying bills, enabling Customers to choose an approach that will best suit their needs. The company did not, however, discontinue some traditional methods of payment preferred by some Customers, e.g. senior citizens.

5. 'Po prostu gaz dla domu' ('Simply Gas for Your Household') is a cost-beneficial offer for the sale of natural gas fuel for the years 2016-2017. The offer is addressed to consumers purchasing gas in W-1, W-2, W-3 and W-4 price groups, who use no more than 110 kWh/h of gas fuel to heat their households.



6. The 'Office z Energą' ('Office with Energia') offer was extended – when signing a comprehensive agreement, the Customer may choose one of Microsoft's software suites: Office 365 Personal or Office 365 for home users at an attractive price. By taking advantage of the offer, the Customer can be sure that the price of electricity will remain unchanged throughout the term of the agreement, while using the Office 365 suite will ensure that they will always have access to the latest versions of MS Word, Excel, PowerPoint, Outlook, OneNote, Access or Publisher, as well as access to updates and 1 TB of space in cloud storage per user. They will also receive 60 minutes of calls through Skype to telephones per month in over 60 countries and access to an online version of the Office suite: Word, Excel, PowerPoint and OneNote.

7. Indexed Offer Platform (POI) – the first solution of its kind in the Polish market, addressed to business Customers who use indexed offers. POI is an online platform used to contract electricity based on offers indexed by prices at the

Polish Power Exchange. The aim of the platform is to provide Customers with up-to-date information about market trends on the exchange and current contract prices, and to enable them to contract specific 'portions' of energy. Using the POI, Customers may decide when, for what price and what % of the volume they wish to purchase.

8. Of particular interest is the family-oriented offer of Energia Group, 'Po prostu rodzina' ('Simply Family') continued in 2017. The offer was created in collaboration with the Ministry of Family, Labour and Social Policy as part of the first all-Polish Large Family Card program. Thanks to the offer, families with multiple children may significantly reduce their electricity bills. Aside from lower energy prices and commercial fee rates, families with multiple children may also ensure that their energy prices will not increase for the next 24 months.

Detailed information about the products offered by Energia Obrót can be found online at www.energia.pl.



2.3. Responsible sales process

Customer service standards

Energia Obrót routinely implements solutions aimed at increasing the quality of Customer service, including:

- implementing a system that automates the handling of notices of switching to another energy supplier,
- identifying requirements in respect of a relation management system, enabling a gradual reduction of systems used by customer service employees,
- increasing the FCR rate,
- increasing the competences of customer service employees (tools and improvements),
- optimising procedures in the course of the customer service process,
- simplifying and harmonising forms used in outgoing Customer correspondence.

The above activities are aimed at reduce process times and time needed to handle requests made by Customers, resulting in increased Customer satisfaction.

In 2017, Energia Obrót continued its work on optimising available contact channels.

Retail outlets – by visiting a retail outlet, Customers may obtain such information as clarification of individual items on invoices and their current balance, change their contact details, receive assistance in activating additional services or submit an oral complaint about an erroneous meter value shown on the invoice. Complaints or requests that require e.g. additional analysis are taken at the retail outlet and referred to the competent content management unit at Energia Obrót. The Customer will receive a written reply through a channel of their choice – by email or traditional mail. In Q4 2017, Energia Obrót SA opened a retail outlet in Wrocław. Customers visiting the new outlet will be able to learn about the company's latest products and additional services. The Wrocław outlet is Energia's 67th in Poland.



Helpline for individual and business Customers is available by calling 555 555 555 and is active from 7AM to 10PM. Trained consultants can assist in solving most problems during the first call. This '5 star' helpline enables Customers to handle most matters connected with agreements, payments and Energia's range of products and services.

Website at www.energia.pl provides Customers with fast and round-the-clock access to information on all forms of contacting Energia, services and products, document forms, price lists and advice.

Energia Obrót enables its Customers to **book visits in retail outlets via the website** at www.energia.pl, letting Customers save time by not having to wait in line at the outlet. The popularity of this service is proof of the effectiveness of Energia's actions aimed at improving the quality of customer service. Individual Customers and representatives of small enterprises book more than 1000 visits each month using the booking tool available on the online platform at www.rezerwacje.energia.pl. The tool has been launched in 10 outlets where queue management machines have been installed. The number of visits booked is steadily increasing. Almost 9000 Customers used the service in 2017. Energia Obrót SA was the first energy vendor in Poland to launch this service.

Websites at ebok.energia.pl and 24.energia.pl are available to Customers 24/7 and enable a fast and effective resolution of all matters connected with billing, energy consumption and payment. Thanks to a user-friendly and functional online service system, Customers can use their individual accounts to:

- check their invoices and balance and pay for electricity,
- analyse their energy use,
- set notifications to be sent via SMS and email
- provide the meter reading (Actual Billing service)
- add credit to their pre-paid meter (Pre-Paid Electricity service)

- activate e-Invoice or PAYBACK account in Energa,
- order Energa services and products.

Another convenience for energy recipients implemented by Energa Obrót is a priority service system. The company pays particular attention to the needs of four groups of Customers: pregnant women, parents with children under 3, disabled persons and senior citizens over 75. By choosing the option 'priority service' on queue management machines in Energa retail outlets, people from the above groups will receive a printed number entitling them to a shorter wait before speaking to a consultant. The priority service system is designed so as to ensure the comfort of all Customers visiting a given outlet, not only those in the priority queue. Customers who booked a visit online are serviced first, then alternately persons from the priority queue and the standard queue.

Energa attaches high importance to strengthening its relations with its Customers. Another action aimed at improving relations and facilitating access to required information to Customers was the appointment of a Customer Advocate, responsible for such matters as:

- educating Customers as to the use of the contact channels made available to them,
- participating in building a positive image of Energa among its employees and external stakeholders (Customers, regulatory institutions, local, national and industry media),
- mediating and working out solutions enabling the satisfactory conclusion of interventions and matters reported by Customers, caring for the business and image-related interests of the company,
- analysing customer service processes and recommending changes expected by Customers to be made to these processes,
- gathering all sorts of suggestions and ideas concerning the functioning of the company and its individual departments, based on which the Advocate and their colleagues may suggest recommendations for improvements in organisational matters, processes or systems, as well as other solutions optimising Customer service.

Increasing the quality of Customer service requires systemic (IT) and organisational changes as well. In 2017, the company began working on a project named 'Online sales and Customer service system', i.e. a so-called omnichannel, meant to ensure

contact with the Customer on many levels, and consequently to better learn their expectations and needs. As part of a process optimisation process, the current model of processes within the company was also analysed and short- and long-term actions aimed at improving these processes were defined, in particular with regards to Customer service.

A vital task of direct importance to the quality of Customer Service was to solve the problem of long overdue invoices, which resulted from a decision to migrate Customer data to an unstable system, leading to irregularities and problems with invoicing. A dedicated expert team made efforts to solve this problem, which resulted in a reduction of long overdue invoices from 18 991 in January 2017 to 38 in November 2017. The company had assumed that by the end of 2017, the percentage share of Customers with long overdue invoices in the total number of Customers with comprehensive agreements would be below 1%, but in actuality the company was able to reduce this level to 0.01% at the end of the year.

Another step aimed at improving Customer service quality was the creation of a report and complaint team, whose

main objective was to reduce the number of overdue queries submitted by Customers. The overdue queries reduction team was able to eliminate over 85% of overdue Customer affairs (as of 31 October 2017).

An analysis of the causes of complaints is concurrently underway, and work has begun on optimising processes and implementing systemic solutions preventing the occurrence of further complaints.



Number of households disconnected from the grid due to failing to pay electricity bills, broken down by the disconnection period

Number of Customers broken down by the time elapsed between disconnection and paying the electricity bill in order to be reconnected	Energa Group		
	2015	2016	2017
up to 48 hours	0	0	0
48 hours – 1 week	0	0	0
1 week – 1 month	61 867	24 552	72 249*
1 year and more	0	0	0

*fluctuations in numbers are caused by a suspension of debt recovery activities in 2016



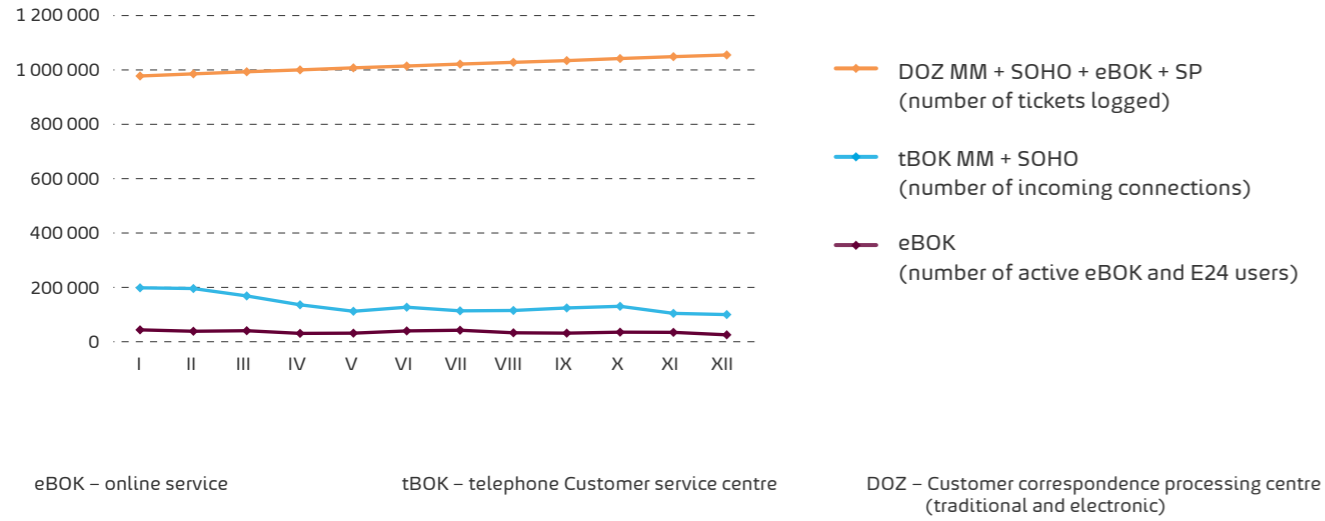
Number of households disconnected from the grid due to failing to pay electricity bills, broken down by the disconnection period

Number of Customers broken down by the time elapsed between paying the overdue electricity bill and reconnection to the grid	Energa Group		
	2015	2016	2017
up to 48 hours	0	0	0
48 hours – 1 week	51 985	0	57 158*
1 week – 1 month	0	20 446	0
1 year and more	0	0	0

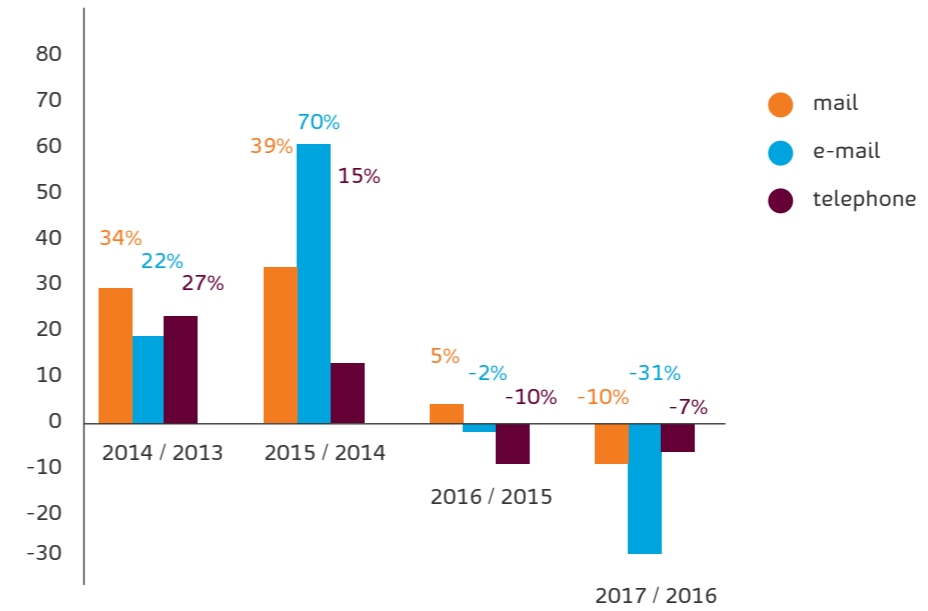
*fluctuations in numbers are caused by a suspension of debt recovery activities in 2016



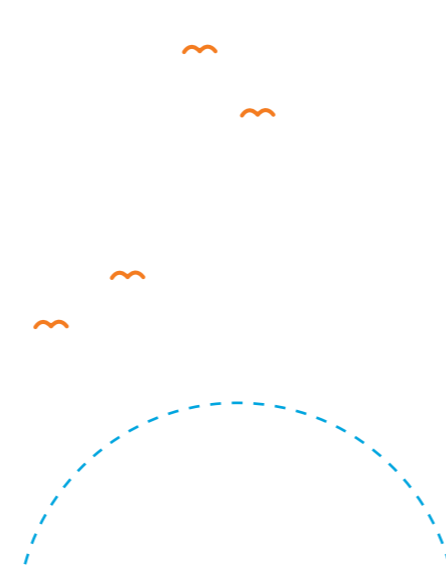
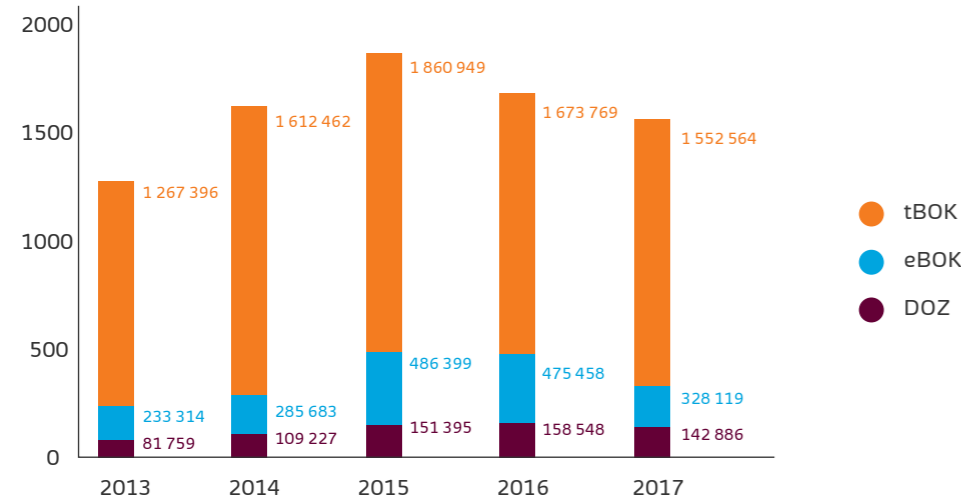
Traffic in contact channels in 2017



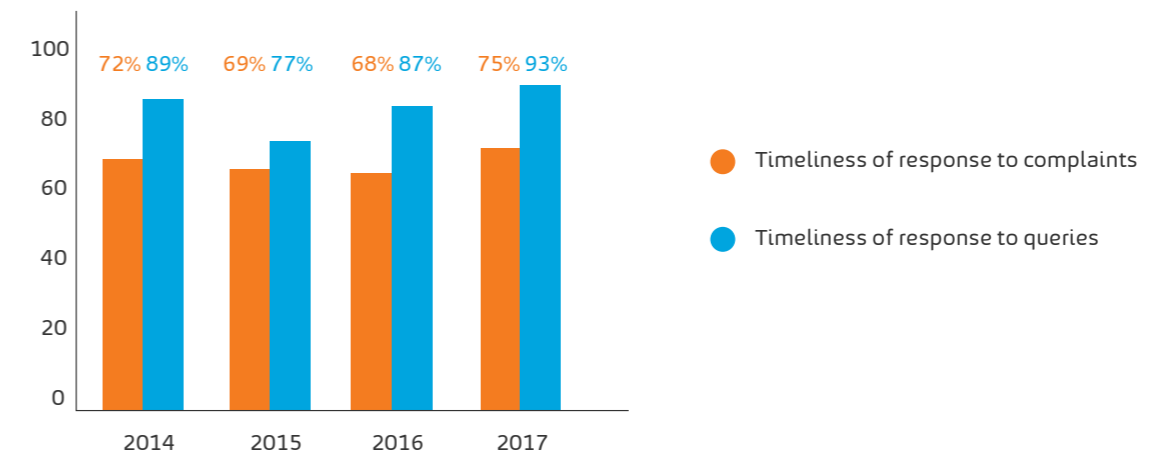
Dynamics of change in Customer use of various contact channels in 2013-2017



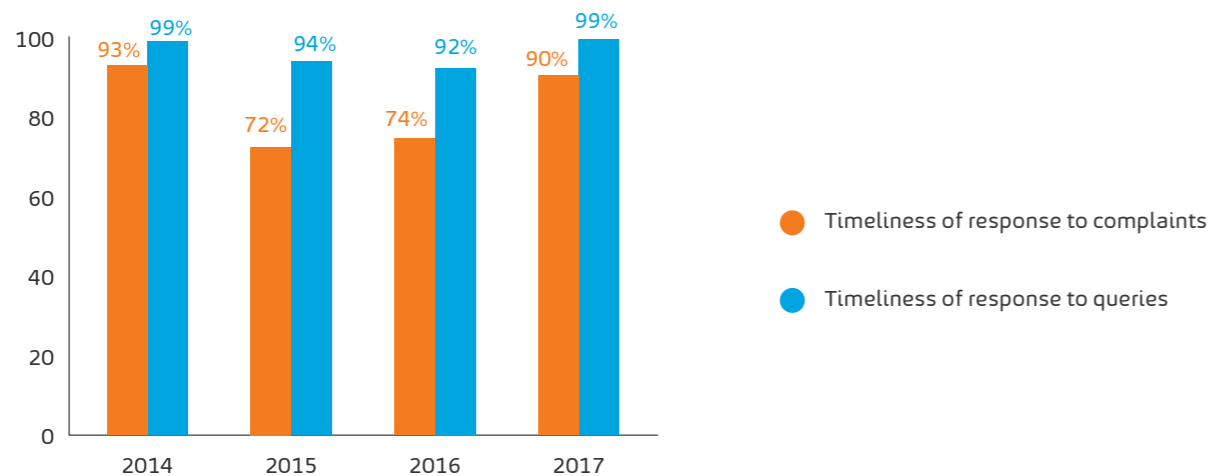
Traffic in contact channels in 2013-2017



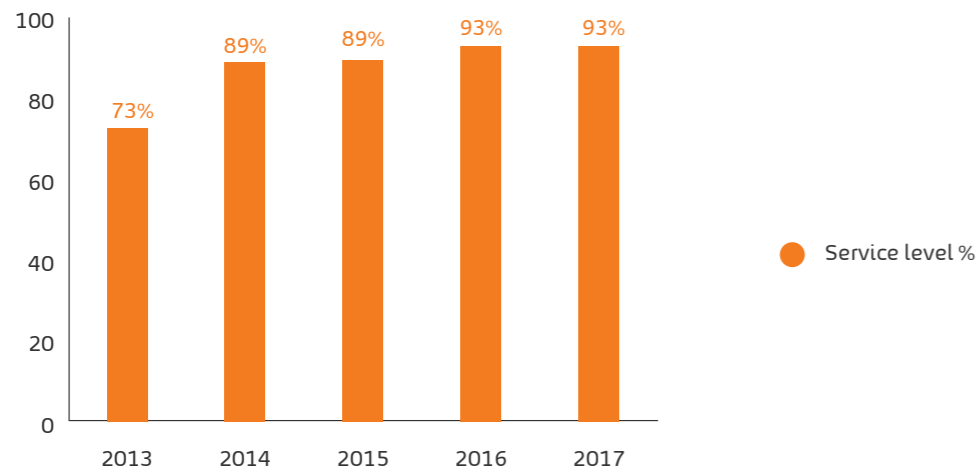
Timeliness of response to Customer correspondence in 2014-2017



Timeliness of response to Customer emails in 2014-2017



Service level at the telephone Customer service centre in 2013-2017



Ethics in Customer service

In its relations with its Customers, Energa Obrót SA applies exemplary principles, good practices and standards described in 'Books of Customer service standards' for use by customer service specialists while selling products and providing post-sale support. The purpose of their use is to ensure a professional level of Customer service and to build awareness among employees as to who the Customer is and what their needs and expectations are. Care for relations with the Customers has been included in such documents as company strategy, and professional and reliable Customer service is one of the Group's priorities and determines the direction of activities in this area.

2017 saw an update to the 'Book of standards for retail outlets' and the introduction of the 'Book of standards for telephone sales'. The process of updating Books of standards requires a close observation of market trends, Customer behaviours and preferences and changing requirements of all regulatory authorities, including the Energy Regulatory Office or the Office of Competition and Consumer Protection.

With Customer satisfaction and an increase in the quality of customer handling in mind, Energa Operator SA also created two documents detailing the Customer service procedure in detail.

The first of these documents is titled 'Guidelines for outgoing Customer correspondence'. It contains many rules and advice concerning formulating written replies to queries submitted by Customers. The other document is titled 'Rules governing customer handling by the Telephone Customer Service Centre'. It contains guidelines concerning the handling of queries received by telephone, text message or via electronic channels. The document was created in order to improve the quality of handling Customer queries by an external company and significantly improves the standard of Customer contact and is beneficial to the company's image. The document contains such information as basic rules that should be observed by employees in telephone conversations with Customers, sample conversation scenarios or guidelines enabling consultants to learn how and what data they need to obtain from a Customer in order to correctly identify them in order to resolve their issues. Both documents significantly improve the standards of Customer service at Energa Operator. They facilitate the deployment of new consultants and can be used by experienced consultants as a reminder of the basic rules followed by the company. The Contact Channel Department is among those responsible for developing Customer contact standards and ensures that these standards remain up-to-date and aligned with company policy.



In January 2017, the Consumer Federation awarded company Energa Operator with prestigious Consumer Service Quality Certificates. The company's Connection Service Outlets and Recipient Service Departments received high marks. Consumer Service Quality Certificates are awarded by the Consumer Federation to companies and institutions who positively complete a consumer audit, aimed at verifying whether the practices used by company Energa Operator are Customer-friendly and compliant with consumer law.



Personal data security

Energa Group is aware that personal data are one of the most important assets of any organisation, and accordingly takes actions aimed at ensuring that the processing of such data is compliant with legal regulations. In connection with the imminent entry into force of GDPR, the EU resolution on personal data protection that will supersede domestic legislation, Energa has commenced the harmonisation of the management of the safety of personal data processed within the Group, adjusting its solutions to match the new guidelines. A new structure of the personal data protection area has been deployed, introducing solutions concerning this area that are consistent across the entire Group and are aimed at preparing and effectively implementing

the resolution of the European Parliament and of the European Council in this regard. A Personal Data Protection Department was created in company Energa Centrum Usług Wspólnych; its main duty is to perform the obligations connected with data protection imposed on Group companies. The leading role with regards to ensuring the safety of personal data has been given to the Security Department at Energa SA. An Information Security Administrator Forum has also been created in order to ensure a coherence of activities in the field of personal data protection within Energa Group, collaboration in working on the project of implementing the GDPR and creation of recommendations of good practices in personal data protection.

Total number of non-compliances with regulations and voluntary codes of conduct concerning the marking of and information about products and services, broken down by the type of their outcomes

	2016	2017
Non-compliances with regulations resulting in a fine or penalty being imposed	2	9
Non-compliances with regulations resulting in a warning	0	0
Non-compliances with voluntary codes of conduct	0	0
TOTAL NON-COMPLIANCES	2	9



Total number of non-compliances with regulations and voluntary codes of conduct concerning marketing communication, including advertising, promotion and sponsoring, broken down by the type of their outcomes

	2016	2017
Non-compliances with regulations resulting in a fine or penalty being imposed	0	0
Non-compliances with regulations resulting in a warning	0	0
Non-compliances with voluntary codes of conduct	0	0
TOTAL NON-COMPLIANCES	0	0

Monetary value of significant penalties imposed due to non-compliance with laws and regulations concerning the supply and use of products and services

	2016	2017
Total value of penalties [in PLN] imposed on the organisation due to non-compliance with laws and regulations concerning the supply and use of products and services	160 000	26 460 000*

Penalties were imposed in the course of everyday business of Energa Group companies and in the course of operations between 2014 and 2017. None of the penalties imposed exceeded the value of at least 10% of Energa SA equities, and no financial penalty, fine or another financial punitive measure equivalent to at least 5% of consolidated EBITDA for the preceding financial year was imposed.

Detailed information about penalties imposed with the highest value of the object litigation in Q4 2017 can be found in the Report of the Board of Directors of Energa SA on the activities of the Group of Companies for the year ending 31 December 2017.

Customer satisfaction

No customer satisfaction surveys were performed in 2017.



2.4. Innovation in service to our Customers

Indexed Offer Platform

Close to 100 companies and institutions already independently purchase electricity at dates they find most advantageous using the Indexed Offer Platform. This service offered by Energa is a novelty in the Polish market and is becoming more and more popular, as companies want to decide on their own when, at what price and how much energy they wish to purchase. By the end of 2018, Energa will have sold a total of 2.7 TWh of energy to current users of the Platform.

The Platform enables its users to make their own orders for the purchase of electricity via submitting bids indexed by the prices on the Polish Power Exchange. The platform was created with large recipients in mind – business and institutional Customers.

It is the first self-service offer in the Polish energy industry. Users of the Platform can directly participate in contracting energy for their own needs. The platform is also a source of information about the current prices on the Polish Energy Exchange. The new service is used both by strategic companies, large enterprises, sourcing groups and small family businesses.



The platform is the effect of our efforts to create an offer that would be tailored to the requirements of business Customers. Sales results show that they appreciate the benefits provided by the platform. They no longer have to contact a salesperson, they can make cost-efficient transactions on their own, which makes the platform a solution that facilitates the management of energy purchases by companies.

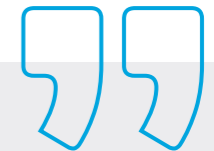
Jarosław Wittstock
VP, Energa Obrót SA



Remote Heat and Water Meter Reading System – Utility Recipient Application (AOM)

Energa has deployed an application that provides recipients of heating with online access to their data, wherever they are. This constitutes the next stage of the deployment of IT systems used to effectively manage technical infrastructure. The new application extends the Customer's access to data about the heat they purchase. In the next stage, the Group is considering the deployment of a module for optimising the consumption of heat in buildings. AOM is a new module expanding the Customer service capabilities of the existing Remote Heat and Water Meter Reading System.

The application was deployed at company Energa Ciepło Ostrołęka Sp. z o.o. and enables online access to data concerning received heat from any location. The application enables the creation of heat consumption reports in respect of individual, defined sites. The service is addressed to key Customers – heat recipients, in particular management boards of housing associations and co-operatives. The first of three stages of connecting recipients to the system was completed at one of the largest recipients of heat in the town of Ostrołęka – the 'Centrum' Housing Co-operative.



This project is proof of the usefulness of IT systems in the development of innovative services that facilitate the billing of purchased heat by Customers. The new service is a reaction to the needs of the local market that we have observed. Tenants more and more often require managers in housing associations and co-operatives to provide detailed information concerning costs of utilities supplied to their buildings. Our Customers positively evaluate the potential use of the new application.

Tadeusz Śniadała
CEO, Energa Ciepło Ostrołęka Sp. z o.o.

Innovative map of emergency and scheduled shutdowns for Customers

In late December 2017, Energa Operator SA (leader of the Distribution Business Line) deployed a new, interactive map for its Customers, depicting areas subject to emergency and scheduled shutdowns. The new map is available on the company's website at http://www.energaoperator.pl/wylaczenia/wylaczenia_biezace.xml.

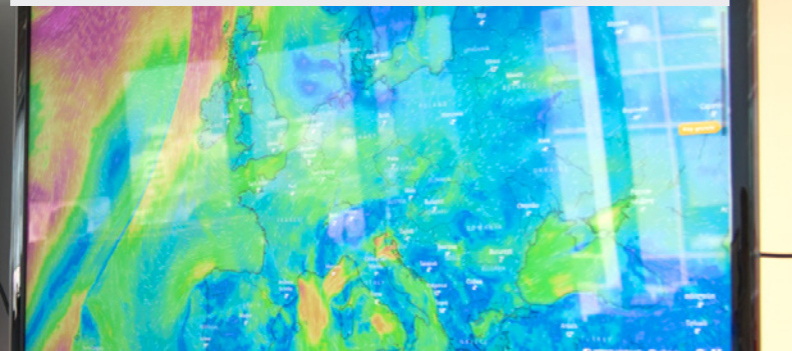
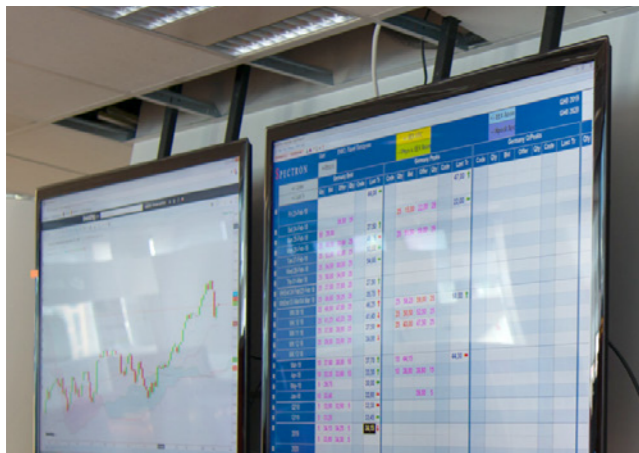
Changes implemented in comparison to the previous version of the map involve the use of dynamic background maps showing the locations of emergency and scheduled shutdowns. Additionally, clicking the icon of a specific shutdown brings up a text message describing the area and duration of the shutdown. The new map can be dynamically scaled by the user. Customers who prefer a traditional form of providing information about ongoing shutdowns can view them using a list – just select the 'more' option after clicking on any shutdown in a given branch. The deployed solution is compatible with mobile devices.



The company's new method of showing emergency and scheduled shutdowns is the first solution of its type among Distribution System Operators in Poland. The solution will continue to be developed in order to increase its effectiveness and optimise the service. The modification to the service is another step aimed at increasing the quality of Customer service and Customer satisfaction with services provided by Energa with regards to providing information about emergency and planned shutdowns.

Ewa Sikora

Deputy Manager of the Distribution Services Division, Energa Operator SA



2.5. Projects aimed at increasing our Customers' access to energy and improving the efficiency of distribution

Quality and safety of energy supply

The estimate of energy demand in the years 2015-2031 among recipients connected to the grid in the area of operations of Energa Operator SA assumes a moderate year on year growth of approx. 1%. The following factors affect this value: increase in Customer demand (year on year), maintaining own needs at a constant level and reduction in grid losses with a prognosed increase in demand. Power output forecasts were based on historic trends from previous years and development plans with regards to connecting new recipients.

Furthermore, in accordance with the current forecasts of Polish Power Grids (PSE), between 2015 and 2025 the increase of demand in the National Power System (KSE) will amount to between 15 and 17% of current demand, translating to a year on year increase of between 1.4 and 1.6%. Energa Operator SA's document 'Program of Development of High-Voltage Networks for 2018-2027' accounts for this forecast, which constitutes one of the factors shaping the capital works plan, including in particular capital works connected with the required increase in transmission capabilities of individual grid components.

Length of ground-based distribution lines, broken down by areas

Division	High-voltage power lines [km]		Medium-voltage power lines [km]		Low-voltage power lines [km]	
	Overhead	Cable	Overhead	Cable	Overhead	Cable
Gdańsk	911	32	5 246	4 016	7 771	11 401
Kalisz	1 099	0	9 713	1 508	14 557	5 315
Koszalin	1 167	0	8 911	2 707	5 662	8 244
Olsztyn	1 247	1	11 694	2 056	11 799	6 152
Płock	892	0	10 857	1 039	15 875	3 406
Toruń	1 069	15	8 894	1 746	14 336	6 577
EOP	6 385	48	55 315	13 072	70 000	41 095

The company's strategic goal is to ensure a high level of reliability of the supply of electricity to recipients, which is why it's consistently implementing a number of actions initiated in previous years, aimed at reducing the number of shutdowns and downtimes in electricity supply to recipients. These actions include:

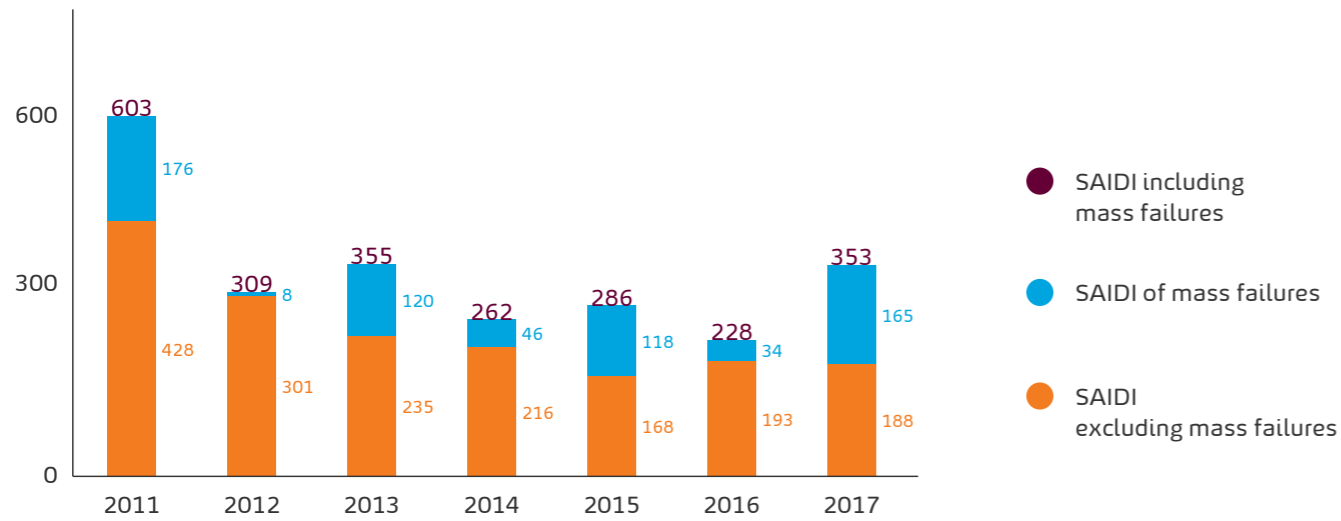
- implementation of capital works initiatives connected with the modernisation and restoration of the distribution network with regards to increasing the network's resistance to adverse weather conditions (including by cabling and insulating overhead medium- and low-voltage lines), as well as initiatives aimed at minimising the length of downtimes in the supply of electricity (including by automating the medium-voltage network),
- operational activities, among which a significant influence on the increase of reliability of power supply is exerted by

the propagation of live works, consolidation of scheduled works during a single shutdown and implementation of comprehensive logging operations.

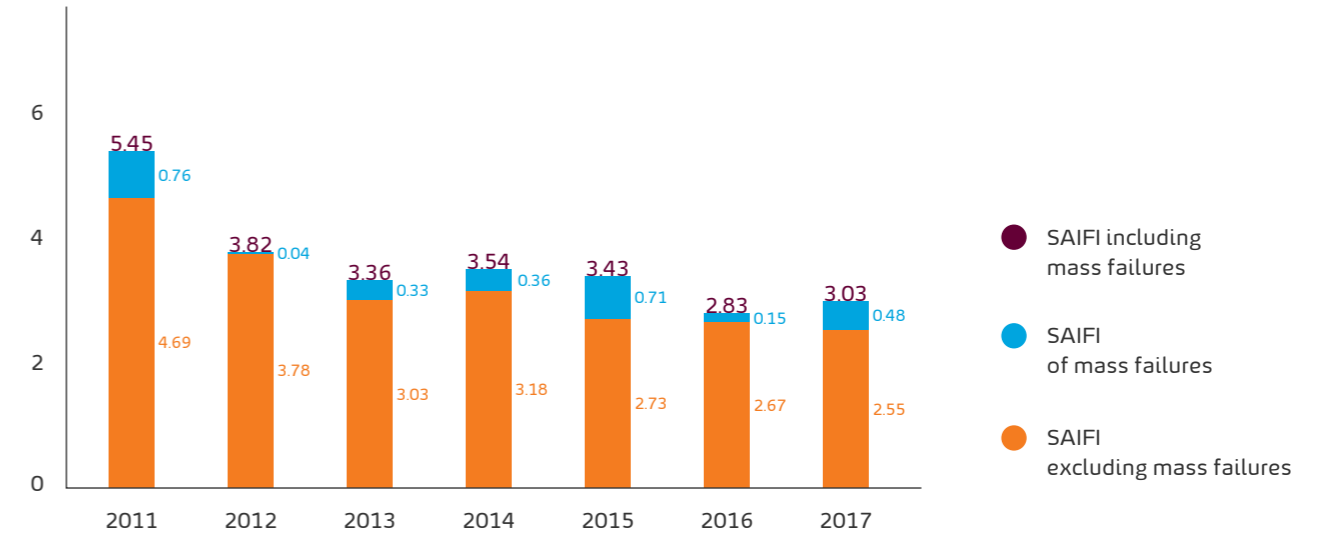
Thanks to a consistent implementation of activities aimed at improving the continuity of energy supply, SAIDI (System Average Interruption Duration Index) and SAIFI (System Average Interruption Frequency Index) indexes recorded by Energa Operator SA in recent years have been successively improving, which translates into an improved efficiency of the distribution network operated by the company.

In 2011, 2013, 2015 and 2017, SAIDI was in large part made up of unplanned downtimes caused by strong hurricane-force winds (Yoda, Xavier, Xaver and Felix cyclones and the 2017 windstorm), which resulted in mass failures of power networks within the area of operations of Energa Operator SA.

SAIDI



SAIFI



Distribution losses as a percentage of total energy (in 2016 and 2017)

	2016	2017
Distribution losses	4.10	4.37

Modern solutions for safe supply

The strategy of implementing new solutions from the area of intelligent grid at Energa Operator SA, described in a document titled 'Vision of deploying an intelligent grid at Energa Operator SA by 2020' was implemented on several levels. The Department of Innovation at Energa Operator SA completed a number of research projects aimed at working out and testing new solutions and functionalities that could in the future be used to increase the efficiency of operation of the distribution network. Flag projects included **Upgrid – urban grid of the future** and **LOB – Local Balancing Area**.

Upgrid – was a demonstration international project deployed in the European Union as part of the Horizon 2020 program. The main objective of the project was to develop functionalities enabling the integration of low- and medium-voltage networks with demand side management and dispersed generation. As part of the project, selected technologies from the Smart Grid area were researched in 4 demonstration zones located in Poland, Spain, Portugal and Sweden. The Polish demonstration zone was located in Gdynia, in the districts of Witomino, Chwarzno and Działki Leśne and covered almost 15 thousand recipients. Activities undertaken as part of the project in the Polish demonstration zone focused mainly on implementing solutions supporting the management of low-voltage networks using integrated data received from devices monitoring the operation of the network, including from the infrastructure of AMI intelligent meters. The low-voltage network was modernised under the project, ensuring a higher level of observability and control.

An IT system was implemented in the demonstration zone that enabled a more efficient management of the distribution network. Additionally, the new functionality provided Customers with access to new information, enabling analyses and an energy use balance to be performed if the Customers had installed photovoltaic batteries.

Results of the project included an increase in the reliability of the supply of electricity to recipients, faster detection and repair of failures in the low-voltage network, ensuring better conditions of power supply by optimising the grid configuration, increasing the ability to identify disruptions in the grid thanks to new

systems used to monitor the voltage level and total harmonic distortion factor (THD), and the reduction of network losses.

LOB project – a pilot project involving the construction of a local balancing area, implemented with the support and funding of the National Centre for Research and Development (NCBiR) as part of the Ecological Concept Generator (GEKON). The aim of the project is to compile a business offer of new system and power regulation services as part of an increase of the flexibility of the system through constructing a local balancing area with its heart located in an energy warehouse situated near the town of Władysławowo in pucki district. These services are made possible by the construction of energy storage system and the deployment of energy management system on recipients' premises.

The focus of research performed as part of the project includes the potential for stabilisation and ensuring the self-sufficiency of the power grid as part of the local balancing area, verification of technologies used and their effect on the operation of the power system in actual conditions and testing a number of developed system services in a laboratory environment and in actual network operating conditions. The local balancing system has been designed as a virtual power plant that includes components of network automation, energy storage system, generating sources and a demand side management system.



Local balancing areas will lead to a number of benefits, with the following being the most important:

- increase of safety of the supply of energy,
- increase in the flexibility of network operation,
- increase in the quality of power and reliability of the supply of electricity,
- increase in the efficiency of the distribution of electricity from local sources to recipients to an optimisation of network operation,
- reducing network losses and costs of purchasing energy to cover network losses,
- creating a market offer of system services provided by distribution system operators.

Activities on another level included the commencement of work as part of a project titled 'Remodelling the network to be compatible with Smart Grid standards by installing intelligent measuring systems and automating the network in order to entice recipients to increase the efficiency of energy use and effective management of the power system to improve

the security of supply – SMART GRID'. The project is fully consistent with the plan of implementing an intelligent grid at Energa Operator SA, described in the document titled 'Vision of deploying an intelligent grid'. The project focuses on a wide-scale deployment of key components that make up intelligent power grids: remotely controlled circuit breakers and switchgear in low-voltage networks, installation of energy storage system and the deployment of innovative functionalities in the SCADA control system. Functionalities of the SCADA system will enable e.g. carrying out an analysis of the effect of sites connected to the grid on the operation of the low-voltage network, automatically restoring power to recipients following a failure in the low-voltage network and optimising the operation of the low-voltage network. The main effect of these actions is an increased reliability of network operation and a significant reduction of the time needed to restore power following a failure within the network.

The project has received funding from the infrastructure investment Cohesion Fund under the 'Infrastructure and Environment Operational Program 2014-2020'.



2.6. Development of the distribution grid

The Distribution Business Line of Energa Group implements a market strategy with the overarching aim of becoming the leader among distribution system operators in Poland. Actions performed as part of the strategy are targeted e.g. at achieving a high efficiency of operations, top reliability of power supply and the highest quality of Customer service. The main assumptions involved in the implementation of the Distribution Business Line's capital works plan include the construction and expansion of the distribution network in order to connect new recipients and new sources of energy, modification of the distribution network at all voltage levels in order to increase transmission capabilities, reduce the network failure rate and reduce network losses, as well as ensuring the ability to effect network traffic in the distribution network while maintaining the required reliability and quality of energy provided to recipients. The main source of revenue generated by the Distribution Business Line is the supply of electricity, therefore the connection of both new recipients and producers and providing them with the highest possible level of energy security, defined as the continuous supply of electricity of suitable quality (voltage and frequency) is a very important part of the Line's operations.

As concerns the financial outlay on capital works connected with the connection of new recipients and producers to the grid, in 2017 this outlay amounted to **PLN 418m**. **PLN 619m** was incurred in expenses on modernising the network to improve the reliability of supply.

4 169 km of overhead and cable power lines and connections were constructed in 2017, a further **2 284 km** of overhead and cable lines of all voltage levels were modernised.

Planned financial outlay on capital works performed by the Distribution Business Line in 2018 in connection with the performance of works concerning the construction and expansion of the network due to the connection of new recipients and new producers amounts to **PLN 512m**, while the planned outlay on the modernisation and restoration of the network amounts to **PLN 696m**.



In 2018, capital works outlay is scheduled to increase in comparison to 2017, due to the planned connections of new recipients, which in particular requires the construction of new high- and medium-voltage stations and expansion of existing ones in connection with the connection needs of recipients. The works and financial plan does not assume a significant increase in the number of performed connection agreements, which remain on a stable level year on year, with a minimum (around 2%) upwards trend.

As concerns network modernisation, the level of expenses in 2018 is planned to be comparable to the level of expenses incurred in 2017.

These expenses are mostly connected with the continuation of capital works initiatives commenced in previous years, which will directly contribute to an improvement in the parameters of distribution service quality, in particular an improvement in SAIDI/SAIFI power supply continuity parameters, investment in the installation of electricity meters, and modernisation of medium-/low-voltage stations for the purposes of quality regulation.

Capital works with a positive influence on the natural environment are scheduled to be performed in 2018. This influence is primarily connected with the reduction of losses of electricity in the distribution network.

The following will in particular contribute to a reduction in electricity losses:

- tasks connected with the construction of new high-/medium-voltage stations, scheduled for completion in 2018 and following years, which will allow for shortening low-voltage power lines. Key projects in this area include the construction of new high-/medium-voltage stations: GPZ (transformer/switching station) Olsztyn Centrum, GPZ Ostrów Zachód, GPZ Maćkowy, GPZ Karsin, GPZ Miączyn, GPZ Rowy,

- tasks connected with the replacement of power transformers which have a significant effect on losses in the transformation process. As part of this initiative, eight 25 MVA transformers and five 16 MVA transformers are scheduled for replacement in 2018, at a cost of approx. PLN 11.3m.

Reduction in network losses should be treated as an added value of these projects.

In the past three years, we have observed a year on year increase in the number of recipients connected to the grid, which is a direct result of the increase in the number of connection agreements made and performed by the Group. The number of activated power delivery points has been increasing: 48.895k in 2015, 46.069k in 2016, and 51.714k at the end of 2017.

New Customer connections

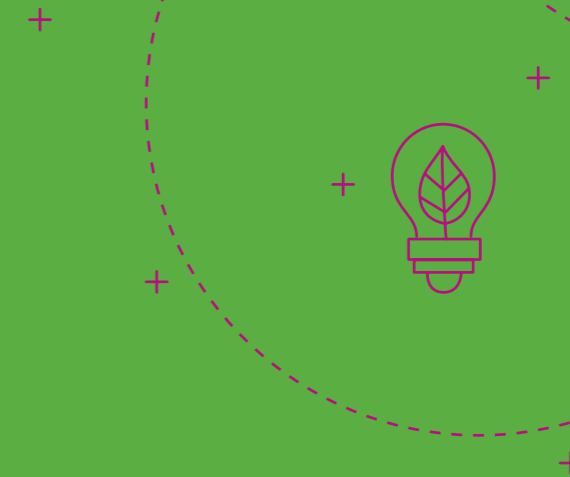
Unit	Power delivery points in 2015	Power delivery points in 2016	Power delivery points in 2017
k items	48 895	49 069	51 714





3

Environmental challenges
to Energa Group's operations



3.1. Environmental goals achieved in 2017

For Energa Group, 2017 was a year of intensive activity in the field of improving its environmental management, including activities aimed at expanding the coverage of the EMAS system to all companies of the Group and extending the system by energy management based on requirements of the ISO 50001:2012 standard. Given the tightening of legal requirements in respect of emission standards for large power facilities, in the form of BAT conclusions adopted in April 2017, the Group put a lot of attention on planning future capital works. New investments in power

generating sources will be completed in accordance with cutting edge solutions meeting the highest environmental standards, as evidenced by the construction of a low-emission power unit in Ostrołęka. The Group is also working on several wide-ranging programs aimed at adapting the power generating facilities operated by the Group to the requirements of emission standards that will come into force on 17 August 2021. The Group is also continuously working on projects aligned with the EU's climate policy, e.g. by modernising renewable energy facilities.

Responsible management



Objectives for 2017 and their achievement

Objectives for 2017	Achievement
Maintaining the high share of energy from renewable source in the total amount of produced energy	The Pierzchały and Krzysia hydroelectric plants were modernised in 2017 by replacing power generating parts, hydrotechnical components and automatics with more modern ones.
Deploying the MAS environmental management system in all Group companies	Deployment underway – additional information available in the chapter titled 'Environmental Management Strategy'.
Deploying an ISO 50001:2012-compliant energy management system	Deployment underway – additional information available in the chapter titled 'Environmental Management Strategy'.

Key areas of activity in the field of 'Natural environment' carried out under 'Energa Group's strategy for sustainable development and responsible business', adopted in 2017

- rational use of energy resources, including as part of public purpose projects, ensuring energy security and preventing natural disasters
- supporting research and development in support of sustainable development
- rational use of raw materials, reducing emission levels and waste stream
- improving the reliability and security of the production and supply of energy
- monitoring activities aimed at minimising the negative effects of the Group's operations on the natural environment
- environmental education of the Group's employees
- increasing awareness with regards to the role and activity of the Group in respect of environmental protection by popularising initiatives connected with environmental protection
- launching initiatives aimed at promoting ecological responsibility

Priorities for 2018

- maintaining the high share of energy from renewable source in the total amount of produced energy
- completing deployment of the MAS environmental management system in all Group companies
- completing deployment of an ISO 50001:2012-compliant energy management system



3.2. Environmental management strategy

The Group identifies and evaluates its actions that affect or might affect the environment and manages them, and thanks to the awareness of its potential impacts, it puts significant attention to minimising environmental risks. The EMAS environmental management system operated within the Group ensures an integrated approach to environmental matters in Group companies, taking into account the specific nature of their operations. Thanks to this, each company is subjected to appropriate supervision with regards to environmental issues, both in terms of current operations and development plans.

In 2017, the Environmental Management Program Coordinator took steps in order to adapt the existing environmental management system to the requirements of the updated PN-EN ISO 14001:2015 standard. The environmental management Policy and Program were also expanded by elements of energy management based on the PN-EN ISO 50001:2012 standard.

Between July and September 2017, Bureau Veritas Polska Sp. z o.o. carried out an independent audit of the environmental management system in key Group companies: Energa SA, Energa Operator SA, Energa Wytwarzanie SA, Energa Obrót SA, Energa Obsługa i Sprzedaż Sp. z o.o., Energa Elektrownie Ostrołęka SA, Energa Kogeneracja Sp. z o.o., Energa Oświetlenie Sp. z o.o., Energa Ciepło Ostrołęka Sp. z o.o. and Energa Centrum Usług Wspólnych Sp. z o.o.; the system has been used by the Group since 2015 and covers 167 locations operated by our companies. It's worth noting that since 15 June 2016, our companies have been entered into the prestigious EMAS register, kept in the custody of the Ministry of the Environment'.

Additional information on the deployment of an environmental management system in Energa Group can be found in reports 'Our Responsibility 2015' and 'Our Responsibility 2016'

Additional information on environmental policy and environmental management can be found in 'Energa Group's Environmental Declaration', available online at https://grupa.energa.pl/Polityka_Srodowiskowa.xml

Environmental management system parameters in respect of companies covered by EMAS verification

Energa Group identifies and analyses environmental efficiency parameters in accordance with the requirements of the EMAS regulation. Parameters are identified both for the Group as a whole and for its individual business lines. Additional information on EMAS parameters can be found in 'Energa Group's Environmental Declaration', available online at https://grupa.energa.pl/Polityka_Srodowiskowa.xml

Energy efficiency

As part of the deployment of an integrated environmental and energy management system, in 2017 Group companies carried out ISO 50001-compliant energy reviews which included the scope of energy audits of companies referred to in the energy efficiency act of 20 May 2016. During the above reviews, all types and amounts of energies used were identified, monitoring methods and energy result and energy efficiency parameters were specified, opportunities for improvement with regards to the energy result were identified.

Furthermore, Group companies performed many modernisation and repair activities in 2017, aimed at reducing the level of energy consumption. Examples of such activities include:

- modernisation of power unit no. 1 at the Ostrołęka B Power Plant, which included:
 - modernisation of 0.4 kV auxiliaries switchgear, together with a replacement of 6.3/0.4 kV transformers with a power of 16000 kVA,
 - a capital renovation of the OP-650 boiler (replacement of the boiler's water and steam system, renovation of auxiliary devices and coal bunkers)
 - capital renovation of the turbine set with auxiliary devices (renovation of the capacitor and generator with regards to control and measurement);



These activities resulted in the increase of the gross efficiency of the electricity generation.

- successive modernisation of heat distribution networks in the town of Żychlin, primarily involving the replacement of old insulation with pre-insulated networks, resulting in a reduction of heat losses, which also translates to a reduction in the use of fuel ordinarily needed to cover these losses.

As part of activities aimed at improving energy efficiency, some Group companies have been obtaining so-called 'white certificates' – certificates of energy efficiency. White certificates are awarded to companies who implement projects aimed at reducing energy consumptions as part of tender procedures organised by the Chief of the Energy Regulation Office. Any obtained/planned savings must be confirmed by an audit of the project's energy efficiency. Company Energa Oświetlenie has been very successful in obtaining white certificates in recent years. 2017 marked the first time that Energa Operator also participated in tender procedures organised by the Chief of the Energy Regulation Office. The company submitted 135 projects involving the reduction of losses in 110 kV power lines and reduction of losses in high-/medium-voltage transformers, with 93 projects being selected. The average annual energy savings resulting from the implementation of these projects amount to more than 4.5k toe.

The table below illustrates energy consumption per key business line/company in 2016-2017.

Energy consumption within the organisation (the table includes all Group companies)

Company/ business line	Total energy from non-renewable and renewable fuels and raw materials consumed/used [GJ]		Total energy from non-renewable fuels and raw materials consumed/used [GJ]		Total energy from renewable fuels and raw materials consumed/used [GJ]		Total purchased energy consumed/used [GJ]		Energy sold by the organisation [GJ]		Total fuel use within the organisation [GJ]	
	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017
Services and other	892	21	892	21	0	0	13 612	1 271 352	0	0	14 505	1 271 374
DISTRIBUTION	59 570	49 490	59 570	49 490	0	0	4 647 590	4 645 305	60	5	4 707 101	4 694 790
SALES	724	439	724	399	0	40	469 238	469 113	1 840	1 235	468 121	468 317
PRODUCTION	33 570 461	35 057 614	28 781 865	28 922 870	4 788 597	6 134 743	1 487 041	1 530 928	31 265 017	32 656 293	37 924 85	3 932 249
Energa Elektrownie Ostrołęka SA	25 168 653	25 363 413	25 062 823	25 363 413	105 830	0	0	0	22 879 189	23 078 999	2 289 464	2 284 414
Energa Kogeneracja Sp. z o.o.	3 720 463	3 900 655	3 344 156	3 173 249	376 308	7 27 406	5 088	4 622	2 569 946	2 684 517	1 155 606	1 220 760
Ciepło Kaliskie Sp. z o.o.	373 931	385 301	373 931	385 301	0	0	491 489	508 927	705 402	719 200	160 018	1 75 028
Energa Wytwarzanie SA	4 167 011	5 218 020	955	907	4 166 056	5 217 112	8 444	7 295	4 112 923	5 100 889	62 532	124 426
Energa Ciepło Ostrołęka Sp. z o.o.	0	0	0	0	0	0	972 805	1 008 134	853 228	882 191	119 577	125 943
Energa Serwis Sp. z o.o.	0	0	0	0	0	0	1 775	1 489	0	0	1 775	1 489
AEGIR 4 Sp. z o.o.	0	0	0	0	0	0	0	0	0	0	0	0
Elektrownia CCGT Gdańsk Sp. z o.o.	0	0	0	0	0	0	6 119	0	6 043	0	75	0
Elektrownia CCGT Grudziądz Sp. z o.o.	0	0	0	0	0	0	0	0	0	0	0	0
Energa Invest SA	140 403	190 225	0	0	140 403	190 225	1 322	461	138 286	190 496	3 439	190
Energa Group	33 631 648	35 107 563	28 843 051	28 972 780	4 788 597	6 134 783	6 617 481	7 916 699	31 266 918	32 657 533	8 982 212	10 366 729



Total energy from fuels made from non-renewable raw materials (own or purchased) consumed*/used, by type of raw material

Company/ business line	Total energy used [GJ]		Non-renewable raw materials		Coal		Natural gas		Heating oil		Diesel fuel	
	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017
Services and other	892	21	892	21	0	0	881	0	0	0	11	21
DISTRIBUTION	59 570	49 490	59 570	49 490	130	240	12 040	22 024	3 920	3 472	43 481	23 753
SALES	724	439	724	399	0	0	724	399	0	0	0	0
PRODUCTION	33 570 461	35 057 614	28 781 865	28 922 870	28 646 722	28 770 944	34 981	31 860	100 134	120 037	27	30
Energa Elektrownie Ostrołęka SA	25 168 653	25 363 413	25 062 823	25 363 413	24 968 476	25 250 913	0	0	94 347	112 500	0	0
Energa Kogeneracja Sp. z o.o.	3 720 463	3 900 655	3 344 156	3 173 249	3 335 735	3 163 992	2 725	1 763	5 695	7 494	0	0
Ciepło Kaliskie Sp. z o.o.	373 931	385 301	373 931	385 301	342 511	356 039	31 418	29 258	0	0	2	4
Energa Wytwarzanie SA	4 167 011	5 218 020	955	907	0	0	838	839	92	43	25	26
Energa Ciepło Ostrołęka Sp. z o.o.	0	0	0	0	0	0	0	0	0	0	0	0
Energa Serwis Sp. z o.o.	0	0	0	0	0	0	0	0	0	0	0	0
AEGIR 4 Sp. z o.o.	0	0	0	0	0	0	0	0	0	0	0	0
Elektrownia CCGT Gdańsk Sp. z o.o.	0	0	0	0	0	0	0	0	0	0	0	0
Elektrownia CCGT Grudziądz Sp. z o.o.	0	0	0	0	0	0	0	0	0	0	0	0
Energa Invest SA	140 403	190 225	0	0	0	0	0	0	0	0	0	0
Energa Group	33 631 648	35 107 563	28 843 051	28 972 780	28 646 852	28 771 184	48 626	54 283	104 054	123 509	43 519	23 805



Total energy from fuels made from renewable raw materials (own or purchased) consumed*/used, by type of raw material

Company/ business line	Total energy used [GJ]		Renewable raw materials		Biomass		Biofuels		Wind energy		Solar energy		Hydropower	
	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017
Services and other	892	21	0	0	0	0	0	0	0	0	0	0	0	0
DISTRIBUTION	59 570	49 490	0	0	0	0	0	0	0	0	0	0	0	0
SALES	724	439	0	40	0	0	0	0	0	0	0	40	0	0
PRODUCTION	33 570 461	35 057 614	4 788 597	6 134 743	482 138	727 406	0	0	1 400 433	1 695 390	12 037	16 504	2 893 990	3 695 443
Energa Elektrownie Ostrołęka SA	25 168 653	25 363 413	105 830	0	105 830	0	0	0	0	0	0	0	0	0
Energa Kogeneracja Sp. z o.o.	3 720 463	3 900 655	376 308	727 406	376 308	727 406	0	0	0	0	0	0	0	0
Ciepło Kaliskie Sp. z o.o.	373 931	385 301	0	0	0	0	0	0	0	0	0	0	0	0
Energa Wytwarzanie SA	4 167 011	5 218 020	4 166 056	5 217 112	0	0	0	0	1 260 030	1 505 165	12 037	16 504	2 893 990	3 695 443
Energa Ciepło Ostrołęka Sp. z o.o.	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Energa Serwis Sp. z o.o.	0	0	0	0	0	0	0	0	0	0	0	0	0	0
AEGIR 4 Sp. z o.o.	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Elektrownia CCGT Gdańsk Sp. z o.o.	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Elektrownia CCGT Grudziądz Sp. z o.o.	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Energa Invest SA	140 403	190 225	140 403	190 225	0	0	0	0	140 403	190 225	0	0	0	0
Energa Group	33 631 648	35 107 563	4 788 597	6 134 783	482 138	727 406	0	0	1 400 433	1 695 390	12 037	16 544	2 893 990	3 695 443



Total purchased energy consumed/used (by electricity, heat, cooling and steam)

Company/ business line	Purchased energy [GJ]									
	TOTAL energy		Electricity		Heat		Cooling		Steam	
	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017
Services and other	13 612	1 271 352	10 150	1 268 518	3 178	1 447	285	1 387	0	0
DISTRIBUTION	4 647 590	4 645 305	4 578 159	4 577 930	69 431	67 375	0	0	0	0
SALES	469 238	469 113	467 057	465 451	2 004	3 662	137	0	0	0
PRODUCTION	1 487 041	1 530 928	22 219	19 599	1 266 869	1 294 956	0	0	191 911	216 373
Energa Elektrownie Ostrołęka SA	0	0	0	0	0	0	0	0	0	0
Energa Kogeneracja Sp. z o.o.	5 088	4 622	5 088	4 622	0	0	0	0	0	0
Ciepło Kaliskie Sp. z o.o.	491 489	508 927	5 385	5 728	486 104	503 199	0	0	0	0
Energa Wytwarzanie SA	8 444	7 295	6 997	5 625	1 447	1 671	0	0	0	0
Energa Ciepło Ostrołęka Sp. z o.o.	972 805	1 008 134	3 053	3 082	777 841	788 679	0	0	191 911	216 373
Energa Serwis Sp. z o.o.	1 775	1 489	298	352	1 477	1 136	0	0	0	0
AEGIR 4 Sp. z o.o.	0	0	0	0	0	0	0	0	0	0
Elektrownia CCGT Gdańsk Sp. z o.o.	6 119	0	75	0	0	0	0	0	0	0
Elektrownia CCGT Grudziądz Sp. z o.o.	0	0	0	0	0	0	0	0	0	0
Energa Invest SA	1 322	461	1 322	190	0	271	0	0	0	0
Energa Group	6 617 481	7 916 699	5 077 585	6 331 498	1 341 481	1 367 441	422	1 387	191 911	216 373

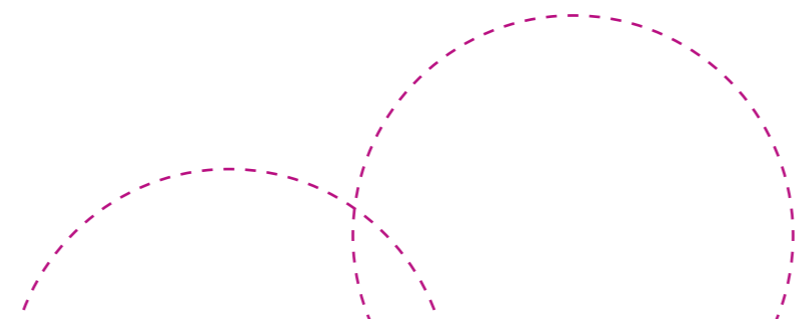


Energy sold by the organisation

Company/ business line	TOTAL energy				Electricity				Heat				Cooling				Steam				
	MWh		GJ		MWh		GJ		MWh		GJ		MWh		GJ		MWh		GJ		
	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	
Services and other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
DISTRIBUTION	17	2	60	5	17	2	60	5	0	0	0	0	0	0	0	0	0	0	0	0	0
SALES	511	343	1840	1235	511	343	1840	1235	0	0	0	0	0	0	0	0	0	0	0	0	0
PRODUCTION	8 684 727	9 071 117	31 265 017	32 656 293	7 258 848	7 617 011	26 131 853	27 421 239	1 225 727	1 241 085	4 412 617	4 468 176	0	0	0	0	200 152	213 022	720 548	766 878	
Energa Elektrownie Ostrołęka SA	6 355 330	6 410 833	22 879 189	23 078 999	5 962 406	6 030 088	21 464 662	21 708 318	279 097	258 824	1 004 748	931 767	0	0	0	0	113 828	121 921	409 779	438 914	
Energa Kogeneracja Sp. z o.o.	713 874	745 699	2 569 946	2 684 517	113 872	117 169	409 938	421 807	566 469	596 074	2 039 287	2 145 866	0	0	0	0	33 534	32 457	120 721	116 844	
Ciepło Kaliskie Sp. z o.o.	195 945	199 778	705 402	719 200	0	0	0	0	195 945	199 778	705 402	719 200	0	0	0	0	0	0	0	0	0
Energa Wytwarzanie SA	1 142 479	1 416 914	4 112 923	5 100 889	1 142 479	1 416 914	4 112 923	5 100 889	0	0	0	0	0	0	0	0	0	0	0	0	0
Energa Ciepło Ostrołęka Sp. z o.o.	237 008	245 053	853 228	882 191	0	0	0	0	184 217	186 409	663 180	671 071	0	0	0	0	52 791	58 644	190 048	211 120	
Energa Serwis Sp. z o.o.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
AEGIR 4 Sp. z o.o.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Elektrownia CCGT Gdańsk Sp. z o.o.	1 679	0	6 043	0	1 679	0	6 043	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Elektrownia CCGT Grudziądz Sp. z o.o.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Energa Invest SA	38 413	52 840	138 286	190 496	38 413	52 840	138 286	190 225	0	0	0	271	0	0	0	0	0	0	0	0	0
Energa Group	8 685 255	9 071 462	31 266 918	32 657 533	7 259 376	7 617 355	26 133 753	27 422 480	1 225 727	1 241 085	4 412 617	4 468 176	0	0	0	0	200 152	213 022	720 548	766 878	

Energy consumption within the organisation (includes all group companies)

Company/ business line	2016		2017	
	MWh	GJ	MWh	GJ
Services and other	3 995	14 505	3 745	1 271 374
DISTRIBUTION	1 304 796	4 707 101	1 304 119	4 694 790
SALES	130 034	468 121	130 088	468 317
PRODUCTION	1 053 455	3 792 485	1 092 291	3 932 249
Energa Elektrownie Ostrołęka SA	635 962	2 289 464	634 559	2 284 414
Energa Kogeneracja Sp. z o.o.	321 001	1 155 606	339 100	1 220 760
Ciepło Kaliskie Sp. z o.o.	44 437	160 018	48 619	175 028
Energa Wytwarzanie SA	17 369	62 532	34 563	124 426
Energa Ciepło Ostrołęka Sp. z o.o.	33 216	119 577	34 984	125 943
Energa Serwis Sp. z o.o.	493	1 775	414	1 489
AEGIR 4 Sp. z o.o.	0	0	0	0
Elektrownia CCGT Gdańsk Sp. z o.o.	21	75	0	0
Elektrownia CCGT Grudziądz Sp. z o.o.	0	0	0	0
Energa Invest SA	955	3 439	53	190
Energa Group	2 492 280	8 982 212	2 530 244	10 366 729



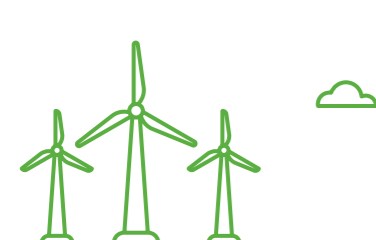
Raw materials consumption

In 2017, a total of 1,358,840 Mg of raw materials was used to produce electricity and heat, i.e. approx. 10,717 Mg more than in the previous year, which was to a large degree caused by an increase in biomass firing.

Optimisation of raw materials consumption was carried out primarily as part of the ongoing operation of generating installations. Companies producing energy from conventional sources performed continuous analyses in order to select coal with optimal quality parameters, both in economic and physical and chemical terms, making it possible to reduce the weight of coal consumed, the amount of furnace waste produced and the amount of sorbent used in the process of desulphurisation of combustion gases and electrical energy for own needs.

In installations where heating turbine sets are used, i.e. CHP plants in Elbląg and Kalisz, the devices were operated so as to produce as much heat and energy in the cogeneration process as possible, enabling the maximum utilisation of energy found in the fuel. The share of heat production in the cogeneration process increased from 68.3% in 2016 to 77.1% in 2017 (when comparing the same time periods in both years).

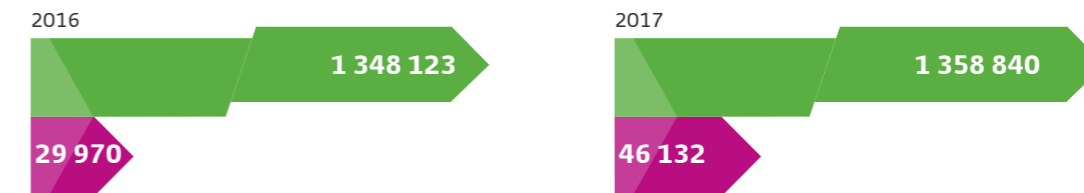
Other actions taken in order to reduce the consumption of raw materials included the improvement of technical condition of devices, e.g. by renovating and modernising devices that improve the generation capacity of hydroelectric plants. One example of such actions is the modernisation of the Borowo Hydroelectric Plant, as part of which the facility was equipped with an additional high-performance water turbine with an output of approx. 0.7 MW and new electrotechnical equipment.



Raw materials used by weight and volume (includes all Group companies)

Raw materials	2016	2017
NON-RENEWABLE		
Coal [Mg]	1 287 712	1 280 209
Natural gas [m3]	1 482 674	1 371 458
Heating oil [Mg]	2 571	3 064
Other non-renewable materials [Mg]	324	756
Consumption of other non-renewable raw materials [Mg]	27 237	28 298
TOTAL CONSUPTION OF NON-RENEWABLE RAW MATERIALS [m3]	1 482 674	1 371 458
TOTAL CONSUPTION OF NON-RENEWABLE RAW MATERIALS [Mg]	1 317 844	1 312 326
RENEWABLE		
Biomass [Mg]	29 970	46 132
TOTAL CONSUPTION OF RENEWABLE RAW MATERIALS [Mg]	29 970	46 132
Consumption of primary materials (e.g. steel) [Mg]	309	382
TOTAL CONSUPTION OF RAW MATERIALS [m3]	1 482 674	1 371 458
TOTAL CONSUPTION OF RAW MATERIALS [Mg]	1 348 123	1 358 840

Share of renewable raw materials (in Mg) in the total consumption of raw materials within the Group over the past two years



- total consumption of raw materials [Mg]
- total consumption of renewable raw materials [Mg]

Air emissions

Greenhouse gas emissions

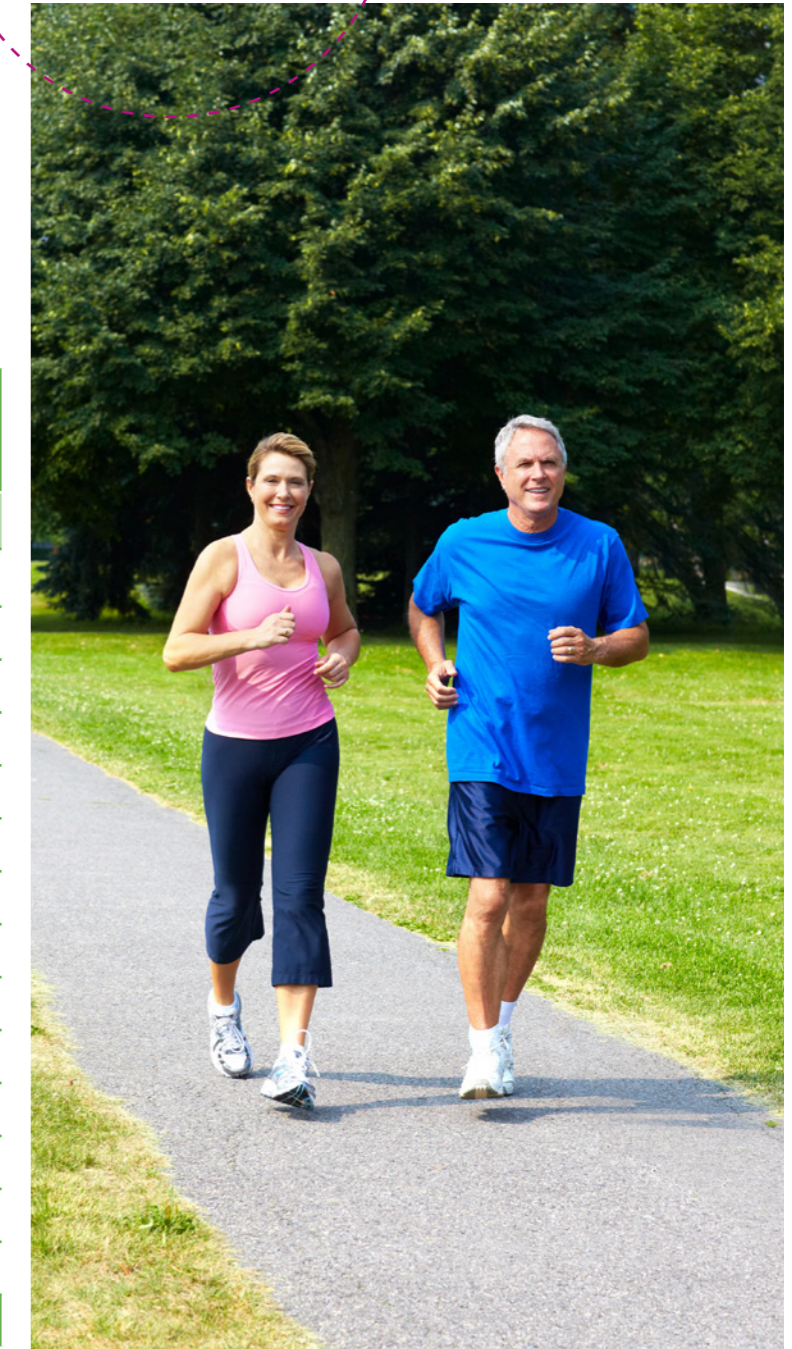
In 2017, approx. 84% of direct emissions were related to the production of electrical energy, while approx. 16% resulted from the production of heat energy. In total, 2 677 160 tonnes of CO₂

equivalent were emitted, i.e. approx. 1 068 tonnes more than in the previous year, which resulted from such factors as the increased use of biomass (increased biogenic emission).



Direct emissions of greenhouse gases (includes all Group companies)

Company/ business line	Sum of direct emissions of greenhouse gases [tCO ₂]		Emissions related to the production of electricity [tCO ₂]		Emissions related to the production of heat [tCO ₂]		Emissions related to the transport of materials/ employees [tCO ₂]		Biogenic emissions [tCO ₂]		Emissions from gas leaks, including emissions related to malfunctions [tCO ₂]	
	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017
Services and other	538	1 099	2	2	44	0	421	470	0	0	71	628
DISTRIBUTION	10 146	11 836	0	0	1 080	1 074	9 066	10 756	0	0	0	0
SALES	1 296	1 308	0	0	23	11	1 272	1 297	0	0	0	0
PRODUCTION	2 664 113	2 662 916	223 6886	2 250 215	425 966	411 342	1 256	1 356	48 124	72 334	4	3
Energa Elektrownie Ostrołęka SA	2 310 775	2 331 081	216 0222	2 184 996	150 110	145 673	443	412	10 583	0	0	0
Energa Kogeneracja Sp. z o.o.	318 685	296 682	76 662	65 217	241 954	231 281	66	184	37 541	72 334	3	0
Ciepło Kaliskie Sp. z o.o.	33 138	33 720	0	0	33 050	33 627	88	93	0	0	0	0
Energa Wytwarzanie SA	359	366	2	2	47	46	311	315	0	0	0	3
Energa Ciepło Ostrołęka Sp. z o.o.	833	741	0	0	806	715	25	26	0	0	1	0
Energa Serwis Sp. z o.o.	214	249	0	0	0	0	214	249	0	0	0	0
AEGIR 4 Sp. z o.o.	0	0	0	0	0	0	0	0	0	0	0	0
Elektrownia CCGT Gdańsk Sp. z o.o.	0	0	0	0	0	0	0	0	0	0	0	0
Elektrownia CCGT Grudziądz Sp. z o.o.	0	0	0	0	0	0	0	0	0	0	0	0
Energa Invest SA	108	76	0	0	0	0	108	76	0	0	0	0
Energa Group	2 676 092	2 677 160	223 6888	2 250 217	427 114	412 428	12 015	13 879	48 124	72 334	76	631



In 2017, we continued our previously commenced activities aimed at reducing greenhouse gas emissions. In order to improve the efficiency of heat and electricity generation, a number of devices and installations were modernised. Transformers and grid infrastructure operated by company Energa Operator SA are meanwhile systematically replaced and modernised, leading to a reduction in grid losses and CO₂ emission.

Emission of pollution into the air

In 2017, Group companies complied with all applicable regulations that regulate the use of the environment and observed

the requirements stipulated in decisions and permits, including requirements concerning emissions standards. It bears noting that Group installations benefit from the following derogations resulting from the IED Directive:

- Transitional Domestic Plan, derogation applicable from 1 January 2016 to 30 June 2020 – Ostrołęka B Power Plant (SO₂ and dust emissions), Elbląg CHP Plant (NO_x, SO₂ and dust emissions)
- Heating derogations – Kalisz CHP Plant, derogations applicable between 1 January 2016 and 31 December 2022.

Following the expiry of the derogation term, Group companies will be required to meet tightened directive requirements with regards to emissions, and starting from 17 August 2021, requirements of BAT conclusions.

Due to the above, the Group is implementing a number of actions aimed at aligning its levels of air emissions from installations with BAT conclusions. Last year, company Energa Kogeneracja focused mainly on reducing the emissions of sulphur oxides. As first priority, coal suppliers underwent a verification process and the company ceased purchasing coal with high sulphur content. As a result, the average sulphur content in coal purchased by

the company dropped from 0.59% in 2016 to 0.54% in 2017. Another activity resulting in a reduction in emissions was the increase of the share of the biomass installation in the heat and electricity generation process at the Elbląg CHP plant.

Energa Elektrownie Ostrołęka also uses coal with reduced sulphur and ash content in the firing process. Operating the Exhaust Gas Desulphurisation Installation with optimal efficiency also contributed to a reduction in SO₂ emissions. In 2016, SO₂ emissions amounted to 3 506 291 kg, while in 2017 this number dropped to approx. 2 433 000 kg. Furthermore, the 1st stage of modernisation of power unit no. 1 at the Ostrołęka B Power Plant was completed in May 2017; modernisation involved e.g. a capital renovation of the OP-650 boiler, the turbine set and auxiliary accessories. Construction of a Catalytic Exhaust Gas Denitrification installation has also commenced.

Other Group companies also implement actions aimed at reducing emissions – Energa Ciepło Kaliskie has invested into exhaust gas dedusting installations in four WR10 boilers, which resulted in a reduction of emissions of dust into the air to a value of below 95 mg/Nm³. Furthermore, employees of the company participated in the creation of an analysis prepared by the Warsaw University of Technology that specified new directions of capital works performed within the heating network in the city of Kalisz. When completed, these capital works will make it possible for the inhabitants to switch from a coal-fired heating system to one that is more ecological, improving the quality of air.

Given the above, pollution emission in 2017 was approx. 1 760 tonnes lower than in the previous year.

In 2017, the Group issued its fifth report on greenhouse gas emissions resulting from its operations, addressed to Carbon Disclosure Project, an independent organisation. Reporting enables the comparison of actions taken by companies to promote sustainable development and their results with regards to greenhouse gas emissions with other companies representing the energy sector.

Emissions of NO_x SO_x compounds and other air emissions (includes all Group companies)

Company/ business line	Total air emissions [Mg]		NO _x [Mg]		SO _x [Mg]		Volatile organic compounds [Mg]		HCl		Dust		Other	
	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017
Services and other	0	0	0	0	0	0	0	0	0	0	0	0	0	0
DISTRIBUTION	237	193	12	12	0	0	9	9	0	0	0	0	215	171
SALES	3	2	0	0	0	0	3	2	0	0	0	0	0	0
PRODUCTION	9 419	7 704	3 006	2 753	5 042	3 864	7	6	162	163	287	285	915	633
Energa Elektrownie Ostrołęka SA	7 145	5 547	2 438	2 217	3 506	2 433	0	0	114	117	197	189	890	591
Energa Kogeneracja Sp. z o.o.	2 042	1 902	534	502	1 378	1 257	0	0	39	37	85	93	6	13
Ciepło Kaliskie Sp. z o.o.	225	248	33	33	158	174	0	0	9	9	5	3	19	28
Energa Wytwarzanie SA	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Energa Ciepło Ostrołęka Sp. z o.o.	1	1	1	1	0	0	0	0	0	0	0	0	0	0
Energa Serwis Sp. z o.o.	7	7	0	0	0	0	7	6	0	0	0	0	0	0
AEGIR 4 Sp. z o.o.	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Elektrownia CCGT Gdańsk Sp. z o.o.	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Elektrownia CCGT Grudziądz Sp. z o.o.	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Energa Invest SA	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Energa Group	9 659	7 899	3 018	2 765	5 042	3 864	18	17	162	163	288	286	1 131	804



CO₂ emission allowances

Group companies that produce electrical energy acquire some of their CO₂ emission allowances free of charge, as part of derogations granted by the EU ETS derogation, subject to the completion of capital works included in the National Capital Works Plan. Furthermore, companies that produce heat receive free CO₂ emission allowances as part of the Domestic Allowance Distribution Plan.



Number of free CO₂ emission allowances received*

Company	Number of free CO ₂ emission allowances received	
	2016	2017
Energa Elektrownie Ostrołęka SA Elektrociepłownia Ostrołęka A	96 203	78 397
Energa Elektrownie Ostrołęka SA Elektrownia Ostrołęka B	825 164	624 419
Energa Kogeneracja Sp. z o.o. Elektrociepłownia Elbląg	109 332	85 647
Energa Kogeneracja Sp. z o.o. Elektrociepłownia Żychlin	7 368	6 108
Energa Kogeneracja Sp. z o.o. Elektrociepłownia Kalisz	29 365	23 441
Ciepło Kaliskie Sp. z o.o.	16 324	12 516
Production Business Line	1 083 756	7 260 311

* Entitlements listed according to the pool of free CO₂ emission allowances received (with regards to the production of electricity and heat) under the National Allowance Distribution Plan.

Water resources

In 2017, Energa Group sourced water from surface intakes and deep-drilled wells and used it for such purposes as: cooling generation installations, manufacturing electricity in hydroelectric plants and providing employees with potable water.

A total of approx. 38 189 868 672 m³ of water were sourced, i.e. approx. 5 437 968 864 m³ more than in the previous year; the above number includes 413 709 451 m³ of water that was sourced directly for cooling purposes.

As in every year, the largest amount of water was sourced by company Energa Wytwarzanie SA, even though no water losses occur in the process of producing electricity in hydroelectric plants (additional information on this issue can be found in the 'Our Responsibility 2016' report). The company is systematically increasing the amount of water sourced for energy production purposes due to modernisation changes through using turbines with increased throughputs, enabling the increase of the share of renewable sources of energy in the total amount of electrical energy produced. As an example, 2017 saw the completion of modernisation processes at the Pierzchały and Krzynia hydroelectric plants, which involved modernising some hydrotechnical power generating equipment and automatics.

Furthermore, an operations optimisation program was deployed at the Włocławek Hydroelectric Plant in previous years, aimed

at increasing the efficiency of power generation processes. The program is based on an efficiency algorithm involving the maximisation of the efficiency of all hydroelectric sets (the entire hydroelectric plant), enabling the suitable configuration of loads on all active hydroelectric sets. Deploying the program resulted in an initial increase of production by 1.0% to 5.5%. The largest increase can be seen at low and medium loads, while high loads result in low increases. The average increase of production in 2017 amounted to 1.5%, amounting to approx. 11 000 MWh based on average annual production.

Other Group companies also actively manage their water resources. Network modernisation works have been completed at the Żychlin CHG plant. Replacement of existing pipelines resulted in a decrease in the number of leaks in networks, enabling the company to reduce network water losses.

In the previous year, Energa Elektrownie Ostrołęka commenced the construction of a weir in the channel of the Narew river which will create backwater at times of minimum water levels and flow volumes, ensuring the continuity of operations at Ostrołęka B Power Plant. The project will result in a reduction in the frequency of deactivating and reactivating power units and a reduction in the consumption of mazut by ensuring continuous access to water used for cooling purposes.

We look after the Group's generation assets. We invest not only in new power units, but also small hydroelectric plants that we've been operating for many years. Hydroelectric plants which constitute renewable energy sources are unique in architectural terms but require financial outlay to modernise them and ensure that they remain in good technical condition. We cover these expenses using our own funds and subsidies, including EU funding.



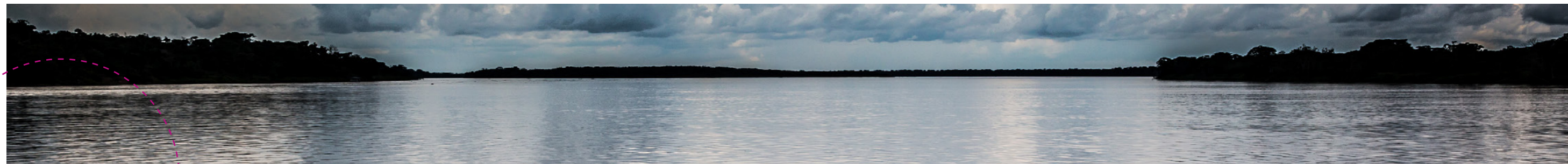
Grzegorz Ksepko
VP, Corporate Affairs at Energa SA





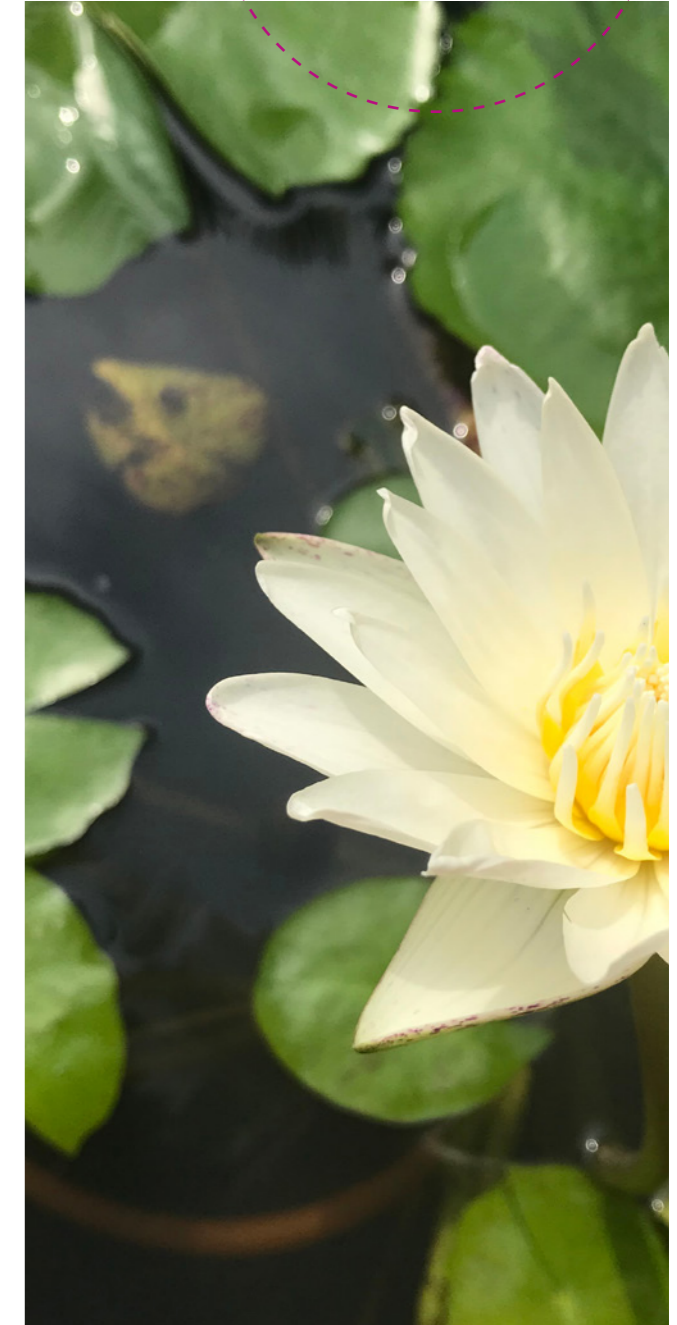
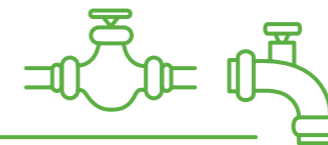
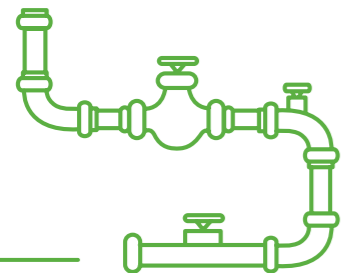
Total water sourced by source (includes all Group companies)

Company/ business line	Total volume of water sourced from all included sources [m ³ /year]		Rivers (for cooling purposes) [m ³ /year]		Rivers (for purposes other than cooling) [m ³ /year]		Lakes (for cooling purposes) [m ³ /year]		Underground waters (for purposes other than cooling) [m ³ /year]		Water from municipal networks [m ³ /year]	
	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017
Services and other	2 338	2 028	0	0	0	0	0	0	0	0	2 338	2 028
DISTRIBUTION	73 992	62 711	0	0	0	0	0	0	299	434	73 693	62 277
SALES	2 136	4 074	0	0	0	0	0	0	0	0	2 136	4 074
PRODUCTION	32 751 821 342	38 189 799 860	429 140 009	412 017 401	32 320 556 949	37 775 845 074	1 873 567	1 692 050	205 434	204 764	45 382	40 571
Energa Elektrownie Ostrołęka SA	406 715 428	386 314 510	402 498 238	381 614 235	4 013 762	4 497 765	0	0	203 428	202 510	0	0
Energa Kogeneracja Sp. z o.o.	16 806 732	18 150 627	16 574 943	17 901 685	198 860	219 768	0	0	0	0	32 929	29 174
Ciepło Kaliskie Sp. z o.o.	5 602	6 533	0	0	0	0	0	0	0	0	5 602	6 533
Energa Wytwarzanie SA	32 328 292 423	37 785 326 820	10 066 828	12 501 481	32 316 344 327	37 771 127 541	1 873 567	1 692 050	2 006	2 254	5 695	3 494
Energa Ciepło Ostrołęka Sp. z o.o.	472	528	0	0	0	0	0	0	0	0	472	528
Energa Serwis Sp. z o.o.	402	571	0	0	0	0	0	0	0	0	402	571
AEGIR 4 Sp. z o.o.	0	0	0	0	0	0	0	0	0	0	0	0
Elektrownia CCGT Gdańsk Sp. z o.o.	0	0	0	0	0	0	0	0	0	0	0	0
Elektrownia CCGT Grudziądz Sp. z o.o.	0	0	0	0	0	0	0	0	0	0	0	0
Energa Invest SA	283	271	0	0	0	0	0	0	0	0	283	271
Energa Group	32 751 899 808	38 189 868 672	429 140 009	412 017 401	32 320 556 949	37 775 845 074	1 873 567	1 692 050	205 733	205 198	123 549	108 949



Total volume of wastewater by quality and destination (includes all Group companies)

Company/ business line	Total volume of wastewater [m ³]		Wastewater drained into the sewer system [m ³]		Wastewater transported to sewage treatment facilities using means of transport [m ³]		Wastewater drained into surface waters (lakes, rivers, etc.) [m ³]		Wastewater drained through the ground [m ³]	
	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017
Services and other	2 315	1 984	2 315	1 984	0	0	0	0	0	0
DISTRIBUTION	77 475	83 749	74 985	81 995	2 490	1 754	0	0	0	0
SALES	7 953	11 515	4 250	6 781	0	0	0	0	3 702	4 734
PRODUCTION	18 480 225	19 776 725	60 076	60 894	1 303	2 002	18 418 451	19 713 829	394	0
Energa Elektrownie Ostrołęka SA	1 510 720	1 563 166	38 922	37 364	0	0	1 471 798	1 525 802	0	0
Energa Kogeneracja Sp. z o.o.	16 880 875	18 112 061	17 471	19 740	0	0	16 863 404	18 092 321	0	0
Ciepło Kaliskie Sp. z o.o.	790	851	785	841	5	10	0	0	0	0
Energa Wytwarzanie SA	86 665	99 300	1 797	1 619	1 293	1 975	83 249	95 706	326	0
Energa Ciepło Ostrołęka Sp. z o.o.	421	488	421	488	0	0	0	0	0	0
Energa Serwis Sp. z o.o.	402	571	402	571	0	0	0	0	0	0
AEGIR 4 Sp. z o.o.	0	0	0	0	0	0	0	0	0	0
Elektrownia CCGT Gdańsk Sp. z o.o.	0	0	0	0	0	0	0	0	0	0
Elektrownia CCGT Grudziądz Sp. z o.o.	0	0	0	0	0	0	0	0	0	0
Energa Invest SA	352	288	279	271	5	0	0	0	68	0
Energa Group	18 567 968	19 873 973	141 627	151 654	3 793	3 756	18 418 451	19 713 829	4 097	4 734



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

Company/ business line	Total weight of waste [Mg]		Weight of hazardous waste [Mg]		Weight of waste other than hazardous [Mg]		Weight of bottom ash slags [Mg]	
	2016	2017	2016	2017	2016	2017	2016	2017
Services and other	3	11	0	0	3	10	0	0
DISTRIBUTION	5 110	3 876	1 639	1 161	3 471	2 715	0	0
SALES	184	141	7	8	177	133	0	0
PRODUCTION	366 354	364 409	144	76	50 901	42 809	315 310	321 523
Energa Elektrownie Ostrołęka SA	327 348	326 279	74	39	48 188	40 606	279 086	285 634
Energa Kogeneracja Sp. z o.o.	32 170	31 844	27	5	393	846	31 749	30 993
Ciepło Kaliskie Sp. z o.o.	4 486	4 927	5	12	6	19	4 474	4 897
Energa Wytwarzanie SA	391	414	21	12	370	402	0	0
Energa Ciepło Ostrołęka Sp. z o.o.	1	1	0	0	1	1	0	0
Energa Serwis Sp. z o.o.	1 958	944	16	8	1 942	936	0	0
AEGIR 4 Sp. z o.o.	0	0	0	0	0	0	0	0
Elektrownia CCGT Gdańsk Sp. z o.o.	0	0	0	0	0	0	0	0
Elektrownia CCGT Grudziądz Sp. z o.o.	0	0	0	0	0	0	0	0
Energa Invest SA	0	0	0	0	0	0	0	0
Energa Group	371 652	368 436	1 790	1 245	54 551	45 668	315 310	321 523

Waste management

The total amount of waste generated within the Group in 2017 amounted to 368 436 Mg, i.e. approx. 3 216 Mg less than in the previous year.

All waste was segregated, stockpiled or recycled in accordance with applicable regulations and handed over to companies authorised to collect them.

As in every year, fly ash, ash and slag mix and gypsum constituted the largest share in the amount of waste produced, as is typical for the operations of conventional generation sources. In 2017, the entire amount of combustion wastes (side products of combustion) and gypsum produced in the process of desulphurisation of exhaust gases at the Ostrołęka B Power Plant was handed over to external recipients to be managed. Furthermore, by extracting waste gathered in the past from its storage location, the company increases the amount of free space at this location, thus contributing to the reduction of the risk of the negative impact of the storage location on the natural environment. Energa Kogeneracja also maintains agreements for the collection of combustion wastes for recycling by external companies – the amount of waste handed over to be recycled amounts to no less than 90% of the total amount of this type of waste produced over the year.



Total weight of waste by type of waste and method of management (includes all Group companies)

Company/ business line	Total weight of waste [Mg]		Recycled [Mg]		Recovered (including recovery of energy) [Mg]		Dumped at landfills [Mg]		Stored on the premises of the plant [Mg]		Other methods of waste management [Mg]	
	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017
Services and other	3	11	0	0	0	0	0	0	0	0	3	11
DISTRIBUTION	5 110	3 876	0	0	0	0	25	177	13	2	5 072	3 696
SALES	184	141	0	0	0	0	0	0	0	0	184	141
PRODUCTION	366 354	364 409	4 890	5 187	32 284	30 089	1 453	1 383	216	1 709	327 511	326 041
Energa Elektrownie Ostrołęka SA	327 348	326 279	0	0	114	85	1 323	1 331	20	6	325 891	324 857
Energa Kogeneracja Sp. z o.o.	32 170	31 844	0	0	31 721	29 906	130	52	194	1 701	125	184
Ciepło Kaliskie Sp. z o.o.	4 486	4 927	4 025	4 824	449	98	0	0	2	2	9	4
Energa Wytwarzanie SA	391	414	0	0	0	0	0	0	0	0	391	414
Energa Ciepło Ostrołęka Sp. z o.o.	1	1	0	0	0	0	0	0	0	0	1	1
Energa Serwis Sp. z o.o.	1 958	944	865	363	0	0	0	0	0	0	1 094	581
AEGIR 4 Sp. z o.o.	0	0	0	0	0	0	0	0	0	0	0	0
Elektrownia CCGT Gdańsk Sp. z o.o.	0	0	0	0	0	0	0	0	0	0	0	0
Elektrownia CCGT Grudziądz Sp. z o.o.	0	0	0	0	0	0	0	0	0	0	0	0
Energa Invest SA	0	0	0	0	0	0	0	0	0	0	0	0
Energa Group	371 652	368 436	4 890	5 187	32 284	30 089	1 478	1 559	229	1 711	332 770	329 890



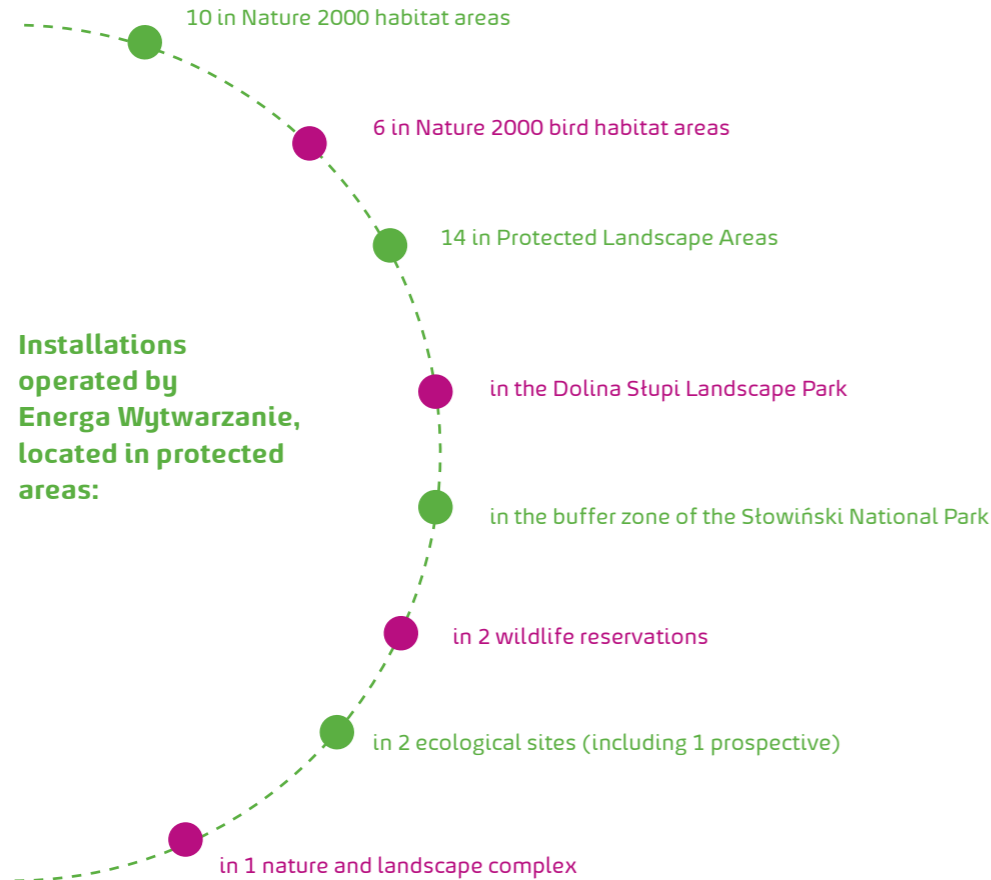


Nature protection

The nature of the Group's operations specifies the context of its environmental impacts. Production companies generate the largest impact on air and climate. Combustion sources mostly emit dusts and oxides of carbon, sulphur and nitrogen, while other energy generating facilities operated by the group also have a positive impact by producing low-emission (biomass) or non-emission energy (hydroelectric, wind and photovoltaic plants). Due to the linearity of installations (power grids) and their number, Energa Operator SA may affect the continuity of

ecosystems, and in order to reach human settlements may also encroach on Nature 2000 areas. In comparison to other Group companies, Energa Obrót SA does not generate such significant impacts, but due to the mass nature of its operations and the number of Customers it may constitute a source of e.g. waste.

Despite the fact that some company sites are located in protected areas, no significant impact of their operations on protected species or habitats has been noted.



In 2017, Energa carried out actions in order to maintain biological diversity of watercourses on which our hydroelectric plants are located. The Group minimised any potential losses to the ichthyofauna, mainly by gradually equipping its hydroelectric plants with fish passes. Furthermore, Energa Wytwarzanie participates in restocking rivers with fish in order to maintain the correct number of various species of fish. The costs of restocking in 2017 amounted to PLN 115 940.16.

The Group collaborates with research institutes that monitor nature, including the Institute of Inland Fishing in Olsztyn (Department of Migrating Fish in Gdańsk), the representatives of which carry out observations of eels on the premises of the Smółdzin hydroelectric plant. In collaboration with the Faculty of Environmental Biology at the Koszalin University of Technology, the Group is carrying out telemetric research on fish migration within the catchment area of the fish pass at the Rościno Hydroelectric Plant.

Company Energa Elektrownie Ostrołęka has implemented many actions in order to minimise the environmental impact of the furnace waste stockpile located within the Dolina Dolnej Narwi special bird protection zone (PLB 140014) constituting part of the Nature 2000 network. The stockpile is regularly prevented from dusting by seeding its area with grass mixes and spraying the areas currently in use with water. Since 2009, the avian fauna present on the premises of the stockpile is being monitored. Stockpile areas that are subject to periodical flooding and low grass plant life create good feeding conditions for various avian species, both passing through the area and nesting nearby, which use the stockpile zone as a feeding ground. Nesting boxes have been placed around the stockpile zone in order to protect bird nesting locations.

Furthermore, Energa Wytwarzanie performs mandatory bird and bat migration monitoring at the wind farms operated by the company, making it possible to assess the potential risks connected with their migrations. Wind farms are also subjected to post-completion monitoring, enabling the assessment of their actual environmental impact.

Energa Operator's high-voltage power lines pass through the following zones:

Protected areas	Number	Approximate length
Landscape parks	16	250 km
Nature reservations	12	13 km
Nature reservation buffer zones	7	5 km
Nature 2000 areas	80	948 km

All capital works connected with the construction of power lines by company Energa Operator SA, located in the vicinity of or within protected areas, are subject to a procedure of assessing their environmental impact. Appropriate reports can be found on our website at <http://www.Energa-operator.pl/25231.xml>.

The development and impact of infrastructural projects and provision of services to the community are described in chapter five – Collaboration with the community.



Developing the 'Energia for the Environment' program

As part of the 'Energia for the Environment' program, the Group provides special care to the white stork, present in large numbers in the areas of operation of Energa Operator SA.

The Group is a partner of the bociany.pl program coordinated by the pro Natura Polish Association of Nature Lovers, the aim of which is to preserve this species in the territory of Poland. A Polish Database of Stork Nests has been created on the website at www.bociany.pl, with information on the status and condition of stork nests. The webpage also contains a compendium of knowledge concerning this species and lets interested persons participate in the observation and preservation of these birds. Energa Group also promotes knowledge of storks and the

efforts to preserve them using its own webpages at www.dbajobociany.pl and www.bocianopedia.pl. Thanks to the Group's involvement, a national free information point 801 BOCIAN (telephone number: 801-26-24-26, active Monday to Friday) has been operating at the pro Natura Polish Association of Nature Lovers.

In 2017, in anticipation of the spring, Energa Operator teams installed close to 350 new platforms for use by storks to build nests. In total, Group employees have installed more than 10 thousand such bird life-saving platforms across northern and central Poland. It's estimated that a quarter of the Polish stork population may inhabit these platforms.



3.3. Energy from conventional and renewable sources

One of the Group's priorities is to ensure energy security, made possible thanks to using own, stable generation sources. Energa strives to increase the installed capacity of modern conventional power plants and supports the development of cogeneration and heating installations while maintaining a strong leading position with regards to the share of renewable sources in the total amount of produced energy.



Poland is a large European country with immense potential. Environmental conditions and naturally occurring resources make sustainable development possible. Continued progress is possible through making rational and far-reaching decisions. I believe that continuing our strategic directions will bring us success.

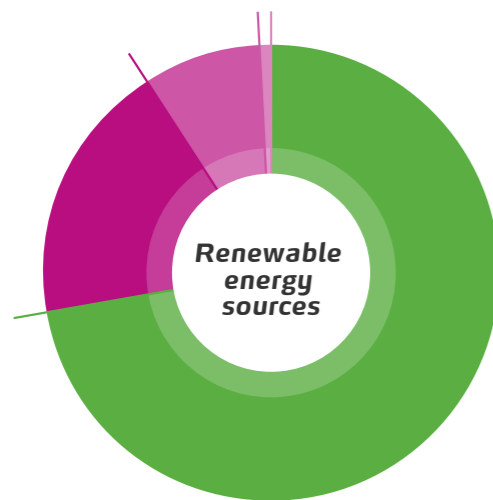
Grzegorz Ksepko
VP, Corporate Affairs at Energa SA

Maximum generation capacity by main types of raw materials (and regulatory requirements)

Company	Energy source	2016		2017	
		Electrical energy [MW]	Heat [MW]	Electrical energy [MW]	Heat [MW]
Ciepło Kaliskie Sp. z o.o.	coal	0	58	0	58
Energa Elektrownie Ostrołęka SA	coal	621	201.7	624	200.9
	biomass	56	17.8	57	18.1
Energa Wytwarzanie SA	water	364.84	0	364.84	0
	wind	185	0	211	0
	photovoltaics	3.77	0	5.41	0
Energa Kogeneracja Sp. z o.o.	coal	47	331.66	47	331.66
	biomass	25	47	25	47
TOTAL		1 302.61	656.16	1 334.25	655.6

Amount of net generated energy by main energy sources (and regulatory requirements)

Energy source	2016		2017	
	Electrical energy [MWh]	Heat [MWh]	Electrical energy [MWh]	Heat [MWh]
coal	2 455 000	1 008 935	2 461 139	983 220
biomass	35 000	40 638	40 333	69 676
water	831 000	0	1 029 854	0
wind	363 000	0	461 782	0
natural gas	0	7 370	0	6 656
photovoltaics	5 000	0	5 729	0
TOTAL	3 689 000	1 056 943	3 998 837	1 059 552



- total energy sources in 2017
3 998 837 MWh
- water
1 029 854 MWh
- wind
461 782 MWh
- biomass
40 333 MWh

3.4. Environmental protection projects

Group projects are deployed under the 'Energia Group Multi-year Strategic Project Program for the Years 2016-2025', adopted together with the business strategy (additional information is available in the 'Energia Group Responsible Business Report 2016').

In 2017, investment outlay within Energia Group amounted to PLN 1 403m, with the largest share, i.e. PLN 1 248m, going to projects deployed within the Distribution Business Line.

At the Economic Forum in Krynica Zdrój in September 2017, the European Investment Bank granted €250m in loans to the Group as part the Juncker plan for the modernisation and expansion of the electrical energy distribution network in northern and central Poland. Energia will use funds obtained through the emission of hybrid bonds to complete its capital works plan for 2017-2019. Total investment outlay in this period has been estimated at approx. €814m. The project is also scheduled to include capital works that will in the future provide better opportunities of connecting new renewable sources of energy, primarily to the low- and medium-voltage grids, and will increase the grid throughput.

Energia plans to complete the following projects in 2018:

In the Distribution Business Line:

- expansion of the grid due to the connection of new recipients,
- expansion and modernisation of the grid due to the connection of renewable energy sources,
- modernisation of the distribution network in order to improve the reliability of supply.

In the Production Business Line:

- construction of a NOx reduction installation at the Ostrołęka B Power Plant using the catalytic method, modernisation of the electrostatic precipitator, comprehensive modernisation of turbine set no. 1,
- construction of a weir in the channel of the Narew river in order to create backwater at times of minimum water levels and flow volumes so as to ensure the continuity of operation of the Ostrołęka B Power Plant,
- replacement of transformers no. 1 and 3 at the Żydowo Pumped-Storage Hydroelectric Plant,
- continuation of tasks aimed at reducing heat transfer losses in Ostrołęka by replacing pipe and overhead heat distribution networks with pre-insulated pipe technologies on additional streets in the city,
- continuation of construction of a dam and an 80 MW hydroelectric plant on the Wisła river in the village of Siarzewo, with the aim of minimising the risk of any environmental damage related to floods and increasing production of energy from renewable sources.

Additional information of environmental goals and tasks can be found in the 'Energia Group's Environmental Declaration', available at https://grupa.energia.pl/Polityka_Srodowiskowa.xml.



Total expenses and outlays on environmental protection within the Group (includes all Group companies)*

Type of expense	PLN
Draining wastewater into the water or the ground	208 149
Sourcing surface or groundwater	682 418
Emitting gases or dusts into the air	4 201 424
Waste disposal	6 129 073
Costs of wastewater treatment, including costs of revegetation due to leaks	2 737 022
Costs of wastewater collection	279 716
Expenses on the purchase and use of emission allowances	143 114
Research and measurement of emissions of substances into the air, emissions of noise, quality of water and wastewater, water level in wells	591 932
Expenses on lowering air emissions (filters, substances)	4 360 184
Depreciation of equipment contributing to decreasing the environmental footprint, costs of maintenance of associated materials and services	13 854 692
TOTAL EXPENSES	33 187 724.90
Other expenses	PLN
Insurance on duties related to environmental protection	9 000
Environmental management systems (deployment)	238 310
External environmental protection management services (training)	153 585
External certification of management systems	104 249
Additional expenses on the purchase of ecological products (such as recycled paper, energy-efficient light bulbs, etc.)	7 433
TOTAL EXPENSES	512 577

*investment and research and development expenses were disclosed in the Group's 2017 annual statement





4

Responsible Employer

4.1. Objectives and priorities

Energa Group's personal policy focuses around the Group's vision, which fulfils the goals of shareholders, Customers, employees and the environment in a sustainable manner. The Group's key objectives in this area include broadly defined safety, health and mutual bonding between employees as part of creating a friendly work environment. Personal processes in the company are constantly developed and optimised so as to guarantee professional satisfaction of the employees, which translates into their commitment to the fulfilment of Energa's business objectives. Understanding of the overarching, common objective, namely increasing the Group's value, contributes to building a synergy and fully exploiting the potential of all employees.

Reinforcing those behaviours of our employees that align with the values highly regarded by the company enables the building of a uniform organisational culture.

The main tasks of Energa Group include ensuring occupational health and safety for its employees and subcontractors. Constant improvement of work standards, expanding knowledge in the field of safety, implementing preventive action, providing training to employees and subcontractors, updating internal work safety regulations and procedures and observing generally applicable legal regulations are among the Group's main activities in this area.

Responsible management



Employees as the pillar of Energa Group's operations

Employees are Energa Group's most important resource. The Group's operations and development rest on its highly-skilled team. The commitment, skills and experience of Energa's employees help build an organisation based on values and achieve tasks set by the Group.

The role of electricians and employees in technical posts is of particular importance to the Group. Electricians constitute 77% of all employees working for Energa Operator's operating companies.

The process of finding and hiring employees and potential associates – people with the required professional skills, who believe in similar values and are ready to achieve the strategic goals important to the organisation – is extremely important to Energa. The technical and engineering area is of particular importance here and is affected by a worrying trend of a competence gap.

Employees of all levels, trained and hired within the structure of Energa Group, form a professional team. They possess specialised skills and experience required in the energy sector and highly sought after in the job market.



Priorities for 2017 and their achievement

Priorities for 2017	Achievement
Reducing the frequency and seriousness of workplace accidents in the Group	Thanks to numerous preventive actions implemented by Energa Group companies, the number of fatal and serious accidents dropped to zero in 2017. However, the number of negligible accidents that did not result in permanent bodily harm increased, which also translated to a rise in the accident frequency rate.
Building a culture of employee commitment within Energa Group	In 2017, executive and management personnel participated in many management and leadership training programs. Group employees improved their professional competences as part of adopted training plans.

Priorities for 2018

'Energa Group's strategy for sustainable development and responsible business', adopted in August 2017, specified new priorities and objectives in the area concerning the employees working for the company. The document specifies directions of action for the coming years and expands existing targets in the area of HR policy. Selected new objectives of Energa Group as a responsible employer include:

- supporting the natural bond between family and work, defined as an element that contributes to the quality of life, creating resources that enable employees to support their families, as well as a means for the family to achieve its own objectives, in particular those related to the upbringing of children;
- developing employee volunteer programs;
- developing internship and job placement programs.



4.2. Our employees

Employment structure

As one of the largest employers in the Pomeranian region, Energa Group employed more than 9 thousand employees (including on managerial contracts) at the end of 2017, including 27% women and 73% men. The vast majority of employees are persons over 30 with previous professional experience.

Works subcontracted by Energa Group also give jobs to hundreds of employees hired by Energa Group's subcontractors and suppliers.

Number of employees by age groups

Total number of employees	2016	2017
< 30	623	714
30-50	5 214	5 196
> 50	2 955	3 139

Number of employees by gender

2016



6 473



2 319

Number of employees by type of contract

Total number of employees	2016	2017
Fixed term agreement	510	566
Indefinite term agreement	8 226	8 378
Managerial contract	56	105

2017



6 592



2 457

Terms of employment and remuneration

Various remuneration systems are in effect within Energa Group, resulting from the application of such regulations as the Sector-wide Collective Bargaining Agreement for Energy Industry Employees, remuneration regulations or the 'Agreement on safeguarding labour, social and union rights of Energa Group employees' made on 18 September 2017 in Gdańsk. Energa places a strong emphasis on managing employee remuneration rates based on the type, character or nature of their duties. Most employees are employed based on indeterminate term agreements.

Employees of Energa Group are also entitled to a number of additional benefits, including the ability to take advantage of an additional package of medical services or a Multisport card, participate in the Employee Retirement Program, receive special vouchers or benefits as part of the Corporate Social Benefit Fund. All benefits are available to employees of Energa Group irrespective of their tenure and working hours.



As an employer who respects rules of equal opportunity and prevention of discrimination, Energa Group is developing an HR policy open to employees with disabilities. The company supports additional employee entitlements, encouraging employees formally found to be disabled to present their disability certificates with the employer. In 2017, these activities were accompanied by announcements addressed to employees, concerning entitlements and benefits that disabled employees are eligible for. An informational leaflet was prepared, containing information on employee entitlements enjoyed by disabled persons, additional privileges for disabled persons, rules governing the assignment of the status of a disabled person and institutions assigning disability status, as well as tasks performed by the National Disabled Persons Rehabilitation Fund.



In order to prevent a generation gap and a resulting competence gap, which pose a danger not only to the Polish energy sector, but the Polish economy as a whole, Energa Group supports initiatives connected with the development of the job market. These activities constitute part of the Group's strategy, aimed at hiring young employees.

During the Absolvent Talent Days job fair which took place in the Tricity in November 2017, representatives of Energa Group promoted current job and internship openings available at Group companies, provided information about the nature of working for Energa, shared their job experience and gave advice to people interested in pursuing a career in the energy industry. They insisted that specialists with a degree in electrotechnics or electrical engineering may find jobs on attractive terms. At panels devoted to specific issues, representatives of Energa also provided advice on how to discover one's professional potential and find the dream job, and how to win over a prospective employer while doing an internship.

An important component of the relations between employees is the aspect of diversity and equal opportunity resulting from the provisions of the labour code, corporate collective bargaining agreements and internal regulations included in the 'Mobbing and discrimination prevention policy'. The same rules concerning equal treatment irrespective of gender, age, disability, race, religion, political beliefs, participation in labour unions, etc. apply to all employees with regards to entering and terminating employment relationships, terms of hire, promotion and access to training.

In accordance with the adopted regulations, Group Companies are required to take preventive and corrective action in order to effectively resolve any conflicts and prevent mobbing and discrimination. The fact that Energa Group educates its employees in these matters on an ongoing basis serves as proof of the above.



Adaptation procedure

The main purpose of the adaptation process implemented in Energa Operator SA in respect of new employees is to introduce these newcomers to the structure of the organisation and provide them with indispensable information enabling them to do their jobs effectively.

Since 2017, employees take part in an adaptation meeting, where they learn about the Business Continuity Management Program – as required by the ISO 22301:2012 standard that the organisation complies with. Furthermore, the Adaptation Coordinator ensures that new employees complete obligatory e-learning training sessions, such as Protection of Personal Data and Compliance

Program. Based on experiences gained by Energa Operator, the adaptation program for new employees is being successively expanded to cover other Energa Group Companies.

Since 2017, employees of Energa SA are required to familiarise themselves with the following documents: 'Energa Group's Code of Ethics', 'Policy of preventing abuse and conflict of interest', 'Policy of preventing mobbing and discrimination within Energa Group'. New employees receive a package of information relating to these aspects and undertake to observe and apply the applicable regulations.



Sharing knowledge

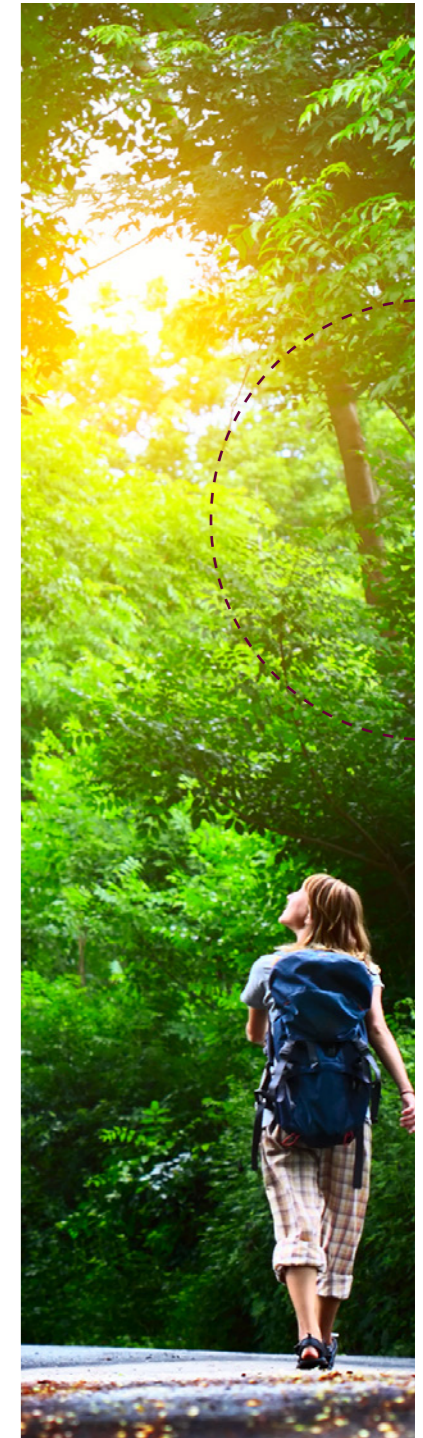
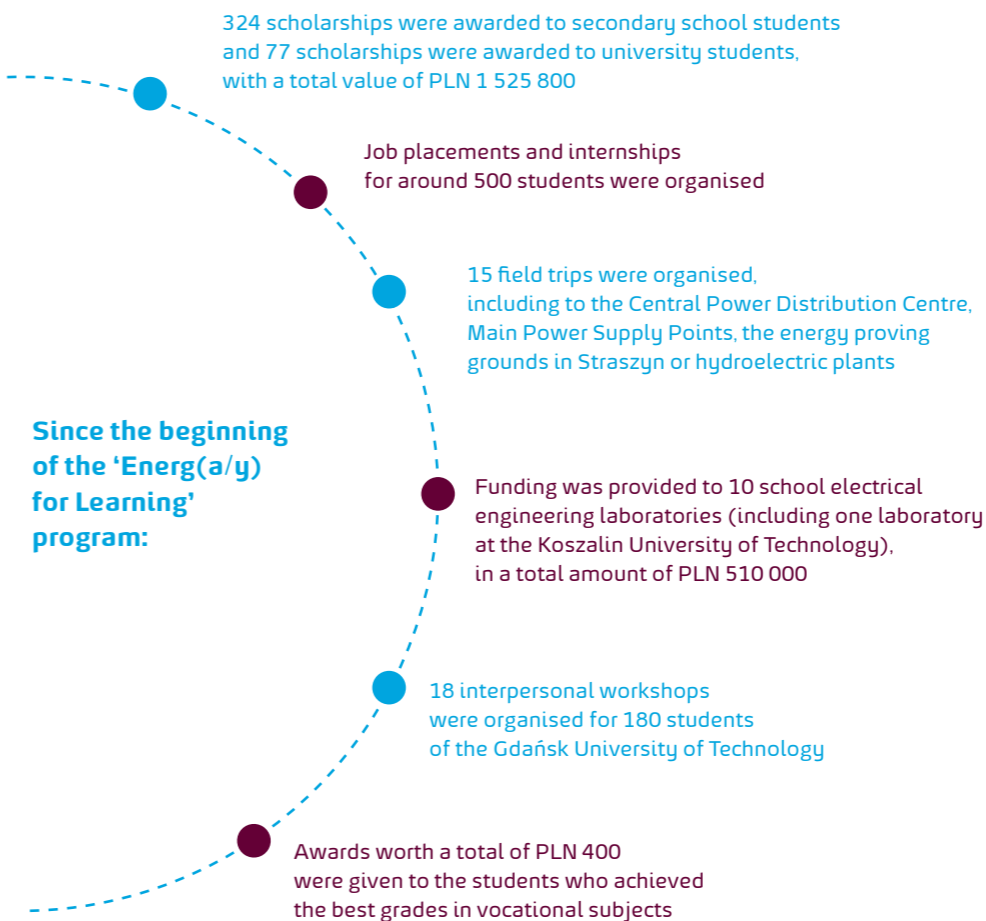
Energa regularly initiates and gets involved in events aimed at supporting the academic education process with practical expert knowledge, organising workshops for students concerning various areas of the company's operations, in particular at local universities. Energa experts give guest lectures in the subject of 'Infrastructural capital works' at the Faculty of Management of the Gdańsk University; these lectures prove to be very popular every academic year. They also constitute an opportunity to entice the most active students with offers of internships at Energa SA in areas responsible for shaping the company's strategy. The Group also actively participates in promotional and educational events addressed to school pupils, university students and graduates in order to provide them with more information on the nature of working for Energa and pique their interest with job and internship offers.



The 'Energ(a/y) for Learning' program

For the past few years, company Energa Operator SA has been running a program involving a collaboration with secondary schools and universities, under the name 'Energ(a/y) for Learning'. Its main objective is to build a positive image of the company as an employer among potential future employees of the Distribution Business Line. The program involves providing support to school and university students majoring in subjects connected with the energy sector, as well as schools and universities that educate future employees working in engineering and technical positions. Originally, the program was intended to run through 2012-2017, but its positive effects meant that a decision was made to extend it until 2019.

As part of the 'Energ(a/y) for Learning' program, Energa Operator collaborated in 2017 with 3 universities and 11 secondary schools in the following cities and towns: Gdańsk, Wejherowo, Malbork, Elbląg, Koszalin, Białogard, Starogard Gdański, Kalisz, Grudziądz, Słupsk, Działdowo; plans are afoot to significantly increase the number of participating schools in the coming years – 4 additional universities, for a total of 7, and 13 additional secondary schools, for a total of 24.



Age Management Concept

Given the results of the 'Energ(a/y) for Learning' program so far and the new challenges facing the Distribution Business Line, an 'Age Management Concept' complementary to the program was introduced in mid-2017. The concept involves hiring interns to work at the Distribution Business Line, who will in the future replace current employees of engineering and technical areas, including electricians, after they retire; it takes years to gain the requisite experience in this field and hiring employees already present on the job market constitutes a difficult challenge.

Interns are hired based on employment agreements and the internships can last up to 3 years. Throughout the internship, newcomers work under the eye of experienced employees, so-called mentors, who prepare them for working in a specific position. Schools and universities with whom Energa Operator collaborates as part of the 'Energ(a/y) for Learning' are the main sources of interns.



Energa Elektrownie Ostrołęka and the City of Ostrołęka, the authority responsible for administrating the Cardinal Stefan Wyszyński Vocational School Complex no. 3 in Ostrołęka, signed a letter of intent on 29 June 2017; the letter concerned mutual collaboration, the aim of which is to provide support to the class that prepares students to work as power engineers. As part of the support, the classroom and rooms where practical classes take place will be equipped with additional learning aids and tools, the school will receive publications on the history of Energa Elektrownia Ostrołęka SA, trips will be organised for students to visit power plants, CHP plants and power facilities operated by Energa Group in other cities, as well as cyclical specialist trips to the Ostrołęka power plant, aimed at familiarising students with the technological process, as well as meetings for the student with the program partner's employees. Furthermore, students will be able to participate in selected conferences, meetings and symposiums organised by Energa Elektrownie Ostrołęka. The profiled class is scheduled to commence in school year 2018/2019.



In February 2010, Company Energa Kogeneracja Sp. z o.o. entered into a collaboration agreement with the National Upper Vocational School in Elbląg, concerning job placement, providing facilities for the purposes of selected didactical classes for students majoring in technical subjects and financial support – as far as economically possible – to student scientific activities. Furthermore, the company actively participates in an analysis of the education process at the National Upper Vocational School based on employer surveys submitted annually for the purposes of the National Upper Vocational School's Academic Careers Office.



Medals 'For Contribution to the Energy Sector'
In August 2017, 15 employees of Energa Elektrownie Ostrołęka received honorary 'For Contribution to the Energy Sector' medals from Daniel Obajtek, CEO of Energa; the medals were awarded by the Minister of Energy. The merit is awarded to employees of the energy sector for extraordinary achievements in the field of new technical solutions, research work, deployment of cutting edge global technical solutions and the manufacture of power equipment. The honorary 'For Contribution to the Energy Sector' merit can be awarded only once to each person.



Labour unions

Energa Group pays particular attention to maintaining a social dialog, a continuous and systematic process of mutual interaction between employers and social partners, accomplished mainly in the form of informational meetings, consultations, negotiations and arrangements. Representatives of labour unions are free to present their opinions, which are taken into account when taking decisions in matters relating to employees. The role of the dialog is to search for constructive and permanent solutions in the field of collective labour law, where shared values and mutual trust constitute a social capital.

Energa respects and observes all labour union freedoms, including freedom of setting up and joining labour unions.

At the end of 2017, intercompany and intracompany labour unions were active within the Group, mostly associated within 3 labour unions representing employees on the national level – Independent and Self-Governing Labour Union 'Solidarność', Labour Union of Engineers and Technicians and Association of Labour Unions of Energy Sector Employees. As at 31 December 2017, 31 labour unions were active within the Group, and unionisation amounted to approx. 58%. 5 169 employees of the Group were members of a labour union.

In 2017, the social dialog concerned such issues as remunerations and benefits for employees and retirees, social assets, organisational changes, sources of labour law within the company, as well as the safeguarding of employee, social and union rights of Group employees following the expiry of the Social Contract.



On 18 September 2017, an 'Agreement on the safeguarding of employee, social and union rights for employees of Energa Group' was made between employers forming part of Energa Group and labour unions. Its aim was to safeguard the rights of employees in the spirit of solidarity and social compact in connection with the planned deployment of the Group's new model. It's also meant to contribute to building a work environment based on trust and collaboration between employers and employees and the labour unions representing them within Energa.



The arrangements included in the Agreement concern important matters related to the functioning of the Group and its employees.

Dialog within Energa Group was carried out in accordance with existing regulations, in particular in accordance with provisions of labour code, labour unions act, Social Contract no. 1/1 GK Energa/2007, concerning the safeguarding of employee rights and interests during the process of consolidation and restructuring of Energa Group of Companies, and the Agreement dated 18 September 2017.

Energa Group	2016	2017
Number of collective labour disputes	<p>15 collective labour disputes were underway (including 2 commenced in 2015):</p> <ul style="list-style-type: none"> - 12 of them concerned salary rises, - 2 disputes concerned the payout of profit-based compensation to employees of Energa Elektrownia Ostrołęka and Energa Serwis (dispute concerning the employees of Energa Elektrownia Ostrołęka has been underway since 2015), - 1 dispute at Energa Operator Eksploatacji Płock Sp. z o.o., underway since 2015, concerning 7 demands with regards to organisational and restructuring processes, the Sector-wide Collective Bargaining Agreement, Employee Councils, occupational safety and health and work conditions. 	<p>3 collective labour disputes were underway (including one multi-company dispute concerning 27 Employers within the Energa Group, including Energa SA):</p> <ul style="list-style-type: none"> - a multi-company collective labour dispute commenced further to a notice issued by labour unions on 12 July 2017, concerning 27 Employers within the Group, concluded by signing an agreement on 7 December 2017, - a collective labour dispute at employer Energa Serwis Sp. z o.o. in connection with a notice issued by labour unions on 28 July 2017, concluded by signing an agreement on 16 August 2017, - a collective labour dispute at employer Energa Elektrownie Ostrołęka Sp. z o.o. in connection with a notice issued by labour unions on 8 September 2017, currently in the mediation stage.

Employees covered by collective labour agreements within Energa Group

Energa Group	Percentage of employees covered by collective labour agreements	
	2016	2017
	88.3%	98.7%

Collective labour agreements – binding labour agreements include those signed by the organisation itself or labour organisations that the employer is a part of. These agreements may apply on a sector, national, regional, organisational or workplace level.

The above parameter also includes the 'Agreement on the safeguarding of employee, social and union rights for employees of Energa Group' of 18 September 2017.



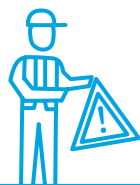
4.3. Safety and health of our employees and contractors

Management approach with regards to occupational safety and health within Energa Group

In 2017, like in previous years, occupational health and safety were matters of highest priority to Energa Group. Energa SA appointed a Board Representative for Occupational Health and Safety, tasked with deploying, maintaining and improving occupational health and safety policy at Energa and collaborating with occupational health and safety services within the Group, Social Labour Inspectors and company labour unions. This way, Energa Group ensures the promotion and flow of information concerning good practices applied in Group companies in a systemic manner.

In December 2017, a document titled 'Energa Group's Occupational Safety and Health Policy' was adopted, a key tool supporting the safe operations of the entire Group. The occupational safety and health policy:

- is meant to formulate guidelines for entities within Energa Group with regards to activities in the field of occupational safety and health,
- involves all employees of Group entities and subcontractors commissioned by Group entities in the performance of activities aimed at ensuring a high level of safety,
- includes basic guidelines for Group entities, concerning such aspects as occupational risk assessment, occupational safety and health training, organisation of particularly dangerous works, collaboration with subcontractors in the field of occupational safety and health, communication in the field of occupational safety and health,



- requires all Group companies to develop internal occupational safety and health procedures, accounting for the nature of their operations and compliant with the requirements specified in the Occupational Safety and Health policy.



In 2017, company Energa Operator SA set up a task force charged with preparing and deploying a BS OHSAS 18001:2007-compliant Occupational Safety and Health Management System.



By constantly increasing the level of technical occupational safety and the awareness of external contractors, Energa Operator SA continued comprehensive reviews of occupational safety and health of works commissioned to external entities. In total, 1 173 documented reviews of observance of occupational safety and health rules within the company's grid were performed in 2017.



Energa Operator Eksploatacja Elbląg Sp. z o.o. purchased 3 AED defibrillators, which will be placed in company vehicles used by employee teams. The specialist equipment placed in vehicles is aimed at improving the level of safety among employees and enables employees to provide assistance to the local community in life-threatening situations.



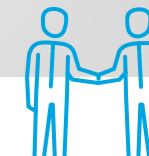
In 2017, Energa Operator SA prepared and deployed the initial version of the 'Occupational Risk Assessment' procedure. Uniform mechanisms implemented as part of the procedure primarily organised the process of identifying hazards and assessing occupational risks at Energa Operator and other companies participating in the same processes. An additional objective of the deployed procedure was to improve the knowledge and awareness of employees and management with regards to existing hazards, as well as ways of minimising existing occupational risk. The initiative was accomplished through appointing task forces charged with drawing up framework occupational risk assessment charts for individual occupational subgroups, which were then used by chiefs of organisational units to draw up individual occupational risk assessment charts that were then communicated to their subordinates. The procedure involved more than 4 900 employees working for Energa Operator SA and associated companies.



In order to improve the premedical first aid system, Energa Operator SA prepared a brochure titled 'Premedical first aid in emergencies'. The brochure describes basic procedures in typical medical emergencies and was handed out to more than 5 300 employees of the Distribution Business Line. The aim of the initiative is to spread knowledge and awareness of the fact that each employee is required to provide first aid in emergencies.



As part of activities promoting and developing issues connected with occupational safety and health among external contractors, a brochure was prepared in 2017 that concerned issues relating to the safety of logging works in the context of the specific nature of hazards generated by power equipment.



Training for employees and subcontractors

The safety of Group employees and subcontractors commissioned by Group companies is equally important to Energa Group. Both Group employees and employees of external contractors may not be allowed to perform work without holding the required qualifications and undergoing appropriate occupational safety and health training, as regulated by internal procedures. Prior to commencing performance of their duties,

each Group employee and external entity employee must be familiarised with basic occupational safety rules, notified of hazards to life and health present in the work location, informed of ways and methods of protection from these hazards, procedures in case of a malfunction, fire or other situations hazardous to life and health, as well as of persons designed as providers of first aid.



Activities at the training proving grounds in Straszyn

The training proving grounds in Straszyn, owned by Energa Operator SA since July 2014, is a training and development unit where energy experts both from Energa Group and external companies from the energy sectors are trained. The unit's priority task is to provide training in live works. Live works training courses are provided in accordance with instructions applicable within Energa Operator SA.

A unique live works technology was presented at the ENERGETAB 2017 International Power Industry Fair. The latest live works training movie was displayed, presenting the replacement of insulation on terminal poles of a 110 kV power line in accordance with all applicable safety rules.



Information on the activities at the proving grounds in 2017 as compared to 2015 and 2016

Energa Group	2015	2016	2017
number of training courses	73	94	63
number of persons trained	844	1 843	799
including Group employees	492	1 407	617

Energa Group makes every effort to provide a safe workplace for its employees, thus reducing the number of workplace accidents. Appropriate training, correct preparation of employees for the performance of their duties, providing them with indispensable protection equipment, as well as building awareness and shaping correct behaviours in the performance of duties constitute main activities implemented in this area.

The following number of persons underwent live works training courses in 2017:



In 2017, the number of fatal and serious accidents dropped to zero, in accordance with the priority initiative to reduce the seriousness of accidents adopted in 2016. The total number of

accidents rose, however, all workplace accidents registered in 2017 were classified as negligible accidents that did not result in serious bodily harm.

Total number of work-related accidents and illnesses and days absent from work

	2016	2017
Total number of days missed from work due to workplace accidents and injuries	2 726	3 615
Total number of work-related accidents	46	61
of which fatal work-related accidents	0	0
Number of work-related occupational illnesses	2	0



As in previous years, in 2017 Energa Group companies made every effort and implemented a number of initiatives in the area of occupational safety and health to provide their employees with safe and healthy work conditions, thus constantly reducing the number of accidents in the performance of duties and alleviating their effects. However, an analysis of the occupational safety and health area within Energa Group in 2017 showed that the number of workplace accidents increased in comparison to the previous year. All accidents were classified as negligible and did not result in serious bodily harm, with human factor contributing to most of these incidents – usually due to a failure to maintain due care or lack of concentration on part of the employees. Adverse weather conditions also played a part, in particular during the winter, as well as an increased number of equipment failures. An increase in employee awareness was most likely another factor contributing to the rise in the frequency and number of workplace accidents. The occupational safety and health service exerts a certain pressure on employees not to cover up any workplace accidents, even negligible ones, which until now had been a repeated occurrence.

An absolute priority for the coming year is to reduce the number of workplace accidents through a comprehensive management of the occupational safety and health area within Energa Group. Achieving this goal is possible through an effective deployment of the Group's Occupational Safety and Health Policy. This extremely important document, constituting a key tool supporting the safe functioning of the organisation, was adopted by Group companies in late 2017 to be applied from the moment of entering into the Collaboration Agreement in effect within Energa Group. Occupational Safety and Health Policy is an inherent part of a responsibly operated business and sets the directions of the Groups activities in the field of occupational safety and health, requiring the involvement of both senior management and all employees of the Group.

Aleksandra Palica

Board's Representative for Occupational Health and Safety at GK Energa

Frequency of workplace accidents by gender



$$\text{Accident frequency rate} = \frac{\text{number of persons injured in workplace accidents}}{\text{total number of employees at the end of the reporting period}} \times 1000$$

Seriousness of workplace accidents by employee gender



$$\text{Accident seriousness rate} = \frac{\text{total number of days missed from work by persons injured in workplace accidents}}{\text{total number of employees injured in workplace accidents (with the exception of casualties of fatal accidents)}}$$

In 2017, the accident seriousness rate saw an increase. However, serious accidents have been reduced to zero and all incidents that occurred in the reporting period were classified as negligible and did not result in permanent impairments of health. The rate is also affected by the consequences of workplace accidents that took place in 2016.



4.4. Education and development

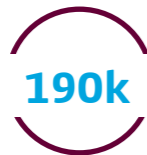
Employee development

Energa Group constantly supports the development of the competencies of its employees so that they are able to perform their tasks and meet the challenges facing them. Employees who improve their skills by participating in specialist training courses, development projects for managers and language courses can receive co-financing for studying at upper educational institutions, taking postgraduate courses and MBAs. In selected areas, e-learning is used aside from traditional learning methods. This method of training is particularly valued by employees and their supervisors, as it significantly optimises costs and enables the achievement of educational goals in a flexible and efficient manner. The company is currently preparing for the deployment of a standardised e-learning platform so that all Group employees can access high-quality educational content.

Management of the professional skills improvement area within the Group is meant to assist in generating higher efficiency and quality optimisation. Its aim is also to achieve measurable, specific effects. Energa SA recommends solutions in this regards to Group companies, so as to make access to well-organised education a work standard and ensure that it generates the expected business value.

'Rules of improving professional skills in Energa SA' apply within Energa SA; these rules specify the duties of both the company and its employees. Employee competence gaps are closed based on information provided by their line supervisors, which leads to searching for the best developmental solutions.

Total number of hours of training provided to Energa Group employees in 2017



Average number of hours of training per employee



Development of leaders at Energa Obrót

A manager development model based on the Leadership Levels concept has been implemented at Energa Obrót; thanks to the model, leaders are never in doubt as to their role, their scope of responsibility and where the border between various leadership levels lies.

The model was implemented due to a need to strengthen the operation of the three-line Energa Group model and a search for support for the creation of a Customer- and sales-oriented organisational culture. It was also important to implement a uniform management style and a thought process focused on achieving results and objective-based management.



The model was based on the Leadership Performance Pipeline (LPP) concept, a ready-made model of leadership levels, proven around the world and Europe, focusing on results, where:

- a clear distinction is made between requirements and responsibilities of leaders at different levels of leadership,
- leaders take responsibility for the results of their teams,
- goals set for managers are stated clearly and precisely.

LPP does not focus on the personal traits of leaders, but on tasks that they need to complete at a given leadership level. The model promotes an internal development of leaders and so-called talents within the organisation.

The deployment of a manager development model based on the concept of Leadership Levels at Energa Obrót was accompanied by the implementation of the 'Leader' program. It was found that managers will achieve their objectives more effectively and will manage functional areas they are responsible for in a more efficient manner if the following three tenets of the program are achieved:

- the perception of the role and tasks of managers at every management level is merged,
- the scope of responsibility is aligned with the level of leadership,
- objectives are set and cascaded in a consistent manner.

All management personnel were included in the program – from the Board of Directors to team leaders.



'Leadership levels' workshop

In 2017, a 'Leadership levels' workshop was organised for representatives of boards of directors and upper management of Group companies. The objective of the workshop was to improve the

leadership competencies of the participants, enabling them to generate value in management in a more efficient manner.

The workshop was also meant to verify the deployment of this type of development activities at the level of the entire Group, based on the concept of LPP Leadership Levels deployed at Energa Obrót.

The program of the workshop was designed so as to support solving key dilemmas and obstacles connected with the participants' role in the organisation with regards to their skills, method of time management and adopting different values and priorities while at work.



Technical Academy

In 2017, 900 employees of Energa Operator, employed in two key business areas: distribution (290 persons) and grid asset management (610 persons) took part in training courses organised as part of the 'Technical Academy'. Training courses concerned issues connected with the power industry, as well as Customer service and business orientation. Their objective was to both provide employees with the required knowledge and to update it, as well as to improve the skills that they use every day.

The main objective of the 'Technical Academy' program is to provide employees of the Distribution Business Line with competencies that are unique in the market and enable them to perform their everyday duties, as well as to integrate and create an environment that supports the exchange of knowledge and experiences. Developmental activities as part of the 'Technical Academy' have been planned until 2019 and will apply to almost 2300 employees of Energa Operator SA employed in technical departments.

Energa Group makes it its goal to ensure efficient management in manager and leadership roles. Thanks to effective management at the highest organisational levels, the Group is able to efficiently generate value in task and project teams.



Manager Program

In the first half of 2017, a manager program dedicated to newly appointed management personnel at Energa Group was deployed as part of the DOOR2Management project.

A wide range of employees of Group companies were invited to participate in a series of developmental activities in order to develop their management and leadership skills.

Workshops and sessions ran by coaches helped achieve the following business goals:

- ensure awareness of the relation between man management competencies and financial results,
- provide experience in safe conditions as to the effect of management decisions, including man management decisions, on the company's business and financial results,
- ensure awareness of different management styles and their flexible use in order to achieve set goals.

Training new employees

In 2017, Energa continued its actions aimed at popularising knowledge of electrical energy and developing interest in scientific research, as well as promoting pro-environmental attitudes among children and young adults.

'Energy of the Youth'

Will electrical vehicles revolutionise the life in Polish municipalities by 2030? If so, how? How will this affect changes in behaviours, the natural environment and the power system? These were the questions posed by Energa Group to students of secondary schools with extended curriculums in electricity and power generation in a national competition named 'Energy of the Youth' (previously organised under the name 'Energy of the Future'), the main objective of which was to encourage youth

to gain and share knowledge on modern power generation and inspire them to combine their scientific development with their professional career. The competition, organised as part of the Energa Education program, promotes issues connected with energy security and rational energy management, makes it possible to develop cognitive and research interests and encourages young people to search for innovative solutions.

29 three-person teams from 21 schools from across Poland competed in the sixth edition of the competition, under the theme of 'E-mobility in my municipality. A vision of the year 2030'. The most important criterion used to evaluate works submitted for the competition was whether they described the local conditions prevalent within the city or municipality in terms of the most effective use of the potential of electromobility. Competition finalists attempted to solve an issue they were posed with through consultations with local governments and public transport authorities or through estimating the possibility of implementing innovative solutions in practice.

A trip to Energa Group's power facilities generating electricity from renewable sources – hydroelectric plant in Straszyn and wind farm in Bystra – was organised for all those who participated in the final of the competition, which took place in April 2017.

Almost
500 students

from specialised schools from across Poland have so far competed in previous editions of the competition, battling for valuable individual prizes and monetary awards for the purchase of learning aids for their schools



4.5. Our employees' involvement in the development of organisational culture

Employee satisfaction

Culture of dialog

Energa Group places strong emphasis on building correct relations between management and employees. An important role in this process is played by internal communication, based on openness and dialog. Meetings are organised between boards of directors and management personnel and rank and file employees, as well as away sessions or videoconferences, where apart from discussions of everyday affairs, every employee is able to express their opinion with regards to the collaboration at Group level. The company also uses various means of internal communication, such as email, newsletters, intranet, information posted on bulletin boards and the 'Emisja' corporate periodical.

Competitions and employee volunteer programs are organised as part of activities supporting the increase of employee satisfaction and involvement.

Energa Group values the importance of meetings with its employees. Particularly in times of organisational changes, such meetings enable direct communication of development plans and decisions important to the company's future and presenting employees with their role in the change process, as well as provide reassurance. In 2017, in connection with the change in the business model of Energa Group, members of the boards of directors of Group companies, including CEO of Energa SA, Daniel Obajtek, held a series of meetings with employees. During the meetings, the causes of changes occurring within Energa were explained and the effects of work performed on the new model of its operations were presented, focusing on safeguarding the Group's interest and achieving the effect of synergy, as well as taking better advantage of competencies possessed by employees. Benefits resulting from the planned changes, both for Energa Group and its employees, were also discussed.

Involving employees in the development of organisational culture

Energa Group promotes pro-social and pro-ecological attitudes among its employees. It encourages them to contribute to local communities and rallies them around aid activities. It promotes activities aimed at protecting the environment, including waste segregation, collecting used batteries, using eco-printing techniques or saving electricity. It supports the participation of its employees in cultural, educational and historical and patriotic initiatives. It encourages them to live a healthy, active lifestyle by organising sporting events within the Group, funding Multisport cards or the participation of employees in external events and tournaments. Employees are happy to participate in volleyball or football tournaments, Power Industry Ski Championships, summer vacation competitions and family events organised or supported by the Group.

Employee volunteer programs

Employees of Energa Group happily and numerously get involved in charitable activities, both on central and local level. They donate blood, participate in aid programs or fundraisers, gather bottle caps and various articles that are currently needed, donate 1% of their taxes to those in need.

In 2017, a fundraiser was organised at the initiative of the Group's employees, with proceeds going to young Aleks, son of an employee of the Koszalin office of Energa Operator, who suffered from a serious illness. The child was diagnosed with a congenital defect, the so-called Apert syndrome – a very rare genetic disorder that appears in one in million newborns. The parents were raising funds to cover the costs of treatment at a German clinic, as no hospitals in Poland specialised in the treatment of such cases.

After the windstorm that hit the Pomeranian region in August 2017, employees of Energa Group responded to an appeal made by the Olivia Business Centre, where offices of several Energa Group companies are located, for the purchase of school supplies for children from areas affected by the disaster. School supplies were donated to children from the school community centre in Kłodawa, school in Silno and other schools under the authority of the Municipal Education Office in Chojnice.

During Christmas, company Energa Elektrownie Ostrołęka organises an initiative named 'Package from You', aimed at preparing Christmas gifts for children from the 'Korczakówka' Foster Care Unit in Ostrołęka. Apart from employees of the above company, employees of Energa Serwis Sp. z o.o. and Energa Ciepło Ostrołęka SA also participate in the initiative.



'Active and Charitable 2017'

In 2017, the fourth edition of the 'Active and Charitable' program took place. The program rallies employees of Energa Group, their relatives and friends around the idea of helping others. The aim of the initiative is to travel a distance of 550k kilometres within 6 months in order to win funding to send children from orphanages on summer holidays.

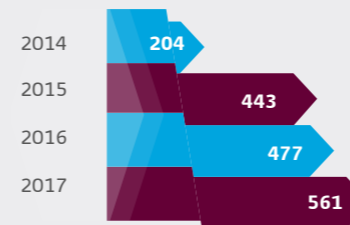
With each passing year the program gains additional supporters, as evidenced by the constantly rising number of participants in the initiative. Since the start of the 'Active and Charitable' program, they have travelled a total of over 1.7m kilometres, as a result of which a total of PLN 680k was donated to foster care institutions.

Riding a bicycle or rollerblades, jogging, Nordic walking or swimming while using a mobile application is converted into money donated to children. The Energa Foundation reserves a specific amount of money in its budget which is donated to selected orphanages within Energa Group's area of operations if the specified target is achieved. An additional benefit of the initiative is that it constitutes an effective enticement for employees and their relatives to regularly engage in physical activity, and consequently to improve their health.

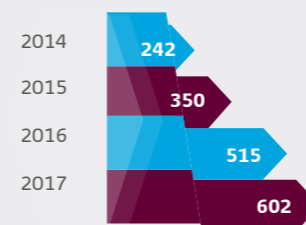
Several months of efforts of employees who travelled almost 602k kilometres in 2017 resulted in a donation of PLN 150k to 424 children living in 14 foster care institutions in Koszalin, Słupsk, Tricity, Elbląg, Olsztyn, Ostrołęka, Toruń, Płock and Kalisz.



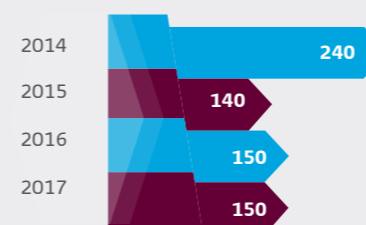
Number of participants



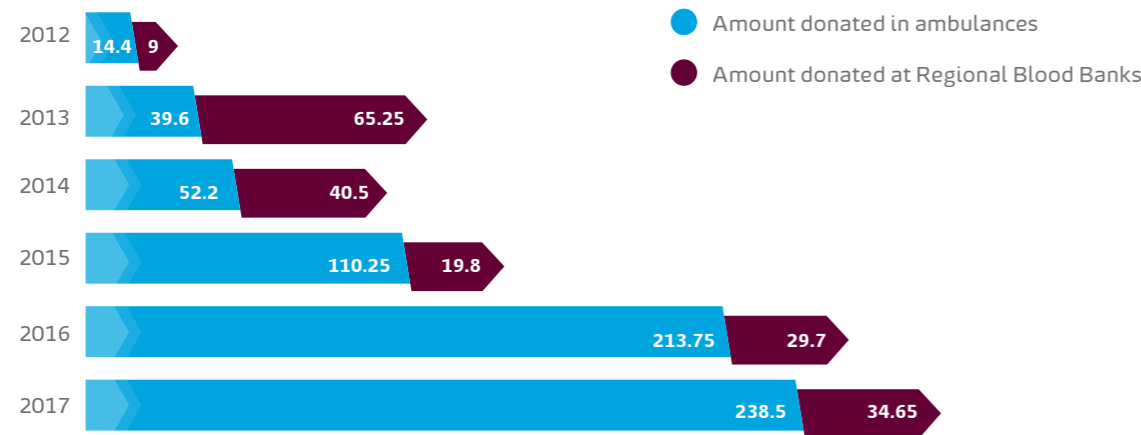
Number of kilometres travelled (in thousands of kilometres)



Funds donated (in thousands of PLN)



Amount of blood donated in recent years as part of the 'Droplet of energy' initiative



Amount of blood donated (in litres)



'Droplet of energy' Foundation

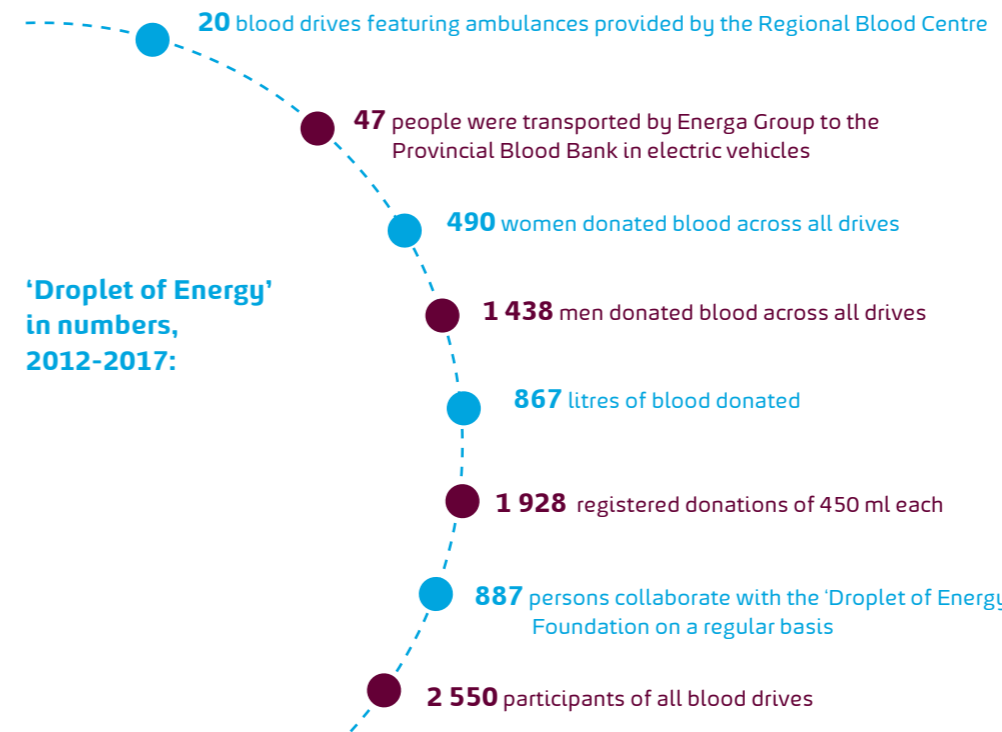
Employees of Energa Group and their friends have donated almost 870 litres of blood over the five years of activity of the 'Droplet of energy' Informal Blood Donor Club, set up by Piotr Krysiński and Tomasz Rubanowicz, employees of Energa Group. Members of the club made more than 1 900 donations of 450 ml each during 20 blood donation drives organised on the premises of Olivia Business Centre in Gdańsk. On average, 140 donors participate in each drive, of which around 20 are first-time donors. The number of people willing to share this priceless gift is steadily increasing. 66 people more donated blood during 5 drives organised by 'Droplet of energy' in 2017 than in 2016. In total, 273.2 litres of blood were donated (29.7 litres more than in the previous year). The donated blood was given to hospitals for use in surgeries and transfusions for cancer patients.

The rapid development of the Club's activities led to its transformation into the 'Droplet of energy' Foundation in July 2017. A formal inauguration of its activities took place on 6 December 2017. During the event, prof. Andrzej Hellmann from

the Haematology and Organ Transplantation Clinic at the Medical University of Gdańsk, and dr Michał Taszner gave a lecture on 'Blood treatment capabilities and the role of blood donors', and 10 merits awarded by the Polish Red Cross were given to volunteer blood donors in attendance.

In June 2017, Tomasz Rubanowicz, CEO of the 'Droplet of energy' Foundation, was awarded the state merit of 'Volunteer Blood Donor – For Distinguished Contribution to the Nation's Health' by the Minister of Health of the Republic of Poland for donating over 20 litres of blood. Piotr Krysiński, VP of the Foundation, received a Badge of a Distinguished Volunteer Blood Donor of the Polish Red Cross, 2nd grade.

On its Facebook and LinkedIn (since October 2017) profiles, 'Droplet of Energy' is promoting the idea of active participation in voluntary blood donation. The Regional Blood Bank in Gdańsk is a regular partner of the campaigns organised by the Foundation and provides specialised ambulances operated by professional personnel.



fot. Karol Jakubcewicz / OBC



'Energ(y/a) for Health'

In 2017, the head office of company Energa Operator SA continued its 'Energ(y/a) for Health' program, commenced in 2016. As part of the program, employees can take advantage of regular reviews of pro-health campaigns taking place in the Tricity area. These reviews promoted activities that helped employees care for their health after working hours. Workshops pertaining to specific topics were also organised as part of the program. In 2017, these topics included 'Diet for people over 45', 'Work ergonomics' or a workshop organised in collaboration with the State Labour Inspection on preventing the negative effects of stress in the workplace. The program also included components that focused on improving working conditions for disabled persons, whom Energa Group is happy to employ and support.

In July 2017, a survey was carried out among employees of the head office in order to evaluate the activities organised as part of the 'Energ(y/a) for Health' program between November 2016 and June 2017. Results of the survey indicated that it's worth continuing initiatives of this type, as they increase the comfort of work of employees of Energa Operator SA. Activity in this field may also translate into an increase in the efficiency of employees, reduction in absenteeism, increase in loyalty and improvement of the employer's image among current and potential future employees of the company. Pro-health activities are a significant part of fostering employee involvement, one of Energa Group's business aims.



Employees of Energa Elektrownie Ostrołęka joined a campaign for collecting used batteries and electric and electronic equipment, supporting pupils from Junior High no. 2 in Ostrołęka who participated in a national ecological competition titled 'Good Ways to Combat Electrowaste' under the patronage of the General Environmental Protection Authority. The objective of the competition was to increase the awareness and ability to reduce the negative effect of electrowaste on the natural environment and promoting pro-ecological attitudes.



Below we present tables with various parameters.

The method of presenting data (business lines) has been modified due to changes in Energa Group's organisational model. Data for 2016 and 2017 is presented based on the structure introduced from the start of 2017, according to which company Energa Operator Logistyka is assigned to the Distribution Segment, while company Energa Invest Sp. z o.o. is assigned to the Production Segment.

The below tables do not include data from the following newly-created companies: Energa Ochrona Sp. z o.o. and Centrum Badawczo-Rozwojowe im. M. Faradaya Sp. z o.o.

In 2018, the program is scheduled to be deployed in branch offices of Energa Operator SA. Branch offices and the head office of the company are quite different from each other with regards to their demographics, which means that the expectations of their employees with regards to pro-health activities also vary. Due to this, the program will be adapted to the individual needs of employees working in each business unit. The head office of Energa Operator will act as the program coordinator.

As part of promoting healthy eating in 2017, the 'Fruit Thursdays' initiative was continued at the head office of Energa Operator SA; as part of the initiative, employees of the Gdańsk offices of the company were able to treat themselves to fruit.

Number of employees by gender

Business line	Number of employees by gender			
	2016		2017	
	Women	Men	Women	Men
Services and other	420	274	434	297
DISTRIBUTION Business Line	1 032	4 424	1 074	4 484
SALES Business Line	618	504	683	507
PRODUCTION Business Line	249	1 271	266	1 304
Energa Group	2 319	6 473	2 457	6 592

Number of employees by gender and type of employment agreement

Business line	2016						2017					
	Fixed term		Indefinite term		Managerial contracts		Fixed term		Indefinite term		Managerial contracts	
	W	M	W	M	W	M	W	M	W	M	W	M
Services and other	24	34	393	217	3	23	39	41	381	226	14	30
DISTRIBUTION Business Line	66	194	966	4 226	0	4	77	215	994	4 241	3	28
SALES Business Line	90	53	527	445	1	6	97	45	584	454	2	8
PRODUCTION Business Line	18	31	228	1 224	3	16	15	37	246	1 252	5	15
Energa Group	198	312	2 114	6 112	7	49	228	338	2 205	6 173	24	81

W Women

M Men



Number of employees employed based on indefinite term agreements by gender and working hours

Business line	2016				2017			
	Full time		Part time		Full time		Part time	
	W	M	W	M	W	M	W	M
Services and other	383	211	10	6	374	219	7	7
DISTRIBUTION Business Line	963	4 224	3	2	990	4 238	4	3
SALES Business Line	523	443	4	2	576	451	8	3
PRODUCTION Business Line	227	1 221	1	3	245	1 249	1	3
Energa Group	2 096	6 099	18	13	2 185	6 157	20	16

W Women M Men

Number of employees by gender and age group

Business line	2016						2017					
	<30		30-50		>50		<30		30-50		>50	
	W	M	W	M	W	M	W	M	W	M	W	M
Services and other	46	24	291	204	83	46	55	34	297	224	82	39
DISTRIBUTION Business Line	47	235	667	2 555	318	1 634	59	279	681	2 428	334	1 777
SALES Business Line	114	74	448	349	56	81	133	65	488	364	62	78
PRODUCTION Business Line	27	56	128	572	94	643	28	61	142	572	96	671
Energa Group	234	389	1 534	3 680	551	2 404	275	439	1 608	3 588	574	2 565

W Women M Men

Number and type of accidents and number of occupational work-related illnesses

Business line	Number of work-related accidents (total)				Number of fatal work-related accidents				Number of cases of occupational work-related illnesses				
	2016		2017		2016		2017		2016		2017		
	W	M	W	M	W	M	W	M	W	M	W	M	
Services and other	1	1	1	0	0	0	0	0	0	0	0	0	0
DISTRIBUTION Business Line	1	32	7	37	0	0	0	0	0	0	0	0	0
SALES Business Line	0	4	0	2	0	0	0	0	0	0	0	0	0
PRODUCTION Business Line	1	6	0	14	0	0	0	0	0	2	0	0	0
Energa Group	3	43	8	53	0	0	0	0	0	2	0	0	0

W Women M Men



Accident frequency and seriousness rates

Business line	Accident frequency rate				Accident seriousness rate			
	2016		2017		2016		2017	
	W	M	W	M	W	M	W	M
Services and other	2.4	3.6	2.3	0.0	0.0	0.0	3.0	0.0
DISTRIBUTION Business Line	1.0	7.5	6.5	8.7	12.0	67.0	55.1	60.0
SALES Business Line	0.0	7.9	0.0	3.9	0.0	33.3	0.0	124.0
PRODUCTION Business Line	8.0	4.7	0.0	10.7	16.5	56.0	0.0	45.5
Energa Group	1.7	6.8	3.3	8.30	11.3	60.9	48.6	58.7

W Women M Men

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

BUSINESS LINE	Employees in managerial and upper positions				Managerial in positions lower than managerial			
	2016		2017		2016		2017	
	W	M	W	M	W	M	W	M
Services and other	25	50	8	18	15	29	7	24
DISTRIBUTION Business Line	46	38	58	32	16	29	24	23
SALES Business Line	2	7	26	37	1	4	11	16
PRODUCTION Business Line	45	41	37	38	22	13	16	12
Energa Group	33	36	39	32	13	24	16	20

W Women M Men

Additional information to the 2017 report

	2016	2017
Number of training hours in the Group	198k	190k
Average number of training hours per employee in the Group	23	21





5

Working with the community



5.1. Responsibility to local communities and the nation as a whole as a strategic area

Responsibility to the community is one of the key areas of the policy of sustainable development and responsible business deployed by Energa Group based on 'Energa Group's Strategy for the years 2016-2025', adopted in 2016, and 'Energa Group's strategy for sustainable development and responsible business', adopted in August 2017. It involves providing support to the community,

accounting for its needs, and building social partnerships. Energa is open to a dialog with its environment, wants to participate in creating social potential, and intends to perform its duties resulting from the principle of social and intergenerational solidarity. Energa is happy to support initiatives of import to local communities and create conditions for their development.

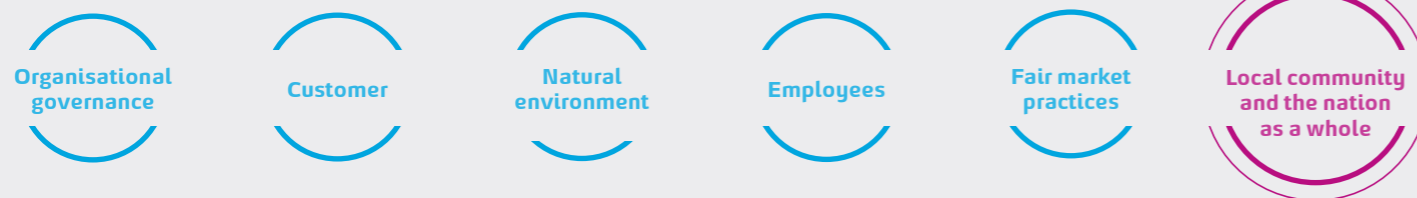
out standards of collaboration based on a dialog and common goals, creating conditions that promote the development of investments and entrepreneurship, and supporting initiatives important to the community and resulting from its needs and expectations.

Energa Group's approach to social involvement is comprehensive and consistent. In accordance with the Organisational Governance

in effect within the Group, the strategic assumptions and initiation and coordination of activities in the area of sustainable development and responsible business are the responsibility of Energa SA. Group Companies that are aware of and understand the problems facing its immediate environment at the same time get involved in numerous pro-social activities. Other companies are happy to take advantage of good practices developed by them in this area.



Responsible management



Approach to social management

Energa supports building and developing durable and friendly relations with the Group's stakeholders, including its immediate environment. Power infrastructure, constantly present in the life of local communities, nature of the Group's operations and their

scale mean that Energa Group believes itself to be an integral part of the environment that it operates in, combining business activity with actions aimed at benefitting the environment. Energa fosters equal relationships, based on trust and openness, sets

Objectives for 2017 and their accomplishment

Energa Group worked towards the accomplishment of its goals adopted in the 2016 CSR report. However, 2017 was a breakthrough year for Energa Group with regards to its commitment to corporate social environment. In April, a CSR Unit was set up within the Corporate Management Department.

At the Unit's request, a new strategic document was adopted on 22 August 2017, consistent with 'Energa Group's Strategy for the years 2016-2025' (adopted in November 2016) – 'Energa Group's strategy for sustainable development and responsible business'.

The document specifies priorities of the Group's involvement in its strategic areas in the coming years (all of these priorities were specified in chapter 1 of this report – Our Responsibility 2017, subchapter 1.5. – Responsible and ethical management), and as such expands the objectives set in the previous year's report in the area of concerning society. The policy of collaboration with

the environment was implemented in 2017 based on objectives specified in last year's CSR report and the newly-adopted strategy.

The following priority was adopted in the area of 'Local community and the nation as a whole': 'Supporting communities in which companies forming part of Energa Group operate and building social partnerships, performing charitable work, in particular through supporting initiatives within local and national communities, aimed at promoting durable values unifying the community and building a common awareness with regards to national heritage and culture, patriotism, religion, health care, security and education, with particular attention paid to historical education, as well as supporting pro-environmental activities and activities connected with amateur sport, using competition as a tool for bringing up children and young adults.' Ten detailed objectives were specified as part of this priority.

Objective for 2017	Accomplishment
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Intensifying activities as part of projects deployed under the 'Energa for You' program	<p>As part of the 'Planet of Energy' program:</p> <ul style="list-style-type: none"> - new concepts concerning physical phenomena related to optics and the application of reflected light were introduced, such as retroreflectors that increase safety on the road, in particular after dark. <p>As part of the 'Energa Basket Cup' program:</p> <ul style="list-style-type: none"> - a pilot project under the name 'Energa Basket Camp' was deployed – a week-long basketball camp in the United States organised as a prize for five talented basketball players, participants in the Grand Final of Energa Basket Cup 2016. <p>A new national sports and education program under the name 'Energa Team' was implemented; the main objective of the program is to encourage young people to take up physical activity using modern technology.</p> <p>A program named 'Energetic Seniors' was introduced, with the objective of activating senior citizens over 60 years of age, mainly those living in smaller towns and rural areas, by organising physical activities, preventive medicine and encouraging them to participate in local cultural and social life.</p>
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Building collaboration and partnership with local communities	<p>Company Energa Operator has launched a newsletter dedicated to local governments and a special email address that goes directly to regional directors, chiefs of branch offices and the Board of the company. The newsletter is used to convey current information, useful both for civil servants and inhabitants of towns and rural areas.</p> <p>Company Energa Operator carries out informational campaigns addressed to inhabitants of all municipalities that the company operates in. The purpose of the campaign is to make everyone aware of how important it is to comply with specific norms and technical requirements in respect of the micro-sources of power connected to the grid.</p> <p>Collaboration between company Energa Oświeetlenie and local governments bore fruit in the form of a program involving the replacement of existing streetlights with new, energy-efficient ones. By the end of 2018, 18 thousand light fixtures will have been modernised. Existing light fixtures will be replaced with modern and ecological LED-based light fixtures, equipped with autonomous modules controlling the intensity of light. The company assisted local governments in preparing requests for additional funding for the program and carrying out audits of lighting system and provided legal assistance. Thanks to flexible contracts signed by the company with 18 towns and municipalities across the Pomeranian region, local governments were able to obtain EU funding.</p> <p>Energa group offers comprehensive collaboration in the field of preparing, deploying and implementing electromobility programs to those local government units who are faced with the challenge of introducing low-emission public transit into the streets of their cities and towns.</p> <p>In response to the increasing needs of towns and rural areas with regards to the improvement of traffic safety, company Energa Oświeetlenie has decided to create a comprehensive program named 'Drive safely with Energa Oświeetlenie', and offered a new service under the name 'Smart Crossing' as part of that program.</p>
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Authorities of cities that were chosen among the winners of the 'Shine with Energa' poll were included in the process of choosing the institutions and organisations in their regions in biggest need of assistance; these institutions and organisations received donations of modern household appliances.

As part of the 'Energa for You' program, the Group supported numerous initiatives in support of the needs of local communities.

Development of employee volunteer programs

As regards the 'Active and Charitable' program:

- the total number of participants in the program rose by approx. 18%,
- total number of kilometres travelled rose by 17%.

As regards the 'A Droplet of Energy' program:

- the 'Droplet of Energy' Foundation was set up,
- the number of persons who donated blood as part of the program rose by 12%,
- the amount of donated blood rose by 12%,
- an account was set up for the project on LinkedIn.

Employees of Energa Group are happy to participate in campaigns aimed at providing direct assistance – for several years now, Energa has been organising drives aimed at gathering plastic bottle caps, clothes and appliances donated to poor families and residential homes and community centres, as well as to those who suffered as a result of windstorms, including the recent disastrous windstorm that devastated the Pomerania region, and victims of other random accidents.

Detailed information concerning employee volunteer programs can be found in the 'Responsible Employer' chapter.



CSR strategy objectives

Accomplishment

Involvement in initiatives rallying the nation as a whole around positive values

– Involvement in the national 'Rosary to the Borders' project, with more than 1 300 000 participants (a total of more than 3 000 000 people were involved in this event on the day).

Supporting educational initiatives aimed at improving awareness of the power sector, as well as historical knowledge

– the Group acted as a partner to a series of meetings organised across the country under the name 'Aware Patriots', promoting knowledge about Cursed Soldiers.

– the Group was involved in a national social and historical campaign named 'HerON – Turn history on'.

– the Group implemented the 'Planet of Energy' program.

– the Group organised a knowledge quiz under the name 'Energy of Youth' and a program named 'Ener(y/a) for Learning', as part of which job placements and internships are organised and scholarships are awarded for students with outstanding educational records.

– 'Energia for Schools' – a series of educational meetings between employees of the company and students of primary and secondary schools. The program's objective is to promote knowledge on the production of electricity from renewable sources, using Energa Group's generation resources as an example.

– the Group organised open days in the Żydowo pumped-storage hydroelectric plant, the only facility of its kind in Poland.



5.2. Working for the society

Programs that benefit the nation as a whole

The newly-adopted 'Energa Group's strategy for sustainable development and responsible business' introduced the concept of a 'nation as a whole' into the company's thinking and strategic activity. Promoting durable values rallying the nation as a whole and building a communal awareness around national heritage, history, culture and patriotism constitute important parts of this strategy. The company supports initiatives based on these values, both on a national and local scale.

Until now, collaboration with the society took the form of collaboration with local communities.

The new strategy expands the scope of the Group's social involvement by the nation as a whole and associated values, and therefore Energa Group has begun using its assets to help build national unity and communal awareness in the area of patriotism and religion, and supports initiatives aimed at nurturing and cultivating national heritage and Polish culture.

Rosary to the Borders

Based on the above priorities, in 2017 Energa Group was involved as a Patron in the national project of the Solo Dios Basta Foundation – Rosary to the Borders, widely commented in domestic and global media. During the Rosary to the Borders event, more than a million Poles gathered on the national borders and jointly prayed the rosary in the intent of faith, blessing and peace for Poland and the entire world,

The event was addressed to all citizens of Poland, and in particular local communities in towns located close to the border. However, it turned out that the initiative was met with great interest of Polish

citizens at home and abroad – participants and coordinators in dioceses located close to the border supported this event within their communities.

Furthermore, the Rosary to the Borders event received grassroots support (often from private individuals) and was celebrated in many other locations apart from Polish borders that were the original target of the campaign – such as hospitals and airports (15), parishes in dioceses located in central regions of Poland (in some dioceses, all churches were opened for the duration of this event).

On 7 October 2017, rosary prayers were also said outside the borders of Poland, in churches ran by the Polish diaspora around the world - there were 213 such churches that joined the campaign. Faithful in many European capitals, as well as in Fatima in Portugal, in the Marian sanctuary in Akita in Japan, in New Zealand, in the town of Kostanay in northern Kazakhstan, and even in the town of Stamsund, in the Norwegian Lofoten archipelago, located in the Arctic Circle, joined Rosary to the Borders event. On the same day, a prayer was held in the Polish military base in Bagram, Afghanistan, with private individuals joining in in such exotic locations around the world as Tenerife, China, the Congo or Caracas in Venezuela.

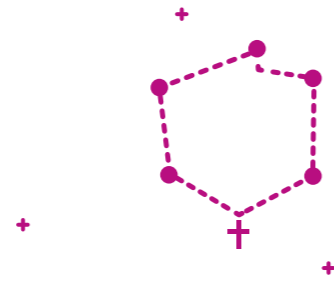
This way, Rosary to the Borders became a global event and the prayer exceeded national borders and the borders of human hearts, unifying both local communities and Poles as a nation. The Rosary to the Borders project thus fulfils two important goals specified in 'Energa Group's strategy for sustainable development and responsible business' in the area related to communities: 'involvement in initiatives rallying the nation as a whole around positive values' and 'supporting religious initiatives that strengthen local communities'.

Energa was involved in the event not only on a financial, but also on a personal level. Grzegorz Ksepko, VP of Corporate Affairs at Energa SA, became an ambassador of the Rosary to the Borders event and participated in a movie inviting individuals to join in the prayer on 7 October 2017. The movie was published to social media among invitations issued by other ambassadors of the event, including:

Cezary Pazura
Jerzy Zelnik
Dominika Figurska
Dariusz Kowalski
Marcin Mroczek
Przemysław Babiarz

Katarzyna Olubińska
Krzysztof Ziemięc
Antek Smykiewicz
Wojciech Modest Amaro
rev. Benedykt Pączka.

Organisers of the event estimate that over 1 300 000 people participated in the event only in the 22 dioceses located along the borders of the country, whereas the total number of persons who joined the campaign amounted to more than 3 000 000. The initiative found its continuation across the world, as other countries were inspired by Rosary to the Borders and organised a day of rosary prayers in their own territories; these countries included Italy, Ireland and the United States.



We are grateful for the support given to the Rosary to the Borders initiative by Energa Group. Without its help, organising an event with such an extensive impact would not have been possible. The fact that there are institutions in Poland who make it their goal to shape the surrounding reality and build social ties based on faith and traditional values on which our country has been built on for hundreds of years fills us with hope.

Maciej Bodasiński

Solo Dios Basta Foundation, organiser of the Rosary to the Borders event



Another effect of Energa Group's involvement to the benefit of the nation as a whole was its participation in the creation of the Polish National Fund, tasked with promoting Poland's image abroad, building the national brand and promoting Polish economy.

Renovation of graves in Piaśnica

In 2017, Energa Group sponsored the renovation of graves of victims of mass executions carried out by occupying Nazi Germany forces in the forests near the village of Piaśnica in the vicinity of Wejherowo, which took place in late October 1939 and were later continued from early April 1940. Between 12 to 14 thousand people were the victims of the genocide carried out in the Piaśnica forests. They included numerous representatives of Polish intelligentsia from Gdańsk Pomerania, as well as Polish, Czech and German nationals brought to the location from inside the Reich, including Pomeranian electricians and power engineers. The renovated graves were unveiled on 29 October 2017, following a mass with military ceremonial held in the Sanctuary of the Blessed Martyr Alicja Kotowska and her Comrades in Piaśnica. A commemorative tablet, with information on the support provided by Energa in the renovation of the graves, was attached to the statue of Kazimierz Bieliński, head of the Municipal Electric Plant in Gdynia, Chief of the Seaside Chapter of the Polish Association of Electricians.

'Aware Patriots'

Energa also acted as a partner to a series of meetings organised across Poland, promoting knowledge of the Cursed Soldiers, under the name 'Aware Patriots', addressed to communities of football fans and school students. The Group collaborated with the Polish Values Foundation from Szczecin, who organised a charity drive together with the Szczecin and Kamieński Archdiocese chapter of Caritas, aimed at collecting aid to Poles living in the Kresy. The campaign was dedicated to soldiers of the Home Army from Szczecin who originally hailed from the Kresy – major Danuta Szykshnian-Ossowska, alias 'Sarenka', and captain Zbigniew Piasecki, alias 'Czekolada'.



'Package for Compatriots and Heroes Living in the Kresy'

In April and December, as part of the 'Package for Compatriots and Heroes Living in the Kresy' charity campaign, Poles living in the Vilnius region received packages with food, cleaning agents, clothes and books.

We've been successfully collaborating with Energa Group for two years. Thanks to its financial support, we can provide our compatriots in the Kresy with more and more assistance each year. 'Package for Compatriots and Heroes Living in the Kresy' is our flagship initiative, which is celebrating a small anniversary this year. On the 100th anniversary of the restoration of Poland's sovereignty we are organising the 5th edition of the campaign. We are very grateful for the assistance, and most of all for the huge trust that has been placed in us and this unique on a domestic scale initiative. We hope that our collaboration and common work will be continued and that providing help to our compatriots living in the Vilnius region will become a tradition. It is our common duty to remember our ancestors and Poles living outside our country. Together we nurture values, care for our identity and foster patriotism in young hearts.

Łukasz Szetemej

Vice-President of the Polish Values Foundation

'HerON – Turn History On'

'HerON – Turn History On' is a national social and historical campaign, currently on its fourth edition. Its objective is to thank the heroes of the Warsaw Uprising for their courage, perseverance and sacrifice in the hour of truth, if only in a symbolic manner. As part of the second edition of 'HerON', sixteen educational workshops were organised for students of secondary schools. A virtual Compendium of the Uprising Fighter was made available on the campaign's website at BohaterON.pl, with biographies of the heroes who fought to liberate the capital in 1944. However, at the heart of the initiative lies the idea of social mobilisation and encouraging common Poles to express their remembrance of those who fought in the Uprising and appreciation for their behaviour during the war through a simple gesture – by sending a

special postcard to an uprising fighter. Enea Group also became involved in the 'HerON' campaign but did not limit itself to a role of a partner and a sponsor. On August 1st, Enea encouraged citizens of Gdańsk and residents of the Olivia Business Centre business complex, where the company's head office is located, to send postcards to those who fought in the uprising. Enea's employees also gathered signatures on postcards for uprising fighters at the company's booth set up at the 'Uprising Picnic' organised in September in Warsaw – to which Enea also acted as a partner – and in 9 Customer service centres. Between the end of September and mid-October 2017, special stands with postcards and urns were placed in these customer service centres, where postcards were gathered to be sent on.



Nurturing the memory of those who act as witnesses to history constitutes an important component of strengthening national identity. Thanks to the 2nd edition of the HerON campaign we were again able to contribute to a dialog between generations – Poles living in the country and abroad sent 118 148 postcards with beautiful wishes to those who fought in the Warsaw Uprising. It wouldn't have been possible to implement this project on such an extensive scale without Enea Group's support. Employees of the company also made a grassroots initiative to get involved in the campaign, including by encouraging visitors to their retail centres those who attended patriotic events to send postcards to the uprising fighters. Thank you for turning history on with us!

Agnieszka Łesiuk

Chairwoman of the Organisational Committee
of the 'HerON – Turn History ON' project

Initiatives that received financial support from Enea Group included the 'Gala of Heroes', organised by the Locomotive Educational Association. The initiative is a series of social and informational events, with the aim of discovering Poland's history, nurturing patriotic attitudes and naming role models.

The Group has also provided support to the Cursed Soldiers Museum in Ostrołęka, promoting knowledge of anti-communist underground resistance in northern Mazovia, and the Pomeranian Historical Initiative Foundation, an umbrella organisation for those who care about the Polish historical heritage of the coastal region, organiser of an exhibition commemorating the activities of Fighting Solidarity in the Tricity area.

Enea was also involved in the activities of the Józef Piłsudski Family Foundation by supporting the operations of the Young Museum Council – an advisory body to the Józef Piłsudski Museum – and the 'My personal hero' project. Appointing the Young Museum Council enabled young adults to obtain skills in the area of independent activities in support of the local communities and constituted an invitation to not only take advantage of the museum's exhibits, but also to fulfil their own vision so as to continue the museum's mission in the future.



Programs in support of local communities

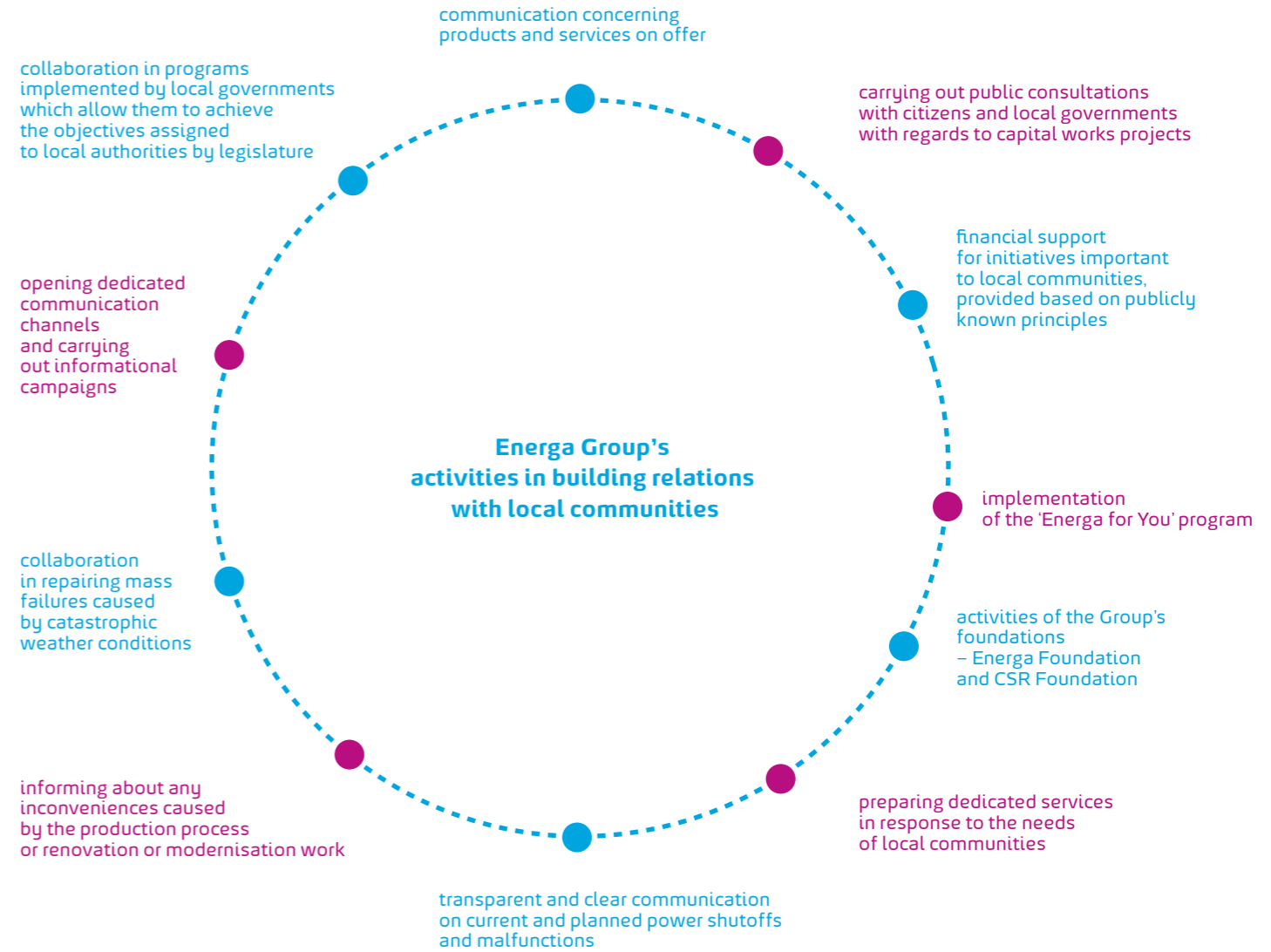
In accordance with the objective of 'holding regular dialog with representatives of local communities' included in the strategy, Energa Group regularly verifies the needs and expectations of the environment in which it functions, by surveying external and internal stakeholders. A materiality analysis carried out in 2017 again confirmed that building and developing relations with the environment through collaboration with local communities and social partners, as well as central and local governments for the purposes of developing and improving the comfort of living of local communities constitute material components of the company's operations and should accompany the business activity carried out by the company.

Energa Group bases the building of relations with local communities on planned, long-term activities that ensure mutual understanding, stable collaboration and the achievement of set objectives.

Since 2008, the Group has been continuously implementing the 'Energa for You' program, as part of which it supports initiatives that promote physical activity, healthy living, science and education, including patriotic and historical education, culture and art, as well as initiatives that shape pro-ecological attitudes.

Support provided by Energa Foundation and CSR Foundation to charitable activity of local institutions and organisations constitutes another form of social involvement.

Care for the health, safety and education of children and young adults has a special place in the social activity of Energa Group. The company continuously develops its original educational and sports programs, which engage several thousands of children from across Poland each year.



The 'Energia for You' program is divided into five pillars, each containing specific projects:

Energia Education

- 'Energy Planet'
- 'Energy of the Young'
- 'A Day with Energia in School'
- 'Energetic Seniors'

Energia Sport

- 'Energia Basket Cup'
- 'Energy Team'
- Sponsoring of sports academies and clubs for children and young adults, primarily those living in smaller towns and rural areas, through organising physical activity, medical prevention and encouraging them to participate in local cultural and social life

Energia Patronage

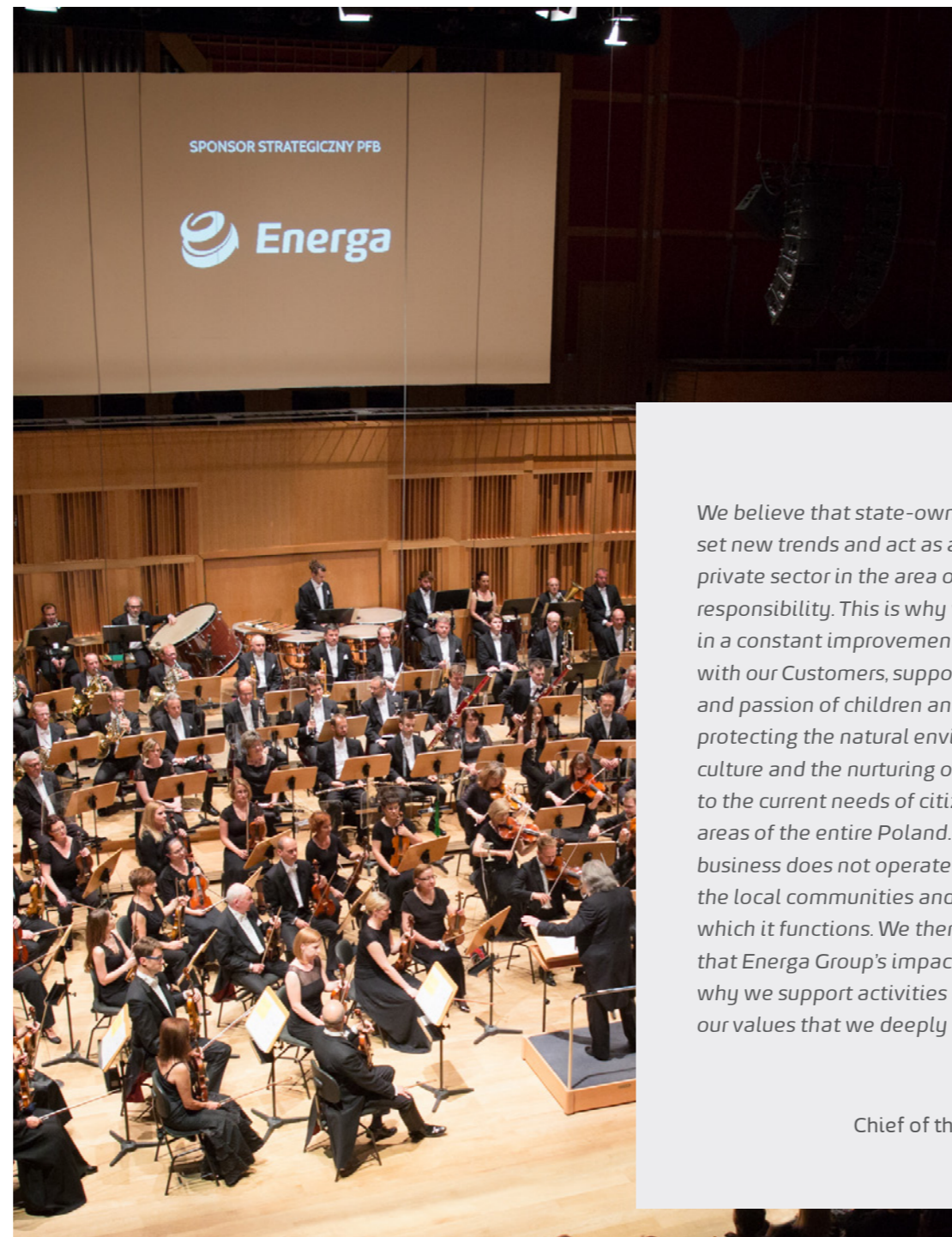
- Sponsoring of culture and arts, national and patriotic celebrations, programs in support of the nation as a whole

Energia for Nature

- 'Nature Fund'
- Bociany.pl
- 801 STORK helpline

Energia Foundation and CSR Foundation

- 'Breaking Barriers'
- 'Safety and upbringing for integration'
- 'Energia Foundation for children'
- 'Energia Foundation for seniors'
- 'Energia Foundation for healthcare'
- support for organisations and institutions that engage in pro-social activity



We believe that state-owned companies should set new trends and act as an example to the private sector in the area of corporate social responsibility. This is why we so actively engage in a constant improvement of our relations with our Customers, supporting the education and passion of children and young adults and protecting the natural environment. We support culture and the nurturing of patriotism, we react to the current needs of citizens of towns and rural areas of the entire Poland. We are aware that business does not operate in isolation – it affects the local communities and the environment in which it functions. We therefore want to ensure that Energia Group's impact is responsible. That's why we support activities and initiatives close to our values that we deeply believe in.

Nikodem Rachoń
Chief of the CSR Team, Energia SA

Energia Education

Energia Group has been consistently promoting social awareness in matters concerning the energy sector, in particular among the youngest members of the society. Initiatives implemented in 2017 were primarily aimed at providing education about electricity, in particular broadly defined security and aware management of energy, resulting from concern for the natural environment. The Group's activities in this area were focused on increasing awareness of safe usage of electrical equipment and correct behaviour when close to power infrastructure, as well as shaping responsible, pro-ecological attitudes. Energia also encouraged to obtain and share knowledge of modern power generation, discuss opportunities and problems faced by the energy sector, develop scientific and research interests and search for innovative solutions.

Assumptions of the 'Planet Energy' and 'A Day with Energia in School' account for the significant role of fun in the process of development and education of young children, combining theory and practice through experiments, tests, displays and interactive fun. The 'Energy of the Young' knowledge quiz and the 'Learning with Energ(y/a)' program, which involves offering job placements and internships and funding scholarships for learners with outstanding academic records, are based on the interests of young adults and students who plan to forge a professional or scientific career in the energy sector. The scientific quarterly 'Acta Energetica', addressed to scholars and experts, combines the world of business with the world of science, enabling a mutual exchange of thoughts and experiences. As a result of the activities of the quarterly's editing team, the first book in Energia Group's history was published, entitled 'Socioeconomic consequences of building up the Lower Vistula'. The authors of the publication were the first to make an effort to perform a comprehensive analysis of the economic effects of the construction of a set of water dams on the Lower Vistula, describing this issue from the perspective of the economic development of Poland.



'Planet Energy'

Educating young children about electricity and shaping responsible attitudes that meet the needs and realities of the modern world is a challenge that Enea Group took up for the seventh time as part of the 'Planet Energy' educational program. The project, based on learning through fun and interactive experience, engages teachers and children across the country every year.

New concepts introduced in the seventh edition of 'Planet Energy' (2016/2017) concerned optics and the application of reflected light, for example in retroreflectors that increase safety on the road, in particular after dark. New scenarios of lessons which discussed the above concepts were prepared by dr Tomasz Rożek, an ambassador of the program.



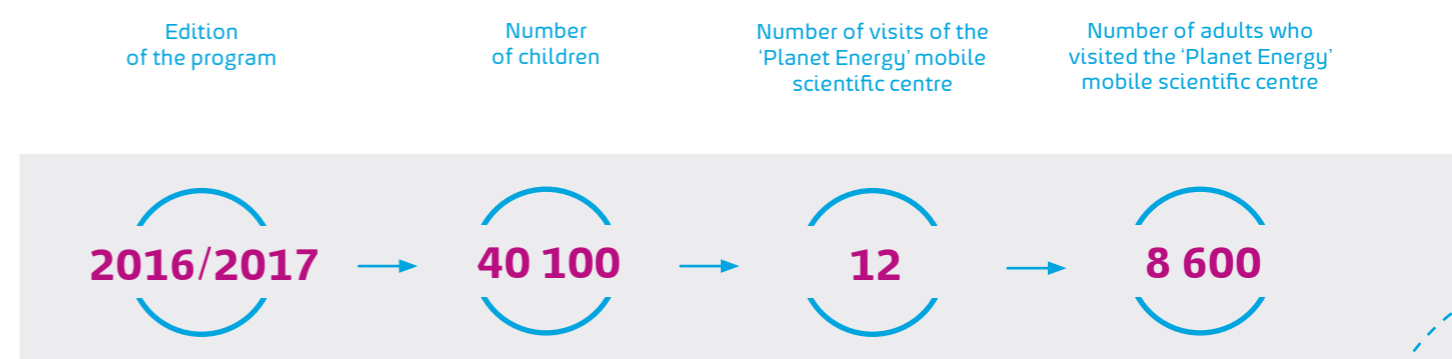
112 visits of a mobile scientific centre in various cities and towns

7 editions of the 'Planet Energy' program so far

310k children from across Poland learned valuable knowledge about energy

In May and June 2017, the 'Planet Energy' mobile scientific centre that accompanies the program went on a trip around Poland to visit the winners of the 7th edition of 'Planet Energy' in the following towns: Cieszyn, Chojnice, Częstochowa, Elbląg, Kielce, Kwidzyn, Racibórz, Sieradz, Tarnobrzeg and Turek.

'Planet Energy' in numbers:





I believe that it's a great challenge for adults to keep making children interested in the world around them and wanting to search for answers to their questions. In 'Planet Energy' we try to convince children that gaining knowledge can be fascinating and can satisfy this interest. We teach them how to discover and use physical phenomena in everyday life, because we have to deal with them all the time, even during everyday mundane activities. It's not true that interesting processes or topics can be found only in space or advanced scientific laboratories. The kitchen or the workshop is the best laboratory. That's why in 'Planet Energy' we place significant emphasis on making sure that children can touch and test everything. In a nutshell – to experience everything.

Tomasz Rożek
Ph.D. in physical sciences



In 2017, company Energa Wytwarzanie SA continued a series of educational meetings between employees of the company and students of primary and secondary schools, held under the name 'Energa for Schools'. The program's objective

is to promote knowledge on the production of electricity from renewable sources, using Energa Group's generation resources as an example. Lectures were accompanied by a presentation of mobile exhibits that illustrated how hydroelectric, wind, solar and coal-fired power plants work.

Information was also provided about Energa Group's pro-ecological activities (e.g. construction of fish passes in hydroelectric plants), as well as historical and technical trivia connected with the power plants operated by the Group. Only in 2017, approx. 2 000 students participated in these meetings.

The mobile exhibits used during the program are utilised by company Energa Wytwarzanie to promote knowledge of electrical energy and educate children.



Leader of the Production Business Line at Energa Group organises open days in its power plants. In May 2017, company Energa Wytwarzanie opened the doors to one the few, unique in the scale of Poland pumped-storage power plants – ESP

Żydowo, located between two natural lakes in the region of Pomerania, lying approx. 1.5 kilometre away from each other, with the difference between the levels of each lake amounting to as much as 82 meters. Power engineers were able to take advantage of this location to generate electricity. More than 700 people took the opportunity to see the insides of a power plant that constitutes a natural energy reservoir, including – as part of the celebration of the International Children's Day – pupils from primary schools in Biały Bór, Bobolice, Bukowo, Kurowo, Polanów and Miastko.

In July 2017, Energa Wytwarzanie also organised an open day at the hydroelectric power plant in Borowo to celebrate the 100th anniversary of its construction. The initiative was organised by Energa Group in partnership with the local government and was the main attraction of the Fair on the Ogórkowe Lake in Kalisz Pomorski. The building is an interesting engineering and architectural structure, located deep inside a large forest on the river Drawa. The power plant normally is not available to visitors, which is why the ability to see the inside of the plant was a particular highlight, with almost 1000 people taking advantage of this opportunity.

Information about visiting sites operated by Energa Wytwarzanie SA can be found online at www.energa-wytwarzanie.pl.



'Energetic Seniors'

Energa is aware that local communities are also made up of people aged 60 and over. That's why Energa Group launched a new program in 2017 – 'Energetic Seniors', with the aim of activating people aged 60 and over, living in rural areas and smaller towns. Aims of the program include facilitating access to medical care, medical prevention, a series of sports activities and encouraging seniors to participate in local cultural and social life.

In 2017, the project was deployed on a pilot basis in 6 municipalities of the pomorskie province: Kępice, Łeba, Nowa Karczma, Nowy Dwór Gdański, Pelplin and Skarszewy. As part of the project, Municipal Senior Days were organised, during which seniors had the chance to be examined or consulted by doctors and dieticians, and to participate in lectures concerning safety and protection against fraudsters, organised in collaboration with the Provincial Police Headquarters and Third Age Universities. Furthermore, Energa Obrót SA's Mobile Customer Service Centre was available during the event, where seniors were able to speak to representatives of the company and clarify any doubts concerning tariffs or bills. Participants in the event were served with confectionery and warm beverages and could participate in a competition or watch an artistic program. On average, 100 people participated in each Municipal Senior Day.

Starting with October 2010, recreational activities for seniors were regularly organised over a period of 10 weeks in the municipalities covered by the program, encouraging participants to engage in physical activity every day. The aim of these activities was not only to improve the seniors physical shape or health, but also to bring the local community together and expand the cultural offer available for senior citizens.



Reacting to the expectations and needs of senior citizens, we took up the task to create a program that would be tailor-made to suit them. During the Municipal Senior Days we were able to thank them for their wisdom, hard work and care for our children and grandchildren. Having spoken many times to those who participated in the program, I can definitely say that we made the right decision and the pilot program was a success. I am sure that we will continue the 'Energetic Seniors' program, hopefully in an expanded form.

Jarosław Dybowski
CEO, Energa Obrót SA

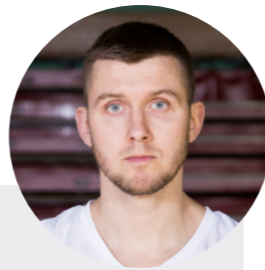
Energa Sport

Promoting a healthy, active lifestyle among children and young adults, shaping correct social attitudes through sporting competition and making it possible for children to develop their sporting passions and interests are the main objectives of original projects developed by Energa Group: 'Energa Basket Cup' and 'Energy Team', implemented as part of the Energa Sport program. The Group places particular importance on these programs.

'Energa Basket Cup'

Around 77 thousand girls and boys representing almost 6.5 thousand primary schools from around Poland competed over a period of several months in a multi-stage tournament for the chance to participate in the Grand Final of the ninth edition of Energa Basket Cup, Poland's largest organised basketball competition for girls and boys aged 11-13. At the national final which took place in June 2017 at the Gdynia Arena sports venue, the boy and girl Polish Champions of the 2016/2017 emerged. Among the girls, the competition was won by the team from Primary School no. 3 in Żyrardów, while the gold medal among boys was won by the team from Primary School no. 10 from Słupsk. Participants in the ninth edition of 'Energa Basket Cup' were cheered on by professional basketball player Przemysław Zamojski, who served as an ambassador of the program. In total, more than 600 thousand boys and girls participated in the nine editions of the program.

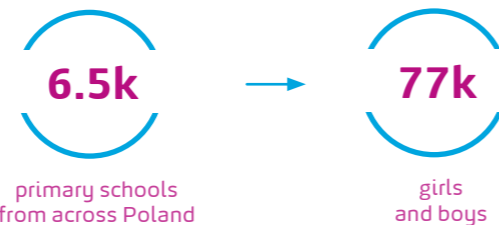
As part of the 'Energa Basket Cup' program, a project named 'Energa Basket Camp' was organised on a pilot basis, as an award for five talented basketball players who played in the Grand Final of Energa Basket Cup 2016. Participants in the camp were chosen by means of a competition from among the teams that placed 1 through 5 in the tournament, one player from each team. They were invited to participate in a week-long basketball training camp in the United States in January 2017, where they were able to hone their basketball skills, visited various cities around California and watched live games in the world's best basketball leagues: NBA and NCAA. They also met with Alicja Bachleda-Curus, a Polish actress in Hollywood.



My adventure with basketball began when I was a student in primary school. I remember that I instantly fell in love with the sport, the everyday happy fun with the ball, combined with playing games and competing with teams from across Poland. Back then we didn't have competitions like Energa Basket Cup in its current form. It was hard to get a breakthrough, get noticed. Now coaches and other club representatives come to watch competitions to find talents. These events also make it possible to get children to develop a passion for sport. Thanks to basketball I started eating better and looking after my body so as to achieve the best results. After a few years, basketball became a way of life, a way of meeting new people, and even a job, to which I go every day with a smile. Through basketball I was also able to meet my wife and start a family.

Przemysław Zamojski

Basketball player, capped by Poland, nine times Polish Champion, winner of 3 Polish Cups and 2 Supercups, ambassador of the 'Energa Basket Cup' Program



'Energa Team'

'Energa Team' is a new, national sports and educational program of Energa Group, meant for students of forms 6 and 7 of primary schools. Its main objective is to encourage young people to engage in physical activity using modern technology so that it acts as an ally for the children in their fight for health and development, and not their enemy, aided by the program's ambassadors, Krzysztof Golonka, Bartosz Ignacik, Marek Citko and Krzysztof Ignaczak, who will prove that sport is great fun and a good way to spend free time.

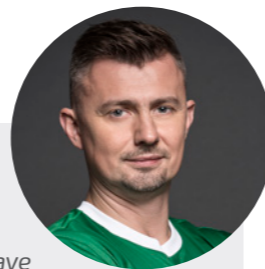


Number of schools by province



The first edition of 'Energy Team', launched in October 2017, included football and volleyball competitions. Each of the 100 schools chosen to participate in 'Energy Team' – from among close to 600 bids – received 40 sports kits manufactured by New Balance. In December, ambassadors of 'Energy Team' began showing the students exercises that were made specially for them. This stage of the program will last until April 2018. Schools will be awarded points for each video in which students will repeat the training demonstrated by the champions. The most active schools will advance to the final of the project and will be visited in the coming months by the ambassadors. The ambassadors will hold special competitions, awarding participants points for precision, repeatability and technique in the performance of exercises. Three schools that score the highest number of points will compete for the title of the best 'Energy Team' in the grand final that will take place in June 2018. All finalists will receive awards – equipment for the school's gym. The best players will receive individual awards. The 'Energy Team' has been placed under the honorary patronage of the Mother and Child Institute. New Balance is the project's strategic partner.

In November 2017, Energa donated 200 Adidas kits and boots to children and young adults affected by the windstorm that hit Pomerania in August. The campaign was organised in collaboration with Caritas of the Pelplin Diocese, responsible for distributing the materials in each parish.



The 'Energy Team' project involves the use of social media and new technologies to entice kids to engage in physical activity. Schools compete in the virtual world, they record videos, we as the ambassadors prepare an appropriate dose of cool exercises for the young ones so that they can have some fun while doing it. If I can be a role model in volleyball, then I'm all for it, because I can see that today's kids are too quick to give up. We must show them another way, the value of working hard, and make sure that they don't shun physical activity in favour of sitting in front of a computer.

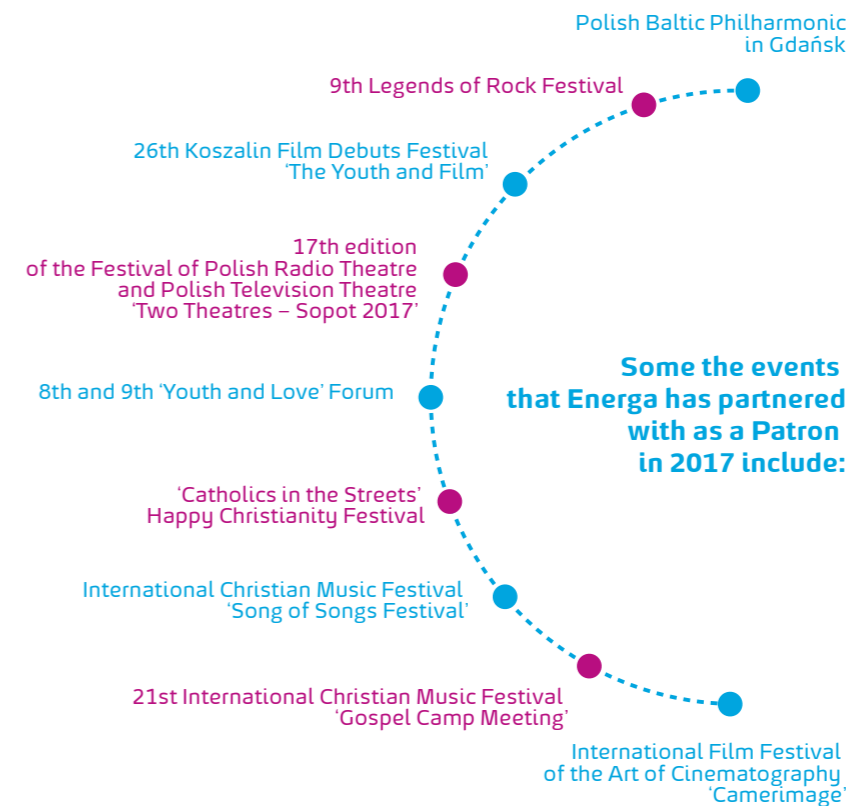
Krzysztof Ignaczak

World Champion in Men's Volleyball 2014 and 'Energy Team' Ambassador

Energa Patronage

Energa Group places significant importance on the development of culture and national heritage and their promotion among a broad range of recipients. As part of the Energa Patronage program, the Group supports both organisations, associations or cultural centres and cultural projects of varying scales, significant for the entire country, a specific region or local community and contribute to their reinforcement and unification.

Energa Group is happy to support initiatives aimed at children and young adults that make them more sensitive to culture and art, but also build social sensitivity and interest in the problems of others. In 2017 these initiatives included the 2nd Festival of Film Art for Children in Koszalin and the 'Sensitive Festival', the main objective of which was to collect aid for Home Children's Hospices.

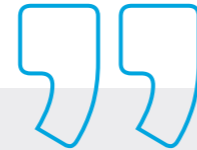


Other commitments

In the 'Strategy for sustainable development and responsible business', Energa Group formulates an objective of 'supporting and implementing initiatives and projects aimed at developing social and intellectual capital', and therefore is happy to get involved in initiatives that support creativity and innovation among children and young adults and supports young Polish start-ups. In 2017, the Group was one of the main sponsors of the Polish stage of Imagine Cup. This prestigious event, organised since 2003 by Microsoft, is not only a competition for those passionate about IT and electrotechnics (students of secondary schools and universities), but also an incubator for start-ups built around innovative ideas and solutions. The mentor commission at the regional stage of the competition in Gdańsk and the pre-final presentations in Warsaw included

employees of two Energa Group companies: Energa Obrót and Energa Oświetlenie, who also closely followed all projects that participated in national qualifications in other regions, as Energa Group is open to staying in business contact with teams whose ideas are related to those sectors of the market that are of particular importance to the company (e.g. electromobility) or may bring benefits for the Group's Customers. In accordance with the idea behind Imagine Cup, Energa is interested not only in the winners of each stage, but all participants whose proposals might bear fruit in the future.

Imagine Cup was awarded second place in the second edition of the ranking of Socially Committed Companies, organised by the editing team of the 'Gazeta Bankowa' periodical.



Microsoft Imagine Cup is a forge of young businesses. Without the involvement of business partners, such as Energa, it would have been difficult to evaluate the business value of the ideas put forward during the competition. It's an incredible chance for teams participating in the competition to verify their projects with the help of a potential Customer and an opportunity to become even more prepared to enter the market.

Olena Koliikhova
Microsoft, person responsible for the Polish edition of the competition



Energa's sports family

In accordance with one of the priorities set in the adopted CSR strategy, Energa Group wants to support amateur sport 'using competition as a tool for the upbringing of children and young adults'. Energa pays particular attention to regions far from large urban agglomerations. Support given to children is accompanied by the involvement of highly regarded individuals from the world of sport, who can bring a lot of good to the development of future generations and impart them with a passion for and interest in sport. As part of the implementation of our strategy in 2017, Energa's sports family has grown in strength. We've begun collaborating with entities around which local communities are rallied and expanded our support for the physical activity of children and young adults. Energa's logo was present on the shirts of professional sports teams, including those competing in the

top tiers of various competitions, and members of Polish national teams, as well as clubs and sports academies focusing on training the youngest players, often organising activities for numerous age groups.

In 2017, Energa gave additional energy to eight professional sports clubs, two Polish sports associations and seven organisations providing training to children and young adults.

Energa MKS Kalisz is a club that increased by three the number of teams supported by Energa Group. As a result of a sponsorship agreement, the club's men's handball team, this year's newcomer to the Polish superleague, women's volleyball team, competing in the 1st division, and men's volleyball team, currently in the





2nd division, joined Energa's sports family. Energa also began collaborating with another handball team that won promotion to the Polish top tier in the previous season – **Meble Wójcik Elbląg**. Meanwhile, in the 1st handball division, Energa's logo is present on the shirts of Warmia Energa Olsztyn.

Handball is a discipline that enjoys strong support from Energa Group thanks to its collaboration with Piłka Ręczna Koszalin. 2017 was the fifth year of **Energa AZS Koszalin** in the superleague and **Energa Politechnika Koszalin** in the 2nd division. The Group's support for the club also includes assistance in the training of young players (13 teams). It bears mentioning that the club is making efforts to promote handball and a healthy and active lifestyle among young people, collaborating with many kindergartens, primary schools and higher education institutions operating in the town of Koszalin.

In 2017, volleyball also joined Energa's sports family. The Group began collaborating with the reigning Polish women's volleyball champion, **Chemik Police**, also competing in European cups. A women's volleyball team was also created in the previously mentioned club Energa MKS Koszalin, who successfully competed in the 1st division.

Another newcomer to Energa's sports family is **Morliny Ostróda**, one of two clubs who have been continuously competing in the Polish table tennis superleague (22 seasons). The Group also has its representatives in the 1st division – a strong table tennis team from **Energa KTS Toruń**, which associates a number of licenced players in all age categories and around 150 children in trainee groups. Since 2017, Energa has also been sponsoring the **Polish Table Tennis Association**.



Energa Toruń is a stable team that built its strong position both in Poland and in Europe through years of hard work, including with the long-term support of Energa Group. That's why I decided to join the club and win the highest trophies together with the other girls. A stable sponsor makes it possible for our club to provide training to youths and lets us get involved in charitable non-sports related activities – we help children and homeless animals. Without Energa, we wouldn't have been able to do it.

Agnieszka Skobel

Energa Toruń player, three-time champion of Poland, capped by the Polish national team

Energa Group also collaborates with basketball teams. The women's basketball team at Energa Toruń have been wearing the Energa logo on their shirt for 11 seasons now and have in that time won three bronze medals in Polish championships, twice reached the grand final of the Polish Cup and competed in the Women's Euroleague, EuroCup Women and Baltic Women Basketball League. Apart from the senior team, the club also operates youth teams in every age category. Activities in support of the local community are a common project of both the basketball team and Energa Group. Basketballers from Energa Toruń actively participate in various charitable and social campaigns, they visit kindergartens, primary schools and various family events. They also became involved in a public fundraiser for the citizens of the kujawsko-pomorskie province affected by the August windstorms. In 2017, Energa also became a sponsor of a men's basketball team competing in the 2nd division – **Energa Kotwica Kołobrzeg**.

Two years ago, Energa became the main sponsor of the pride of the capital of the pomorskie province – **Lechia Gdańsk**, and the Group's collaboration with this football club dates back to 2007, when the White and Green played in the second Polish tier. Apart from activities connected with football competitions, the club also actively supports local communities, and in 2017 created the Lechia Gdańsk Foundation. Children in care of foster institutions around Gdańsk and the Municipal Family Welfare Centre are often present at games, where they also act as player escorts and participate in match choreography. In 2017, the White and Green organised cardiological tests for fans before one of their games, performed registrations of potential bone marrow donors from the DKMS foundation, collected personal hygiene products for children in need, as part of the 'Clean Angel' initiative, and school supplies for children from areas affected by windstorms. Together with Energa Group, Lechia joined into in the national 'Be Visible on the Road' campaign, financing special reflective bands to their youngest fans. As a result of the campaign, fans of the club received 10 thousand bands.

Lechia Gdańsk is one of the largest centres of sports education for children in the Pomeranian Region. The **Lechia Gdańsk Football Academy**, supported by Energa since 2017, trains and rears more than 180 players in nine age groups. They are the new generation of football players who will improve the quality of football in both Gdańsk and entire Poland.



In 2017, **Bałtyk Gdynia**, fighting for promotion to the 2nd division, joined the list of football clubs supported by Energa. The club runs a **Football Academy**, where it provides training to children as young as 7. Energa also provided support to **Gryf Słupsk**, a football club coached by Paweł Kryszatowicz, former member of the Polish national team, currently competing in the 4th division, enabling the club to set up a **Football Academy** for over 100 young players. Another club supported by Energa is **Pcimianka Pcim**, which runs seven youth teams apart from the senior team that competes in the 4th division.

Since 2017, Energa Group has been sponsoring the **Polish Bobsleigh and Skeleton Association**. Polish athletes representing these disciplines compete in the World Cup and world championships and represented Poland at the Winter Olympics in Pyongchang.

Energa Group undertakes a number of actions as part of its support for the physical development of children and young adults. Thanks to the company's support, several thousand young sportsmen develop their sporting passions at youth clubs, sports academies and youth teams at professional clubs. The **Stomil Olsztyn Sports Academy Foundation**, with whom Energa began collaborating in 2017, is responsible for training youth in the most distinguished football club in the Warmia and Mazury region – Stomil Olsztyn SA. The **Czarni Słupsk Basketball Association**, with whom Energa began collaborating in October 2017, runs 10 youth men's basketball teams. The current players at the club won such awards as the gold medal at the Energa Basket Cup 2017 Polish primary school championship. Energa has also entered into a sponsorship agreement with the **Czarni Słupsk Volleyball Association**, which runs women's volleyball teams that compete in the 2nd division and 2 U14 teams, an

U16 team and an U18 team. **Energa Czarni Słupsk Boxing Club** also joined the ranks of sports clubs in Słupsk supported by the Group; the club trains more than 100 girls and boys in various age categories, its representatives have achieved a number of successes on the domestic and international boxing scene.

In 2017, Energa Group participated in the celebrations of the 70th anniversary of the birth of Kazimierz Deyna, a legendary Polish footballer, supporting the event organised by the authorities in Starogard Gdański, Deyna's birthplace, as part of the 'Kazimierz Deyna Year'. The Group also sponsored the Celebration of the Arabian Horse, organised by the Horse Breeding Facility in Janów Podlaski, the most important part of which was the Pride of Poland auction, an event with many years of tradition, targeted at Arabian horse breeders, buyers and notable experts.

Other initiatives supported by Energa Group included the thirteenth edition of the Solidarity Marathon. By running down a route from Gdynia through Sopot to the Długi Targ in Gdańsk, runners commemorate the events of August 1980 in the Pomeranian Region in the spirit of peace and healthy sporting activity.

In 2017, Energa Group continued its collaboration with **Energa Stadium Gdańsk**, the home venue of the Lechia Gdańsk football team. Among the many initiatives of the Stadium, of particular note is its participation in the third edition of the National Social Campaign organised as part of the World Cerebral Palsy Day, promoted by the slogan 'Don't pass #17million by'. Energa Group also joined the campaign. As part of the initiative, on 6 October Energa Stadium Gdańsk lit up in green, in unison with several dozen other venues across Poland and profiles on social media in a show of solidarity with children suffering from cerebral palsy.



5.3. Working with administrative authorities and hearing the voice of local communities

Working with local governments

The policy of sustainable development and responsible business, resulting from 'Energa Group's strategy for the years 2016-2025', is realised through such activities as national responsibility, defined as the Group's contribution to the security of the energy system and social development. Among other enterprises, it requires close collaboration with administrative authorities in all areas of Energa Group's activity, based on openness, understanding of the needs of the other party and mutual assistance. As concerns local government units, the collaboration includes capital works projects, repairs of malfunctions, environmental and social issues. Furthermore, Energa Group provides comprehensive lighting systems services to local governments and carries out energy efficiency audits.

As part of their tasks, Energa Group companies strive to expand their systematic dialog with authorities that administrate individual regions. Energa Operator SA is a company grounded in local communities, and therefore local governments are its

important business partners. Following a two-year cycle of conferences organised by the company between 2015 and 2016, regular meetings became part of a canon of good practices in mutual collaboration; these meetings involve the discussion of capital works projects planned for implementation in specific municipalities or activities aimed at increasing the efficiency or repairing any malfunctions. Experts employed by the company remain at the disposal of municipal authorities and explain issues of interest to local citizens during open meetings.

In order to ensure ongoing communication on issues important from the perspective of local communities, company Energa Operator launched a newsletter dedicated to local governments and a special email address that goes directly to regional directors, chiefs of branch offices and the Board of the company. The newsletter is used to convey current information, useful both for civil servants and inhabitants of towns and rural areas.

Local governments are important partners in the everyday work of companies from the energy sector. We care about our mutual relations and try to systematically build awareness of benefits brought to local communities by our capital works projects. A mutual understanding translates into increased efficiency of connecting citizens and businesses that invest in municipalities to the grid, repairing malfunctions or completing own assignments of local governments. The support of the power industry in keeping deadlines is important as more and more municipal projects are co-financed from EU funds.

Michał Magdziarz
Executive Director at the Płock Branch Office

Each year, Energa Wytwarzanie prepares informational brochures concerning all power plants operated by the company, focusing in particular on historical hydroelectric plants. It also collaborates with many municipalities, organising open days at its power plants.

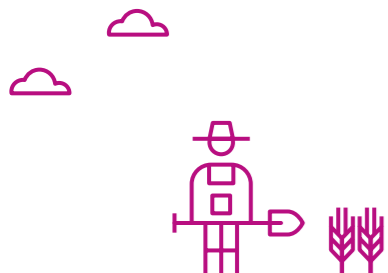
Collaboration with local governments is a key component of the activities of company Energa Oświetlenie – local government units are among its key Customers. Most services offered by the company, including comprehensive lighting services, operation

and maintenance of light fixtures, modernisation and expansion of street lighting systems, illumination of structures, Christmas decorations, maintenance and operation of traffic lights constitute services aimed solely at local governments. As part of the collaboration, capital works projects are undertaken each year, connected e.g. with the modernisation and expansion of traffic light systems in cities and rural areas, as well as the installation of illumination on structures or Christmas decorations. In 2017, these included the illumination of the church in Pszczółki or illumination of an oak tree in Pruszcz Gdański.

In the process of obtaining formal and legal permits required for completing capital works projects, Energa Group must take into account the opinion of all parties interested in the outcome. Collaboration with local governments is a key factor in the process of preparing capital works projects, with significant impact on the completion of the project. Obtaining administrative permits is the main component affecting the success of a given project. That's why it's extremely important to remain in good relations with the administrative authorities of a given area, as it can significantly speed up the entire procedure and thus save time allocated to the project. Due to this, the schedule of each capital works project includes meetings with local governments in order to present the prospective project and persons responsible for its completion.

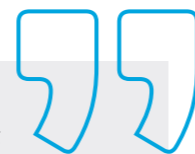
Collaboration between Energa Operator SA and the municipality of Kurzętnik

For the third time now, the Polish Association of Transfer and Distribution of Electricity has given awards to local governments who completed projects connected with such issues as the security of the supply of electricity, preventing smog or the development of electrical vehicle charging point networks. Award winners receive a capitals work grant in the amount of PLN 15 thousand, which they can spend on their local needs. In 2017, the municipality of Kurzętnik, located in the province of warmińsko-mazurskie, was rewarded for the involvement of the employees of the municipal administration office in obtaining formal and legal documents required for the construction of an overhead and cable medium-voltage power line and supporting mediation with local inhabitants, which made it possible to complete the project in an efficient manner and without social conflicts.



For me, Energa Operator is a serious partner in creating a good and friendly environment for capital works projects. Development areas would be of no use without a good operator who will supply us with electricity in a safe and efficient manner. People – human capital – are an equally important factor. Local inhabitants should feel as if they are active participants in the change process. That's why the municipality of Kurzętnik came up with the idea of creating a Kurzętnik energy cluster, the only one of its kind in the entire Warmia and Mazury region. Our municipality is open to businesses and collaboration, which I hope will be conducive to good collaboration, and in the future will support our independence and efficiency, both in terms of energy and economy.

Wojciech Dereszewski
Head Administrator of the Kurzętnik municipality



Collaboration with local governments with regards to the development of the prosumer generation

For several years now, interest in the development of dispersed generation on the microsource level (including prosumer generation) has been growing, both among private individuals and local governments. Individual local governments support the development of microsources, providing the ability to obtain additional funding from EU funds. Energa Operator SA is vitally interested in ensuring that generating devices (mostly PV panels and inverters) connected to the low-voltage grid (0.4 kV) are of requisite quality and meet specific standards and technical requirements. The above is of vital importance to maintaining the quality of electricity supplied to other entities connected to the grid. Due to the above, the company launches informational campaigns aimed at all municipalities where it operates, with the purpose of making them aware of how important it is that devices connected to the grid comply with technical requirements. The campaigns should result in the municipalities devoting EU funds to projects of the highest quality, including in terms of technical condition.

Once per month during the heating season, i.e. between September and April, cyclical meetings take place between representatives

of company Energa Ciepło Kaliskie and representatives of large recipients of heat – housing associations and co-operatives. The purpose of these meetings is to discuss the functioning of the heating network in the centre of the city, any potential shutoffs and prospective capital works projects, as well as economic, social and environmental issues. Furthermore, once per year the company organises meetings for large recipients, where the past heating season is summed up and activities connected with the coming heating season are discussed. The company's board of directors also engages in ongoing consultations and exchange of information with its minority shareholder – the city of Kalisz, which also represents the interests of the local community, including in respect of capital works of key importance to the local citizens, such as expanding the heating network into the historical city centre and thus limiting the number of abodes heated using traditional heating furnaces while increasing the range of system heat.

In September 2017, under a lease agreement made between Energa Elektrownie Ostrołęka SA and the town of Ostrołęka, the Department of Promotion, Culture and Sport in Ostrołęka received two electrical bicycles with locks and bicycle stands. The bicycles will be made available free of charge to citizens of the town in spring 2018. The purpose of the campaign is to



increase social awareness of the potential uses of electric means of transport.

Good practices for investors

As part of the activities of five distribution system operators associated within the Polish Association of Transfer and Distribution of Electricity, including company Energa Operator, a document titled 'Good Practices for Distribution System Operators. Information for investors interested in connecting electrical vehicle charging points to the power grid' was drawn up. The document includes key information about the requirements and current legal status in this area. Information is meant for entities interested in installing electrical vehicle charging points and connecting them to the power grid. Knowledge of this information makes it possible for investors to prepare for this process in advance and facilitates efficient navigation through the process of connecting electrical vehicle charging points to the power grid.



As part of the 'Save with Heart' initiative, in June 2017 company Energa Wytwarzanie donated an Automatic External Defibrillator (AED) to authorities of the town of Pruszcz Gdański – a device used in first aid and reanimation. This modern, life-saving equipment was given to the Centre of Culture and Sport in Pruszcz Gdański, a municipal institution that organises social and mass events. The device was another of a number of defibrillators donated by Energa Wytwarzanie for public use.



On 3rd October 2017, the Volunteer Fire Brigade in Strzegocin received two fully equipped emergency medical sets from Daniel Obajtek, CEO of Energa SA. The meeting was the outcome of several years of collaboration between the Volunteer Fire Brigade and Energa Foundation.

Supporting regional development

Business tasks completed by Energa Group companies often contribute to regional development, in particular in areas of improving infrastructural development, increasing economic potential or increasing the standard of living of local inhabitants. Energa Group also cares about good collaboration with local governments in the implementation of the latest technological solutions that improve the comfort of living of local inhabitants and their safety and reducing consumption of electricity and emission of pollution.

Modernisation of existing main power supply points and construction of new ones improves the assurance of the supply of energy to recipients already connected to the power grid and enables the connection of new recipients, which is of particular importance in dynamically developing industrial areas, where the ability to connect new manufacturing plants to the grid ensures new jobs for the citizens of these areas and provides cash to the local government from taxes. It also enables the completion of residential and service industry capital works projects.

Construction of modern power supply points

In June 2018, an important capital works project from the perspective of Energa Group's distribution grid will be

completed – namely the construction of the Ostrów West Power Supply Point. The project will significantly impact the ability to develop and increase the quality parameters of electricity, in particular with regards to the continuity of supply, both in the town of Ostrów and the entire local district. Construction of the Gdańsk Centre Main Power Supply Point is still underway – completion of this project was necessary due to the dynamic development of this area of Gdańsk. Completing the project will contribute to decreasing the load on the Chełm Main Power Supply Point and will significantly increase the energy security of the Gdańsk inner city area. Gdańsk Centre Main Power Supply Point will provide power to a number of strategic sites, such as the Administration Centre of the Province of Pomorskie, the City Hall, the Gdańsk Job Centre, the Mikołaj Kopernik Hospital, the Independent Public Health Centre, the Ministry of Internal Affairs and Administration, the Regional Railway Hospital, the Regional Court, the Remand Prison and other structures. In 2017, construction of the Maćkowy Main Power Supply Point was also initiated; the project was required to enable the development of the southern districts of Gdańsk and part of Kolbudy municipality. This power supply point will enable the completion of many residential and service industry projects. All of the above power supply points are constructed using the latest technical solutions in this regard.



Development of municipal electromobility

In July 2017, Energa signed a letter of intent with the authorities of the city of Toruń, devoted to the development of electromobility in the city. The new partnership may forever change the way in which public transport in Toruń operates. The aim of the planned collaboration is to create a program for the development of electromobility in the city. It is meant to involve the expansion of means public transport powered by electricity – in particular as part of the 'E-bus' program.

The partnership for the development of electromobility built by Energa Group in collaboration with local governments was joined in August 2017 by the town of Tczew, who also signed a letter of intent in this matter. Collaboration with the local authorities in Tczew will focus on creating an optimal concept of electric public transport and providing support to the town in creating a program for its development.

Through the Enspirion company, Energa Group successively gathers experience and knowledge in the field of electromobility. An offer of providing consulting services for local governments in planning the construction of infrastructure required to support electric mass transit constitutes the next step on the road to the leading position in the Polish e-mobility market. As part of its own research and development program, the company had earlier examined the behaviours of users of electric cars in Gdańsk, Gdynia and Sopot. The research was made possible by making available a pilot network of electric vehicle charging points. Energa Group currently operates seven electric vehicle charging points that are available to the public and are temporarily free of charge.

Intelligent marketing

In 2017, Energa launched a pilot intelligent parking system in the town of Pelplin, the first system of its kind in the Pomeranian region. This innovative solution helps drivers quickly find free parking space. Benefits of the intelligent parking system for the city in particular included balancing the traffic load decongesting the inner areas of the town and minimising needless traffic in

search of free space, which in turn translated into an improvement in traffic safety and reduction in exhaust gas emissions. This new pilot service is addressed by Energa Oświetlenie to those municipalities who want to solve the issue of increasing traffic congestion in town centres. The initiative, titled 'Intelligent and Safe Parking in Pelplin', lasted for three months. So far, 60 parking spaces situated in three locations around the town have been covered by the system.

'Smart Crossing'

Reacting to the rising needs of towns and rural areas with regards to improving traffic safety, Energa Oświetlenie has decided to



prepare a comprehensive service under the name 'Safely with Energa Oświetlenie'. As part of the program, the company offered a service named 'Smart Crossing'. This innovative solution was part of a pilot project implemented on one of the most dangerous pedestrian crossings in Gdańsk, located on the Trakt Św. Wojciecha street. The new device was designed in order to significantly reduce the number of accidents in compliance with the European road lighting standard PN-EN 13 201:2005. The service was implemented as part of smart solutions for municipalities and was met with great interest of local authorities. 'Smart' lighting innovations and LED technologies are aimed at improving safety and increasing energy efficiency in towns and municipalities.

Modernisation of lighting infrastructure

Collaboration between company Energa Oświetlenie and local governments has resulted in a program of replacing street lights with energy-efficient ones, the largest project of this kind in the history of the pomorskie province. As part of the project, 18 thousand light fixtures will be modernised and replaced with modern and ecological LED-based fixtures, equipped with autonomic modules controlling the intensity of light. As a result of the project, local governments will consume 53% electricity less each year, reducing the emission of carbon dioxide into the atmosphere by approximately 4000 tonnes per year. New LED-based light fixtures will emit light of a much more natural colour than the yellow light emitted by existing sodium lamps, which will improve the ability to recognise colours, objects and shapes, significantly improving the safety of local citizens.

The Regional Operational Program, financed from EU funds, enabled local authorities to obtain funds for implementing the strategy of development of the province of pomorskie in terms of economy, education, professional and social activity, transport system, reduction of emissions and environmental protection. The sum of PLN 71 million was allocated in the Regional Operational Program to fund the reduction of emissions, including by modernising street lighting systems.

Company Energa Oświetlenie supported local governments in preparing funding requests, carrying out audits of lighting systems and provided them with legal assistance. Thanks to flexible contracts signed by the company with 18 towns and



We have worked out a new, more flexible model of our collaboration with municipalities, where both parties complete tasks that are oriented on the social interest and obtaining a pro-ecological effect. We've had a huge contribution to the preparation of funding requests by municipalities, we carried out audits of lighting systems and we provided legal assistance.

Michał Bełbot
CEO, Energa Oświetlenie Sp. z o.o.

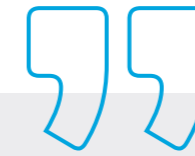
municipalities across the Pomeranian region, local governments were able to obtain EU funding. Results of the competition were announced in February 2017. The total value of all projects partnered by Energa Oświetlenie amounted to almost PLN 34 million. The money will go to the modernisation of street lighting systems.

Modernisation of the lighting systems under the program will take around two years. 18 thousand light fixtures will be modernised and replaced in 18 municipalities using LED technology. This modern and ecological solution – implemented in the Pomeranian region primarily by Energa – is meant to decrease energy consumption and significantly reduce CO2 emissions. Light fixtures will be replaced in such towns and villages as Skarszewy, Człuchów, Rzeczenica, Przechlew, Czarne, Miastko, Tuchom, Czarna Dąbrówka, Parchowo, Luzino, Kościerzyna, Rumia, Reda, Starogard Gdański, Bobowo and Dziemiany.

Requests for the modernisation of lighting were submitted as part of the Regional Operational Program of the Province of Pomorskie for the years 2014-2020. Funding agreements

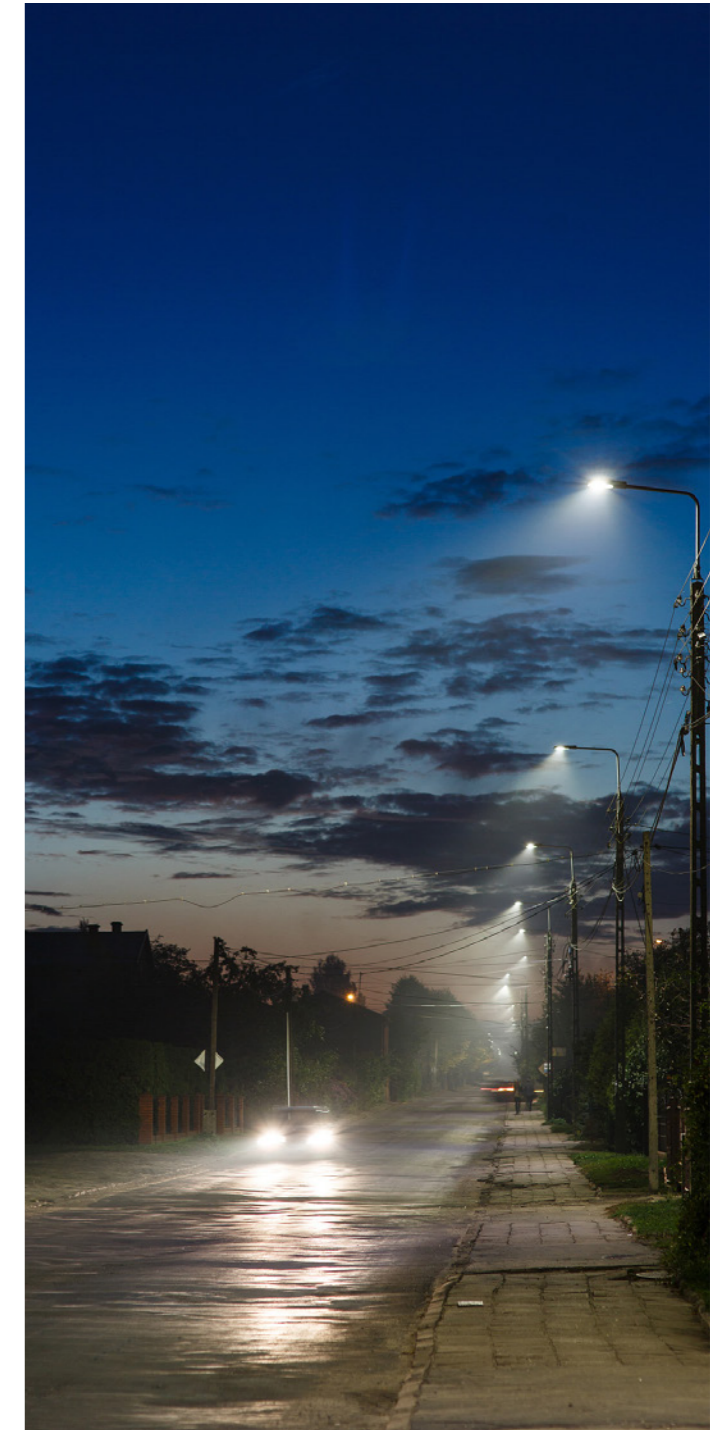
were signed on 1 March 2017. Modernisation works are to be completed by the end of 2018.

Energa Oświetlenie plan to complete similar projects in other Polish provinces. Works in the provinces of zachodniopomorskie and kujawsko-pomorskie are at an advanced stage. In future years, the company intends to implement the program in the provinces of mazowieckie and warmińsko-mazurskie.



Without good collaboration with Energa Oświetlenie it would have been a long time until we could afford to finance a comprehensive modernisation of lighting systems in our municipality. I am convinced that this project will improve the quality of living and safety of our citizens. I was considering the replacement of sodium lighting with LED-based lamps already at the beginning of my tenure, but the required amount of PLN 800-900 thousand exceeded the municipality's financial abilities. Thanks to EU funds, this modernisation will now be possible.

Piotr Zabrocki
Mayor of the Town and Municipality of Czarne



In 2017, Energa Oświetlenie completed the modernisation of street lighting in many Pomeranian towns and municipalities, including Sulęczyń, Kartuzy and Gdańsk. More than 400 energy-intensive sodium lamps in Sulęczyń and 24 neighbouring villages located around the municipality were replaced with modern light fixtures with LED matrices. More than 4 thousand LED lamps were installed on almost 70 streets of Gdańsk, including the city's main transit thoroughfare. In October 2017, the previously unlit after dark Królewiecka street in Braniewo was lit up. As part of an arrangement between the local government and Energa, activities aimed at improving the safety of drivers and pedestrians were implemented. A new cable network and 30 streetlights fitted with modern, energy-efficient lamps were installed. Improvement of safety in the town also involved the installation of additional lighting on several pedestrian crossings. By the end of March 2018, Energa Oświetlenie will have also modernised street lighting on the Bulwar Nadmorski im. Feliksa Nowowiejskiego boulevard in Gdynia.

Using LED matrices leads to significant savings in the budgets of local governments and has a positive ecological effect, as modern lighting is more environmentally friendly. Reduction of CO₂ emissions resulting from the modernisation of lighting systems enables local governments to fulfil the assumptions of municipal low-emission economy plans, and thus to achieve the objectives assigned to local governments by legislature.

Regeneration of the historic centre of Kalisz

In order to develop the area covered by system heating in Kalisz, the Board of Directors of company Energa Ciepło Kaliskie commenced talks with city authorities with regards to a long-term collaboration in respect of supplying buildings owned by the municipality and located in the inner city with heating. The collaboration is meant to result in reducing low-stack emissions, and thus decreasing smog in the historical city centre.

Bridge on the Narew river

Elektrownia Ostrołęka SA, a company owned by Energa and Enea, created for the purposes of constructing a new power plant in Ostrołęka, entered into an agreement with the Mayor of Ostrołęka in the matter of expanding the existing bridge

on the Narew river. The agreement specified the company's participation in the road construction project implemented by the town, which is required for the construction of the new, highly-efficient Ostrołęka C Power Plant.

The lack of an efficient bridge poses a significant problem for Ostrołęka, and its remodelling is the town's most significant road infrastructure project in recent years. The project is valued at PLN 24 million gross. The new bridge will be almost 2 metres wider than the existing one, and will feature a completely new, bidirectional cycling path. The width of the pedestrian sidewalk will also be increased. The bridge's load-bearing capacity will be A-rated and the new structure will replace the old bridge built in mid-1950s.

The new power unit at the Ostrołęka C power plant is one of the biggest projects in the Polish and European energy sector in recent years. The project will create new jobs in the construction and operation of the plant and will be a stimulus for the development of the entire region.

Energa Group provides merit-based and financial support to the Global Compact Poland Foundation as part of the Inland Sailing Program. The initiative is the effect of the activities of the UN System and aims to develop inland sailing in Poland based on principles of sustainable development, where the UN Global Compact constitutes a platform of collaboration between business, central and local government administration, non-governmental organisations and the scientific sector, coordinating the activities of interested parties for the purpose of strengthening Poland's position in the area of water transport services within the European Union. The collaboration has resulted in Poland's accession to the AGN convention (European Agreement on Main Inland Waterways of International Importance), which led to Poland's inclusion in the system of European Transport Networks and will enable the creation of an efficient, sustainable and environmentally friendly system of water transport, integrated with main branches of transport. Furthermore, accession to the convention will significantly facilitate the development of Polish rivers (mainly in Nature 2000 areas) and using them for energy purposes.



For nine years now, the 'Shine with Energa' competition organised by Energa Group has been combining fun and competition with helping those in need. Every year Poles vote for locations that are the most beautifully decorated with light, while cities compete for charitable awards. 16 winning cities (one in each province) will receive energy-efficient household appliances that will go to the units and institutions most in need in the region.

The value of awards donated during the ninth edition of 'Shine with Energa' amounted to PLN 200 thousand, including appliances valued at PLN 50 thousand for the winner and PLN 10 thousand for each of the 15 remaining finalists.

143 cities and towns and villages competed for the title of the prettiest urban decoration; online voters gave the award to Zamość. 59 families in need and local social welfare institutions received a total of 59 modern household appliances specially tailored to their needs, including refrigerators, washing machines and ovens. All winners of regional finals also received awards. In total, 225 various energy-efficient appliances of a total value of PLN 150 thousand were donated for social purposes. Each of the towns and cities chose the awards on an individual basis, donating them to those in need living in their area.



Communication with local communities

Energa Group is part of the environment in which it operates, affects its shape and participates in its development, e.g. through capital works projects. All capital works projects are carried out in accordance with legal regulations and with respect to the natural environment. However, each project, irrespective of scale and nature, results in fears among the local population that their quality of living might decrease. That's why Energa Group tries to reduce as much as possible the impact of its projects on the environment and simultaneously obtain social acceptance and understanding. Its actions in this regard are based on openness and dialog and involve public consultations, participation in meetings or implementation of informational campaigns.

Meetings organised by local governments with the participation of Group representatives and local citizens on the one hand allow for discussing the nature of problems facing the power industry when completing capital works projects and operating existing grid infrastructure, and on the other enable for doubts expressed by local citizens to be clarified. At the invitation of the Mayor of the Town and Municipality of Grabów, representatives of Energa Operator, Local Branch in Kalisz participated in an open meeting that took place on 15 February 2017 in the town of Grabów nad Prosną and concerned renewable energy sources, energy efficiency and energy effectiveness and low-emission economy. Issues discussed at the meeting included joint planning of capital works and grid modernisation projects, mass failures, environmental protection and the connection of recipients and producers of electricity to the grid.

Energa Wytwarzanie collaborates with many local governments in areas where the company operates its power plants. In December 2017, representatives of the company participated in an open meeting with citizens of the municipality of Pruszcz Gdański, where they provided local inhabitants with information about the planned construction of an energy warehouse at the Bystra Wind Farm and presented appropriate noise level measurements in order to alleviate any fears connected with the operation of the wind farm. The measurements clearly showed that the level of noise produced by the farm was minimal and amounted to

0.7 decibel, while the main sources of noise in the area included the S7 expressway and provincial road no. 226. Allowable noise levels amount to 55 decibels during the day and 45 decibels during the night.

Representatives of Energa Wytwarzanie explained that the prospective construction of an energy warehouse at the Bystra Wind Farm, which was the source of fears of the local community, will not negatively affect the natural environment and the comfort of living of local citizens. The technology used to construct the energy warehouse will be very safe.

Public consultations take place pursuant to provisions of the act on providing information about the natural environment and its protection, participation of the society in the protection of the natural environment and environmental impact assessments of 3 October 2008 (i.e. Journal of Laws of 2013, item 1235), during the procedure of obtaining an environmental permit. Everyone is entitled to submit remarks and requests within 21 days of the date of the disclosure of information about the initiation of proceedings in the matter of issuing an environmental permit by the competent authority.

In 2017 Energa Group did not participate in any proceedings concerning the issue of an environmental permit that would involve public consultations.

Caring for good relations with local communities, Energa Group places significant importance on keeping local citizens apprised of any activities that might impact the environment.

In 2017, Energa Elektrownia Ostrołęka carried out an informational campaign in connection with the construction of a hydroelectric (damming) device protecting the power plant from low water levels in the Narew River. The project involves the construction of a broad-crested weir in the river channel. A message concerning the project was published on the websites of Energa Group and the company. Information on the project could also be found online at www.cire.pl and in local online media.



Working with government administration

Main issues discussed at the central government level include consultations during the legislative process and participation in governmental development plans related to the broadly defined energy sector.

Collaboration with public institutions often takes place via professional associations of the energy sector that Energa SA or

Energa Group companies participate in. Additional information about collaboration with professional organisations can be found in the chapter of this report devoted to Energa Group.

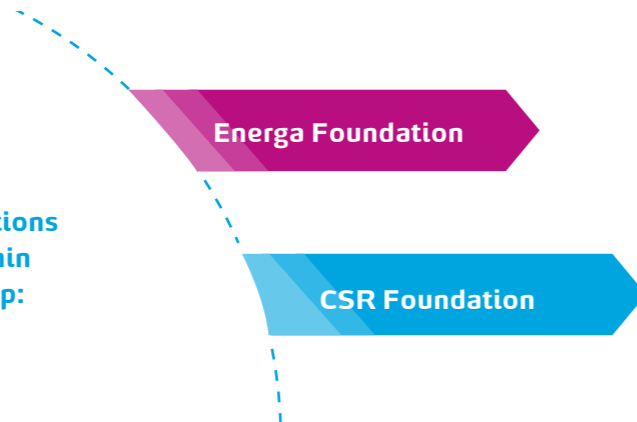
Energa Group also collaborates closely with marshal's offices when obtaining aid from EU funds under Regional Operational Programs.



5.4. Charitable work



Two foundations operate within Energa Group:



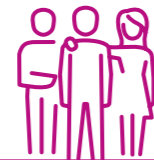
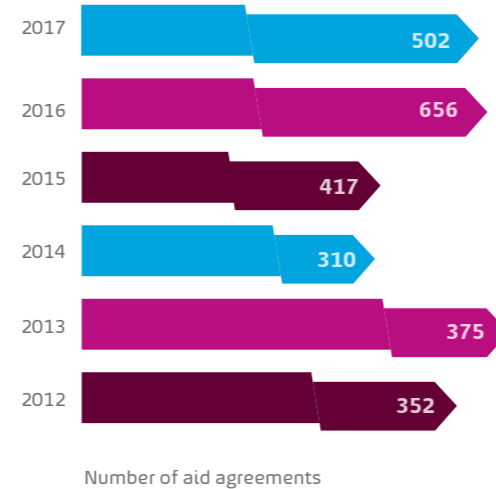
The scope of aid provided by Energa Foundation is very extensive, the spectrum of our statutory abilities enables us to assist not only the sick and the disabled, but also support scientific initiatives, provide help to healthcare institutions and many others.

Wioletta Kandziak
VP, Energa Foundation

Activity of Energa Foundation

For eight years Energa Foundation has been listening to those most in need and providing them with assistance. The Foundation primarily helps all disadvantaged children and organisations and institutions who aid them. It assists victims of natural disasters, subsidises the purchase of health- and life-saving equipment, participates in numerous campaigns and projects aimed at combatting poverty, exclusion, loneliness and lack of hope. It supports employees of Energa Group, their loved ones and friends.

Over the eight years of its existence, Energa Foundation has provided a total of more than PLN 23 million in aid to various organisations, institutions and individual beneficiaries. In 2017 Energa Foundation aided more than 500 entities, providing them with assistance worth over PLN 4 million.



Key operating indicators

Consolidated financial data	Year	
	2016 [PLN]	2017 [PLN]
Amount spent on charity	3 756 960	4 097 949
Income from unpaid work for public benefit	3 227 310	4 002 962
including:		
from 1% of personal income tax	6 241	2 962
from legal persons	3 220 000	4 000 000
from other sources	1 069	0
financial income	31 702	22 531

10 areas of Energa Foundation's involvement in 2017

1.

The **'Breaking Barriers'** program is Energa Foundation's leading theme in 2017.

Under the program, a total of PLN 766,000 was given in aid to support the following projects:

- 'Integration in the playgrounds', the aim of which was to break barriers that could lead to social exclusion. Thanks to Energa Group's aid, six selected playgrounds were adapted to the needs of disabled children.
- 'Port Health', devised and operated by the Sport is Health Foundation from Sopot; the purpose of the project is to build a facility where Polish children will receive effective, comprehensive assistance in the treatment of civilizational illnesses related to allergies, respiratory illnesses, atopic dermatitis, psoriasis, obesity, bad posture and neurological illnesses.
- 'Open Up the World', project operated by the Association for Helping the Blind in Laski. Aid provided by Energa Foundation has been used to assist blind and hard of seeing children in the care of the Early Intervention Centre and Kindergarten for Blind Children in Sobieszewo.
- 'Generation' is a project involving the expansion of the all-year Camping and Training Centre in Warzenko, operated by the Gdańsk Archdiocese Caritas. The purpose of the project is to create conditions that will enable the centre to host additional children and young adults from poor families and communities threatened with social exclusion.



2.

As part of the **'Safety and Upbringing for Integration'** program, Energa Foundation provided a total of PLN 320,000 in aid to the following entities and projects:

- Child Help Centre in Starogard, opened in September 2017. The Centre is the first facility in Poland to provide comprehensive help to children who were hurt and their families, operated by the We Give Children Strength Foundation from Warsaw.
- '116 111: Support line for children and young adults', devised and operated by the We Give Children Strength Foundation. The purpose of the 116 111 support line is to prevent tragedies involving children, including suicide attempts, as well as to provide help to children who were hurt.
- Grey Teddy Bear Village in Wętfie near Nowy Klincz, whose mission is to provide shelter, care, rehabilitation and recreation to people with intellectual and motor disabilities. People in care of the Village become permanent inhabitants and workers in this location.
- The 'School of Life' Readaptation Centre in Wandzin is operated by the 'PLUS EKO' Solidarity Association; its purpose is to support programs of preventing addiction and HIV contraction, prevention activities aimed at people threatened with addiction and reducing unemployment in post-PGR rural areas through hiring unemployed person to work on projects implemented by the Centre.
- 'Hard Change' is a project devised and operated by the Suddenly Alone Foundation; its purpose is to provide training courses in giving support to people who lost their loved ones, learning how to grieve in the personal and social dimension, and creating support groups, including in the professional setting.



3. The Foundation provided a total of approx. PLN 151,800 in aid for **activities of Energa Group employees**, including the 4th edition of the 'Active and Charitable' campaign. Energa Foundation employees also encouraged employees of the Group to assist those in need by participating in charity drives aimed at providing those in need with direct help, including a campaign for gathering plastic bottle caps that was carried out within Energa over a number of years, gathering clothes and appliances donated to poor families and residential homes and community centres, as well as to those who suffered as a result of windstorms and victims of other random accidents.
4. As part of the '**Energa Foundation for Children**' program, targeted cash donations were given to those in need to cover the costs of medical care, rehabilitation, purchase of life-saving and life-sustaining equipment and participation in rehabilitation camps; total value of aid amounted to over PLN 800,000.
5. As part of the '**Energa Foundation for Senior Citizens**' program, donations were given to Municipal Social Welfare Centres, Local Branch of the Global Association of Home Army Soldiers, local Residential Care Centre and individual beneficiaries to cover the costs of medical care, rehabilitation and medical transport; total value of aid amounted to approx. PLN 50,000.
6. As part of the '**Energa Foundation for Healthcare**' program, donations were given to healthcare and emergency medical service centres; total value of aid amounted to approx. PLN 100,000.
7. As part of the '**Energa Foundation for Group employees and their loved ones and former employees**' program, aid worth a total of approx. PLN 150,000 was donated to cover the costs of medical care, rehabilitation, purchase of prostheses and medical equipment improving the comfort of living.
8. A total of approx. PLN 550,000 was donated to **public benefit institutions** acting to the benefit of local communities, in particular those working on projects supporting children and young adults by providing food, education, healthcare and organising summer holidays, as well as those that focus on preventing social exclusion.
9. Aid was provided to **victims of fires, windstorms and other random accidents**, including private individuals, residential care homes and units of the Volunteer Fire Brigade, in the form of targeted donations of a total value of PLN 70,000.
10. Energa Foundation supported the '**For the Child's Smile**' Foundation operating at the Provincial Hospital in Toruń, providing the sum of PLN 130,000 to purchase a respirator for infants.



The priority of Energa Foundation is to provide help to Group employees in need and their loved ones. We also try to support the initiatives and passions that our employees engage in after working hours, e.g. we have provided funding to an initiative launched by our employee with the aim of showing children the sky and teaching them astronomy. Everyone can ask the Foundation for assistance; we treat each matter individually, because we want to bring real help to those in need.

Leszek Urba
CEO, Energa Foundation

The activities of Energa Foundation as a public benefit institution are transparent. Requests for aid received by the Foundation are systematically considered, based on the adopted principles of providing financial aid and current budget capabilities. In order to be approved, requests must meet formal criteria and align with the Foundations statutory goals included in the action plan for the current years. Information on who and how may apply for support can be found on Energa Group's webpage at http://grupa.energa.pl/komu_pomagamy.xml.



Activities of CSR Foundation

CSR Foundation was set up on 13 June 2017 to provide aid to organisations and institutions that carry out pro-social activities. Its priority tasks include supporting local communities, developing national and patriotic awareness and involvement in didactic and cultural initiatives for children, young adults and adults.

Examples of initiatives supported by CSR Foundation in 2017:



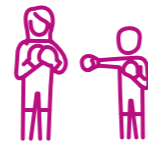
'National Temperance Congress' is a project implemented by the 'Signum Magnum' Foundation in collaboration with the Apostolate of Temperance Team at the Polish Episcopate Conference. Its basic objective is to effect a positive change in the social awareness as concerns temperance in the life of individuals, families and the nation as a whole. An important tenet of the project is the increase of the responsibility of the Church, the state and local governments for promoting temperance as a prerequisite for true freedom. Promotion of temperance is an opportunity for the unification of various social groups and an expression of a modern patriotic attitude, demonstrating the joy of living, freedom and responsibility for one's own life and the life of all compatriots.



'Tenement of initiatives' is a project implemented by the Archipelago of Initiatives Foundation in Toruń. The project is a multi-level educational action directed at members of large families and senior citizens. Its objectives also include intergenerational integration, conducive to mutual support and development of members of the local community of all ages.



The International Tato.Net Forum is a project unique on a European scale, a meeting of fathers dedicated to important topics related to fatherhood. The congress is filled with lectures, workshops, group and stall meetings. Experts invited to the congress share their knowledge, while participants share their experiences. At an official gala scheduled directly after the forum, the MAX award is given to those fathers and institutions who help others rediscover fatherhood. The program is the joint creation of experts from various countries: Poland, United Kingdom, Germany, Romania, Ukraine, France and the United States. Topics discussed at the forum include issues connected with the upbringing of children, personal development of fathers, balancing professional and family duties, social climate around fatherhood.



The 18th edition of the Champion's Cup Fighting Sports Tournament was organised by the 'Champion' Gdańsk Sports Club. Over 200 male and female athletes of all ages and proficiency levels took part in the tournament. Apart from sporting competition, objectives of the event included promoting fighting sports among children and young adults, preventing obesity and other civilizational diseases, promoting a healthy lifestyle, advancing the spirit of fair competition and shaping positive social attitudes through sport.



The '5 Talents' Creative Development Workshop was created by the 'Montessori' Christian Foundation operating in the Tricity area. The workshop provides support to children, young adults and adults in developing their artistic talents and provides cultural education to the local community. It bases its activities on the belief that children are exceptionally capable of innovation. Three workshops were launched as part of the initiative: fine arts, theatre and dance, and language. Children learn drawing and painting, artistic ceramics, art of decoration, classical and modern dance, singing, acting and foreign languages. A theatre group is active as well.



CSR Foundation was brought to life in 2017 in order to allow Energa Group to provide broad support to social projects, thus achieving the goals and priorities set in the 'Strategy for sustainable development and responsible business' with regards to the development of national awareness, promoting historical knowledge and shaping patriotic and pro-family attitudes. I'm happy that we were able to participate in significant and valuable projects already in our first year of activity.

Nikodem Rachoń
CEO, CSR Foundation

CSR Foundation in numbers:



donation agreements



in business donations



income from unpaid work for public benefit



projects planned for 2017, of which:



social



educational



sports-related

GRI table

Disclosure	Description of disclosure	Companies reporting the disclosure	Degree of disclosure	Pages	Additional information
G4-1	statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability	Energa Group	FULL	7	
G4-2	Description of key impacts, risks, and opportunities	Energa Group	FULL	27-31	
G4-3	Name of the organization	Energa Group	FULL	10	
G4-4	Primary brands, products, and services	Energa Group	FULL	10-17	
G4-5	Location of the organization's headquarters	Energa Group	FULL	11	
G4-6	Number of countries where the organization operates, and names of these countries	Energa Group	FULL	-	Energa Group companies operate in Poland. The Group owns two Companies whose headquarters are located outside of Poland, i.e. Energia Slovakia s.r.o. with its headquarters in Bratislava and Energa Finance AB (publ.) with its headquarters in Stockholm.

G4-7	Nature of ownership and legal form	Energa Group	FULL	12	
G4-8	Markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)	Energa Group	FULL	11-15	
G4-9	Scale of the organization	Energa Group	FULL	10, 13-15, 22	Further information in the 2017 Annual Report
G4-10	Total number of employees by region of operations, age, gender and employment contract	Energa Group	FULL	10, 127, 151, 152	
G4-11	Percentage of total employees covered by collective bargaining agreements	Energa Group	FULL	135	
G4-12	Organization's supply chain	Energa Group	FULL	38-39	Further information in the 2017 Annual Report
G4-13	Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	Energa Group	FULL	-	
G4-14	Precautionary approach	Energa Group	FULL	28-29	
G4-15	List of externally developed initiatives to which the organization subscribes	Energa Group	FULL	19	
G4-16	Memberships of associations (such as industry associations) and national or international advocacy organizations	Energa Group	FULL	19	

Disclosure	Description of disclosure	Companies reporting the disclosure	Degree of disclosure	Strongy	Additional information
G4-17	List all entities included in the organization's consolidated financial statements	Energa Group	FULL	17	Further information in the 2017 Annual Report
G4-18	Process for defining the report content and the Aspect Boundaries	Energa Group	FULL	43-49	
G4-19	Material aspects identified in the process for defining report content	Energa Group	FULL	48-49	
G4-20	Scope and importance of aspects identified in respect of individual business entities of the organization	Energa Group	FULL	48-49	
G4-21	Scope and importance of aspects identified in respect of individual business entities outside the organization	Energa Group	FULL	48-49	
G4-22	Effect of any restatements of information provided in previous reports, and the reasons for such restatements	Energa Group	FULL	-	No restatements of information included in the previous report
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries	Energa Group	FULL	-	No changes from previous reporting periods in the Scope and Aspect Boundaries
G4-24	Identification and selection of stakeholders with whom to engage	Energa Group	FULL	44-45	

G4-25	Identification and selection of stakeholders with whom to engage	Energa Group	FULL	44-45	
G4-26	Approach to stakeholder engagement	Energa Group	FULL	47	
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting	Energa Group	FULL	48	
G4-28	Reporting period	Energa Group	FULL	-	01/01/2017 – 31/12/2017
G4-29	Date of most recent previous report	Energa Group	FULL	-	15/03/2017
G4-30	Reporting cycle	Energa Group	FULL	-	Annual
G4-31	Contact point	Energa Group	FULL	49	
G4-32	GRI Content Index	Energa Group	FULL	210	
G4-33	Policy and current practice with regard to seeking external assurance for the report	Energa Group	FULL	49	
G4-34	Governance structure of the organization, including committees of the highest governance body	Energa Group	FULL	23-26	Further information in the 2017 Annual Report
G4-56	Organization's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics	Energa Group	FULL	32-33	

Disclosure	Description of disclosure	Companies reporting the disclosure	Degree of disclosure	Pages	Additional information
G4-57	Internal and external mechanisms for seeking advice on ethical and lawful behaviour, and matters related to organizational integrity, such as helplines or advice lines	Energa Group	FULL	34,36, 38	
G4-58	Internal and external mechanisms for reporting concerns about unethical or unlawful behaviour, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines	Energa Group	FULL	34,36, 38	
G4-DMA	Management approach in the aspect of research and development	Energa Group	FULL	40-42	
G4-DMA	Management approach in the aspect of economic results	Energa Group	FULL	22	
G4-EC1	Direct economic value generated and distributed (EVG&D) on an accruals basis including revenues, Operating costs, employee wages and benefits, subsidies and other community investments, non-distributed profits and payments to providers of capital and state institutions	Energa Group	FULL	22	Further information in the 2017 Annual Report
G4-DMA	Management approach in the aspect of indirect economic effect	Energa Group	FULL	190-193	

G4-EC7	Extent of development of significant infrastructure investments and services supported	Energa Group	FULL	194-197	
G4-DMA	Management approach in the aspect of social impact	Energa Group	FULL	170-171, 191	
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	Energa Group	FULL	170-171, 191-192	
G4-SO2	Operations with significant actual and potential negative impacts on local communities	Energa Group	PARTIAL	191-192	
G4-DMA	Management approach in the aspect of preventing corruption	Energa Group	FULL	34-35	
G4-SO3	Total number and percentage of companies assessed for risks related to corruption and significant risks identified	Energa SA	FULL	34	
G4-SO4	Communication and training on anti-corruption policies and procedures	Energa Group	FULL	34-35	
G4-SO5	Confirmed incidents of corruption and actions taken	Energa Group	FULL	34-35	
G4-DMA	Management approach in the aspect of marking	Energa Operator SA	FULL	-	Pursuant to the requirements of the Resolution of the Minister of Economy of 28/03/2013 on occupational safety and health when working with power devices, as well as pursuant to a document named 'Guidelines for inspecting the technical condition and performing maintenance work and

Disclosure	Description of disclosure	Companies reporting the disclosure	Degree of disclosure	Pages	Additional information
					repairs of devices, installations and distribution networks operated by Energa Operator SA; which constitutes a document associated with the Instruction of Maintenance and Operation of the Distribution Network, as part of operational works (inspections and reviews), checks are made with regards to the condition of information and warning writings, compliance of markings with technical documentation and maintaining the correct distance between power lines and the ground, bushes, tree branches and objects located close to the line. Furthermore, in sites such as stations or connections/ cabinets security measures are implemented in order to prevent unauthorised access to power infrastructure.
G4-DMA	Management approach in the aspect of product marking	Energa Group	FULL	68	
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes	Energa Group	FULL	68	
G4-PR5	Results of surveys measuring customer satisfaction	Energa Group	FULL	69	
G4-DMA	Management approach in the aspect of marketing communication	Energa Group	FULL	69	

G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	Energa Group	FULL	69	
G4-DMA	Management approach in the aspect of compliance with laws and regulations	Energa Group	FULL	69	
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	Energa Group	FULL	69	
G4-DMA	Management approach in the aspect of materials and raw materials	Energa Group	FULL	98	
G4-EN1	Materials used by weight or volume	Energa Group	FULL	99	
G4-DMA	Management approach in the aspect of energy consumption	Energa Group	FULL	84-85	
G4-EN3	Energy consumption within the organization	Energa Group	FULL	86-97	
G4-DMA	Management approach in the aspect of water consumption	Energa Group	FULL	105	
G4-EN8	Total water withdrawal by source	Energa Group	FULL	106-107	
G4-DMA	Management approach in the aspect of biodiversity	Energa Group	FULL	114-116	

Disclosure	Description of disclosure	Companies reporting the disclosure	Degree of disclosure	Pages	Additional information
G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Energa Group	FULL	114-116	Further information about each protected area where the Group operates can also be found on the website at http://natura2000.gdos.gov.pl/
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	Energa Group	FULL	114-116	
G4-DMA	Management approach in the aspect of emission management	Energa Group	FULL	100-103	
G4-EN15	Direct greenhouse gas (ghg) emissions	Energa Group	FULL	100-101	
G4-EN21	NOx, SOx, and other significant air emissions	Energa Group	FULL	102-103	
G4-DMA	Management approach in the aspect of water discharge and waste management	Energa Group	FULL	111	
G4-EN22	Total water discharge by quality and destination	Energa Group	FULL	108-109	
G4-EN23	Total weight of waste by type and disposal method	Energa Group	FULL	110-111, 112-113	
G4-DMA	Management approach in the aspect of environmental expenses	Energa Group	FULL	119	

G4-EN31	Total environmental protection expenditures and investments by type	Energa Group	FULL	120	
G4-EU1	Maximum Installed generation capacity, divided according to the type of raw material and regulatory requirements	Energa Wytwarzanie SA, Energa Kogeneracja Sp. z o.o., Energa Elektrownie Ostrołęka SA, Energa Ciepło Kaliskie Sp. z o.o.	FULL	117	
G4-EU2	Quantity of net energy produced, according to main energy sources (and regulator requirements)	Energa Wytwarzanie SA, Energa Kogeneracja Sp. z o.o., Energa Elektrownie Ostrołęka SA, Energa Ciepło Kaliskie Sp. z o.o.	FULL	118	
G4-EU3	Number of registered individual, industrial, institutional and commercial users	Energa Operator SA	FULL	58	
G4-EU4	Length of surface and underground transmission and distribution lines according to the regulatory system [km]	Energa Operator SA	FULL	73	
G4-EU5	Allocation of carbon dioxide emission allowances or equivalent, broken down by carbon trading framework	Energa Kogeneracja Sp. z o.o., Energa Elektrownie Ostrołęka SA, Energa Ciepło Kaliskie Sp. z o.o.	FULL	104	

Disclosure	Description of disclosure	Companies reporting the disclosure	Degree of disclosure	Pages	Additional information
G4-EU12	Transmission and distribution losses as a percentage of total energy	Energa Operator SA	FULL	75	
G4-EU18	Percentage of contractor's and subcontractors' employees who passed the relevant health and safety training	Energa Group	FULL	138-139	
G4-EU27	Number of residential disconnections for non-payment, broken down by duration of disconnection	Energa Operator SA	FULL	62-63	
G4-EU28	Power outage frequency	Energa Operator SA	FULL	75	
G4-EU29	Average power outage duration	Energa Operator SA	FULL	74	
G4-EU DMA	Management approach in the aspect of demand management	Energa Group	FULL	56-60	
G4- DMA	Management approach in the aspect of employment	Energa Group	FULL	124-125	
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	Energa Group	PARTIAL	128	
G4- DMA	Management approach in the aspect of relations between management and employees	Energa Group	FULL	133-135	

G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	Energa Group	FULL	134	
G4-DMA	Management approach in the aspect of occupational health and safety	Energa Group	FULL	136-141	
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	Energa Group	FULL	141, 153, 154	
G4-DMA	Management approach in the aspect of training and education	Energa Group	FULL	142-144	
G4-LA9	Average hours of training per year per employee by gender, and by employee category	Energa Group	FULL	142, 154	
G4-DMA	Management approach in the aspect of diversity and equal opportunity	Energa Group	PARTIAL	151	
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	Energa Group	PARTIAL	151	
G4-DMA	Management approach in the aspect of supplier screening	Energa Group	FULL	39	
G4-LA14	Percentage of new suppliers that were screened using labour practices criteria	Energa Group	FULL	39	