

Energa Group's 2020 Non-Financial Report



TABLE OF CONTENTS

| | |
|--|----|
| MESSAGE FROM THE CEO | 4 |
| 1. INFORMATION ON THE REPORT | 5 |
| 2. STRIVING FOR CARBON NEUTRALITY | 10 |
| 2.1. Environmental impact management at Energa Group | 11 |
| 2.2. Key non-financial performance indicators | 13 |
| 2.2.1. Reduction in raw material consumption | 13 |
| 2.2.2. Reduction in water consumption | 13 |
| 2.2.3. Improvement in energy efficiency and reduction in energy consumption | 16 |
| 2.2.4. Maximum achievable installed capacity by main fuel types | 21 |
| 2.2.5. Net energy produced by main energy sources | 21 |
| 2.2.6. Reduction in greenhouse gas emissions and carbon footprint | 22 |
| 2.2.7. Reduction in pollutant emissions, including nitrogen and sulphur oxides | 24 |
| 2.2.8. Reduction in the amount of waste generated | 26 |
| 2.2.9. Reduction in the amount of wastewater generated | 29 |
| 2.2.10. Increased activities in support of biodiversity and protection of water sources | 30 |
| 2.3. Description of policies implemented | 31 |
| 2.4. Description of due diligence procedures | 31 |
| 3. BUSINESS MODEL | 33 |
| 3.1.1. Energa Group and its shareholders | 34 |
| 3.1.1. About Energa Group | 34 |
| 3.1.2. Shareholders of Energa Group | 35 |
| 3.1.3. Key subsidiaries | 36 |
| 3.1.4. Main products and brands | 37 |
| 3.1.5. Location of operations and main power generating assets | 38 |
| 3.1.6. Management structure | 39 |
| 3.1.7. Group's stakeholders | 41 |
| 3.1.8. Energa Group's strategy | 44 |
| 3.1.9. Industry initiatives and organisations | 45 |
| 3.2. Group's suppliers | 46 |
| 3.2.1. Amount of capital paid to local suppliers | 47 |
| 3.2.2. Suppliers' impact | 48 |
| 4. SOCIAL ISSUES | 50 |
| 4.1. Customers | 51 |
| 4.1.1. Description of the area | 51 |
| 4.1.2. Key non-financial performance indicators | 52 |
| 4.1.2.1. Dialogue activities aimed at customers | 52 |
| 4.1.2.2. Responsible communication | 52 |
| 4.1.2.3. Monitoring customer satisfaction | 54 |
| 4.1.2.4. Meeting customer expectations by products and services | 55 |
| 4.1.2.5. Ensuring the protection of personal data | 56 |
| 4.1.2.6. Energa procedures in case of complaints | 57 |
| 4.1.2.7. Reduction in the number and duration of power outages | 58 |
| 4.1.2.8. Major modernization projects | 59 |
| 4.1.3. Description of policies implemented | 60 |
| 4.1.4. Due diligence procedures | 61 |
| 4.2. Society | 62 |
| 4.2.1. Society as the pillar of activities as part of Energa Group's sustainable development | 62 |
| 4.2.2. Key non-financial performance indicators | 63 |
| 4.2.2.1. Dialogue with local communities and its results | 63 |
| 4.2.2.2. Indirect economic impact on local communities | 63 |
| 4.2.2.3. Key initiatives implemented in local communities | 65 |
| 4.2.2.4. Number of activities with a negative impact on the local community | 73 |
| 4.2.3. Description of policies implemented | 74 |
| 4.2.4. Description of due diligence procedures | 75 |
| 5. LABOUR ISSUES AND HUMAN RIGHTS | 76 |
| 5.1. Employees: career development and safety | 77 |
| 5.1.1. Description of the area | 77 |

| | |
|---|-----|
| 5.1.2. Key non-financial performance indicators | 77 |
| 5.1.2.1. Dialogue with employees of Energa Group and employee organisations | 77 |
| 5.1.2.2. Structure of employment at Energa Group | 77 |
| 5.1.2.3. Employees of Energa Group by gender, age, employment type, region | 78 |
| 5.1.2.4. Fluctuations in employment at Energa Group | 81 |
| 5.1.2.5. List of additional employee benefits..... | 82 |
| 5.1.2.6. Opportunities for development at Energa Group..... | 82 |
| 5.1.2.7. Health promotion campaigns for employees..... | 83 |
| 5.1.2.8. Occupational health and safety management system | 83 |
| 5.1.2.9. Workplace accidents and occupational diseases | 85 |
| 5.1.2.10. Employee participation in consultations and communication on OH&S | 85 |
| 5.1.2.11. Training initiatives and information campaigns related to OH&S..... | 85 |
| 5.2. Respect for human rights | 86 |
| 5.2.1. Diversity and equal opportunity..... | 86 |
| 5.2.2. Counteracting mobbing and discrimination..... | 87 |
| 5.3. Description of policies implemented | 88 |
| 6. ETHICS AND ANTI-CORRUPTION | 91 |
| 6.1. Key non-financial performance indicators..... | 92 |
| 6.1.1. Values of the organization and norms of conduct | 92 |
| 6.1.2. Ethical violations whistleblowing mechanisms | 92 |
| 6.1.3. Anti-corruption..... | 93 |
| 6.1.4. Counteracting mobbing and discrimination..... | 93 |
| 6.1.5. Anti-competitive activities, anti-monopoly practices..... | 93 |
| 6.2. Description of policies implemented | 94 |
| 6.3. Description of due diligence procedures | 94 |
| 7. NON-FINANCIAL RISK MANAGEMENT | 96 |
| 7.1. Risk management at Energa Group | 97 |
| 7.1.1. Integrated Risk Management System..... | 97 |
| 7.1.2. Risk management process..... | 98 |
| 7.1.3. Roles and responsibilities within the Risk Management System..... | 99 |
| 7.1.4. Tools supporting the Risk Management System | 100 |
| 7.2. Environmental risks..... | 100 |
| 7.3. Social risks..... | 101 |
| 7.4. Labour risks..... | 102 |
| 7.5. Other non-financial risk | 103 |
| GRI TABLE..... | 105 |
| APPROVAL OF ENERGA GROUP'S 2020 NON-FINANCIAL REPORT | 109 |



Jacek Goliński
CEO

Ladies and Gentlemen,

2020 was a challenging year in many aspects. The COVID-19 pandemic affected the global economy and, more importantly, the lives of nearly all of us. Despite such demanding circumstances, we are not only continuing our previous activities, but pursuing new initiatives as well. The past year was also a reminder of the key importance of the energy sector. The challenges we faced only served to confirm the correctness of our corporate social responsibility activities. Relations with our stakeholders, nurtured over the course of several years, helped us develop an effective response to the pandemic. We supported the helplines operated by the Chief Sanitary Inspectorate and National Health Fund by delegating consultants to work the phones. We provided schools with computer equipment to help organise remote learning. We made the TETRA digital communications system available to frontline responders fighting the coronavirus. We provided financial support for the rehabilitation of children suffering from respiratory tract disorders. We set up an internal COVID-19 monitoring and prevention team that protected the safety of our employees. Our subsidiaries, Energa Operator and Energa Obrót, implemented changes to their services to ensure the health of their customers and employees. These are just some examples from a broad spectrum of actions taken in response to the global pandemic.

”

Energa Group became part of ORLEN Group in a major step towards establishing a multi-utility conglomerate.

However, 2020 also marked significant changes to our ownership structure. Energa Group became part of ORLEN Group in a major step towards establishing a multi-utility conglomerate. This is a project of unprecedented scale that will raise the competitiveness of the companies merged and have a positive impact on Poland's energy security. We now face many challenges, both in terms of integration as well as further expansion. Our common goal is to achieve carbon neutrality by 2050. However, we will not hesitate to take on obligations related to that objective, as evidenced, for example, by last year's decision of the sponsors of the Ostrołęka C project to construct a new gas-fired power generation unit.

To achieve carbon neutrality, further systematic efforts aimed at increasing the share of renewable energy sources (RES) in Energa Group's total energy mix are required. At the end of 2020, the RES share in the Group's net electricity output stood at 48.89%, a 7.51 percentage point increase compared to the previous year. Such result was made possible by completing the construction of the Przykona wind farm. The 31 MW facility was erected on the reclaimed former site of the Adamów open-pit lignite mine. The project became a sui generis symbol of transformations in the energy sector in the Wielkopolska region. We intend to continue moving in this direction in 2021, as evidenced by the Gryf solar farm that is currently under construction.

In the non-financial report, we are presenting our accomplishments this year, applicable corporate standards and best practices implemented. We also specify detailed objectives that we are planning to achieve in the coming years.

I hope you will find this report of interest.

1. Information on the report

This Non-Financial Report (the 'Report') includes data on Energa as part of ORLEN Group for the year 2020.

The Report was drafted in accordance with:

- Article 49b, sub-section 1 and article 55, sub-sections 2b-e of the Accounting Act of 29 September 1994, as amended, implementing the guidelines of the Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups;
- **GRI Standards 2016** (Core level) and in accordance with expanded **OH&S Standards 2018**, as well as **Waste Standards 2020**. GRI Standards are the world's most popular non-financial data reporting standard.

Significant changes in Energa Group's ownership took place in 2020 due to the Group's acquisition by PKN ORLEN. As a result, certain GRI disclosures reported by Energa in the area of HR had to be adapted to the definitions of corresponding disclosures reported by PKN ORLEN. The following disclosures were unified: 102-8, 401-1, 404-1, 405-1. This year marked the first time that the Group reported OH&S disclosures (GRI 403) in accordance with the current definition, adopted by GRI Standards on 28 January 2018.

No amendments were made to the 2019 report in 2020.

This 2020 non-financial information report contains data and disclosures in respect of Energa as part of ORLEN Group (Energa Capital Group, hereinafter alternatively referred to as Energa Group, Energa of ORLEN Group and Energa), as well as Energa SA as the parent company of Energa Capital Group, (hereinafter Energa SA). The term Energa of ORLEN Group is defined as the below companies (subsidiaries) that are part of Energa Capital Group.

| Energa SA |
|---|
| Energa Operator SA |
| Energa Operator Wykonawstwo Elektroenergetyczne Sp. z o.o. |
| Energa Obrót SA |
| Energa Slovakia s.r.o. |
| Enspirion Sp. z o.o. |
| Energa Oświetlenie Sp. z o.o. |
| Energa OZE SA |
| Energa Elektrownie Ostrołęka SA |
| Energa Serwis Sp. z o.o. |
| Energa Ciepło Ostrołęka Sp. z o.o. |
| Energa Kogeneracja Sp. z o.o. |
| CCGT Gdańsk Sp. z o.o. |
| CCGT Grudziądz Sp. z o.o. |
| Energa Ciepło Kaliskie Sp. z o.o. |
| Ecarb Sp. z o.o. |
| Energa Logistyka Sp. z o.o. |
| Centrum Badawczo-Rozwojowe im. M. Faradaya Sp. z o.o. |
| Energa Informatyka i Technologie Sp. z o.o. |
| Energa Ochrona Sp. z o.o. |
| Energa Invest Sp. z o.o. |
| Energa Centrum Usług Wspólnych Sp. z o.o. |
| Energa Finance AB |

In terms of environmental and social issues, the report does not cover 6 companies (subsidiaries) whose impact was considered to be immaterial: CCGT Gdańsk Sp. z o.o., CCGT Grudziądz Sp. z o.o., Energa SLOVAKIA s.r.o. and Energa Finance AB, CBRF, ECARB Sp. z o.o. The exclusion of the above companies does not apply to disclosures 102-8, 401-1, 404-1, 405-1. The Report covers the 2020 financial year, i.e. the period between 1 January and 31 December 2020 (provided that, by analogy to the generally accepted financial reporting standards, the Report may refer to events that took place after 31 December 2020 and before the publication of the report, as long as they were material to Energa of ORLEN Group from the perspective of its non-financial results).

The reporting process at Energa of ORLEN Group is carried out on an annual basis. The 'Our Responsibility' non-financial report for 2019 was published on 28 May 2020, together with the financial statements for 2019. The current report will take into account the integrated reporting guidelines of the International Integrated Reporting Council and will be subject to verification by an independent auditor.

Reporting standards

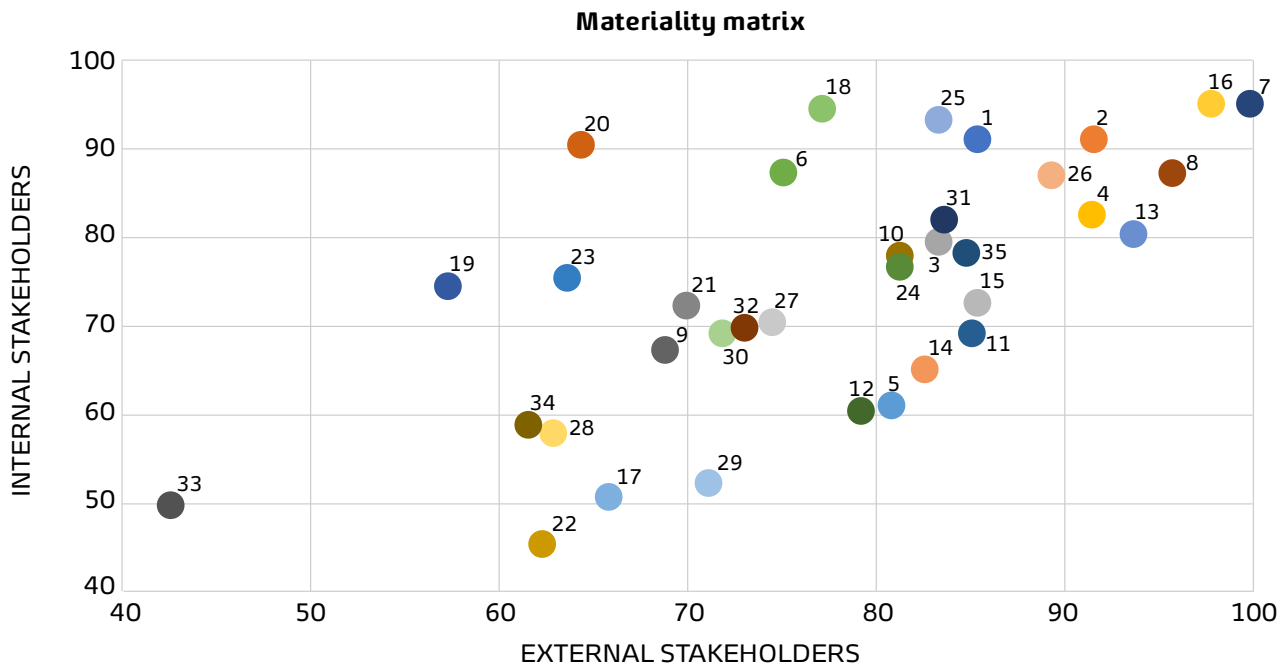
This Report was drawn up with reference to the Standards GRI 2016 document, Core level. The Report presents disclosures from 3 foundation standards (GRI 101), General Disclosures (GRI 102), Management Approach (GRI 103) and selected topic-specific standards from the Economic (GRI 200), Environmental (GRI 300) and Social (GRI 400) series. The Report also contains selected Electric Utilities Sector Disclosures (G4 EU). The disclosures included in the Report are specified at the end of each chapter. The index of GRI standards is provided at the end of the Report.

Reporting methodology

The Report preparation stage comprised multiple steps. First, an analysis of the macroeconomic situation in ESG areas and the latest trends in reporting in selected economically developed European countries was carried out. Based on the information gathered by an external entity, an online workshop and an assessment of elements that are material for reporting in the industry were carried out. The next stage was to create a Stakeholder Map based on the analysis of micro- and macroeconomic environment of Energa Group

and a workshop with the participation of the companies' management team. Subsequently, a survey was drafted and sent to selected groups of stakeholders. Data obtained as a result of the survey and its analysis helped create a tool in the form of the Materiality Matrix, which was used to make decisions as to the content included in the Report. An Expert Panel was also held in order to deepen the subject matter content of the Report.

As a result of a survey held among internal and external stakeholders between 18 November 2020 and 2 December 2020, the materiality of disclosures used in the Non-Financial Information Report was determined. The survey was taken by 156 of the Group's stakeholders, of which 68.15% were internal stakeholders, i.e. employees and management of Energa Group. External stakeholders were represented by representatives of ORLEN Group, customers, representatives of non-governmental organisations, suppliers and business partners, representatives of public administration, representatives of local communities, representatives of public institutions and authorities, other shareholders, representatives of banks and financial institutions as well as representatives of scientific and academic circles. As a result of this work, the final list of Energa Group's material reporting aspects was drawn up and their materiality for Energa Group and its stakeholders was determined.



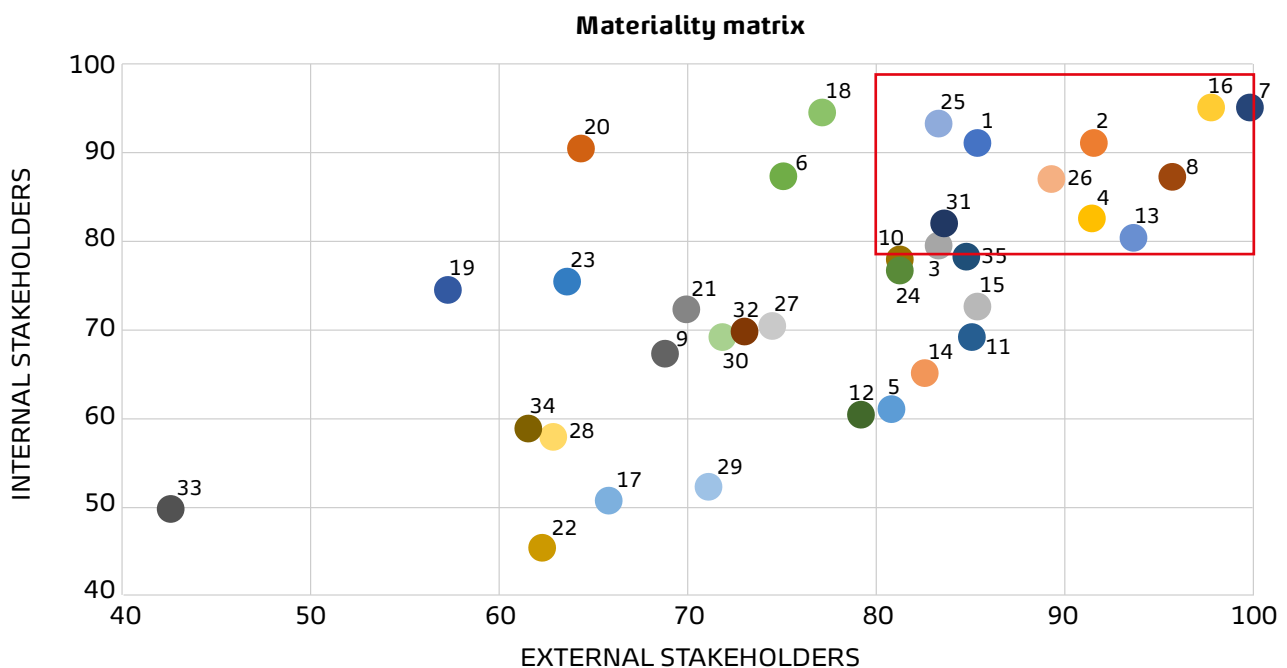
35 social, environmental and economic issues subjected to analysis:

- | | |
|--|---|
| <ol style="list-style-type: none"> 1. Energa Group's 2020 financial results. 2. Business strategy, projections of the Group's expansion in the coming years. 3. Risk management at Energa Group, accounting for changes in the market and climate change. 4. Scope of Energa Group's involvement in initiatives supporting the development of Poland's economy, including the development of infrastructure and provision of services for the public. 5. Impact of Energa Group's supply chain on its environment. 6. Amount of energy produced and achievable installed capacity by fuel type. 7. Development of renewable energy sources in the production of electricity and heat. 8. Environmental and energy management strategy. Actions taken to prevent climate change. 9. Financial implications of climate change. 10. Energy consumption, including energy efficiency and energy reduction methods. 11. Water administration and management. 12. Impact on biodiversity and its protection. 13. Greenhouse gas emissions and methods of their reduction. 14. Wastewater and waste management. Transition towards a circular economy. 15. Emissions of pollutants, including nitrogen and sulphur oxides. 16. Key investment (CAPEX) projects impacting the environment. | <ol style="list-style-type: none"> 17. Inclusion of ESG factors in Energa Group's operations. 18. Scale and policy of employment. 19. Occupational health and safety practices. 20. Employee training and education. 21. Managing diversity and equal opportunity. 22. Supplier assessment and selection in terms of employment practices. 23. Antidiscrimination policy. 24. Respect for human rights. 25. Dialogue with employees. 26. Activities for the benefit of local communities. 27. Anti-corruption. 28. Anti-competitive practices. 29. Supplier assessment and selection in terms of societal impact. 30. Volunteering among employees. 31. Activities of Energa Foundation. 32. Results of Energa Group customer satisfaction survey. 33. Processing and protection of customer data. 34. Amount of fines and sanctions imposed for failing to comply with laws and regulations applicable to the product supplied. 35. Improving security of energy supply and providing customers/business partners with affordable energy. |
|--|---|

To deepen the materiality of issues included in the Report, as well as in order to plan the structure and format of the Report, an Expert Panel was held on 3 December 2020 on Zoom. The meeting of experts was convened in order to analyse and discuss Energa's last year's report (2019) in the context of integrated reporting and general assessment of the situation of the energy sector and trends applicable to business in Poland and in the region. Participants in the Panel suggested a number of solutions and good practices that could be implemented in the next Report of Energa Group. The Panel featured experts representing various disciplines – non-governmental organisations associated with the environment, sustainable development, business and capital market.

Among the issues that enjoyed particular interest among experts who participated in the Panel were questions concerning the Group's plans with regard to energy transition, a process which in their opinion will soon be forced on the industry by a growing number of entities: financial institutions (reluctant to grant loans for fossil fuel-related projects), investors (unwilling to invest in fossil fuels), local governments (interested in publicizing the fact that they obtain energy from renewable sources), consumers (interested in obtaining funding for new investment projects). Climate-related issues were also important for the Panel participants – Energa's preparation for changes and practices intended to counteract them. The experts stressed the importance of trends including social and technological changes resulting from the COVID-19 pandemic, new forms of activism, new role models and dispersion of power generation. Results of the expert panel broadened the spectrum of issues to be included in the Report.

10 material aspects selected as a result of the process:



| | | | |
|----------------------|---|----------------------|--|
| Economic | Energa Group's 2020 financial results. | Environmental | Environmental and energy management strategy. Actions taken to prevent climate change. |
| Economic | Business strategy, projections of the Group's expansion in the coming years. | Environmental | Greenhouse gas emissions and methods of their reduction. |
| Social | Scope of Energa Group's involvement in initiatives supporting the economic development of Poland's economy, including the development of infrastructure and provision of services to the society. | Environmental | Key investment (CAPEX) projects impacting the environment. |
| Environmental | Development of renewable energy sources in the production of electricity and heat. | Social | Dialogue with employees. |
| | | Social | Activities for the benefit of local communities. |
| | | Social | Activities of Energa Foundation. |

Contact details and feedback

We appreciate all comments and opinions on the Report, method of presenting data and our activities. Please send any information, questions and concerns by email to:

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The above address should be used for providing feedback in respect of all areas described in the Report, unless otherwise specified in the section dealing with a given area.

List of disclosures presented in this chapter:

| | |
|-------------------|--|
| GRI 102-45 | Entities included in the consolidated financial statements |
| GRI 102-46 | Defining report content and topic Boundaries |
| GRI 102-47 | List of material topics |
| GRI 102-48 | The effect of any restatements of information given in previous reports, and the reasons for such restatements and their impact (e.g. mergers, acquisitions, changes to base year/period, nature of activity, measurement methods) |
| GRI 102-49 | Significant changes from previous reporting periods in the list of material topics and topic Boundaries |
| GRI 102-50 | Reporting period |
| GRI 102-51 | Date of most recent report |
| GRI 102-52 | Reporting cycle |
| GRI 102-53 | Contact point for questions regarding the report |
| GRI 102-54 | Claims of reporting in accordance with the GRI Standards |
| GRI 102-55 | GRI content index |

2. Striving for carbon neutrality

Striving for carbon neutrality is a priority for Energa Group and is based on the principles defined in our internal regulations. Thanks to an integrated environmental and energy management system, the process is monitored on an ongoing basis. We regularly increase the share of renewable energy sources (RES) in Energa Group's energy mix. The share of renewable energy sources' output in net electricity production from all our assets came in at 48.89% at the end of 2020, a 7.51 percentage point increase as compared to the previous year.

2.1. Environmental impact management at Energa Group

At the end of 2019, the European Commission proposed a new growth strategy – the *European Green Deal*. This comprehensive strategy adopted by the European Union is meant to counteract climate change. On 30 November 2020, in accordance with the principles of the *European Green Deal*, PKN ORLEN announced the *Strategy of ORLEN Capital Group until 2030*, setting the objectives for the power generation line of business which include:

Expansion of gas-fired generating units based on the CCGT (*Combined Cycle Gas Turbine*) technology in Ostrołęka and, potentially, in Gdańsk. By 2030, the installed capacity of gas-fired power plants will rise 1.8 times (compared to 2019), to 2 GW in 2030;

Reduction of CO₂ emissions per MWh by 33% in electricity production and reaching carbon neutrality by 2050.

Energa Group's main efforts include:

- decarbonising and improving energy efficiency,
- developing renewable energy sources,
- efficient use of resources through transitioning towards a circular economy.

Energa SA is currently developing *Energa Group's Climate Policy until 2030*. The Energa Group Decarbonisation Strategy Development Team has also been set up and has begun analytical works related to the emission levels of the individual Line of Business.

The main objective of *Energa's Climate Policy* is to systematically reduce greenhouse gas emissions, first and foremost through continued intensive development of renewable energy sources. Energy security will be ensured through the transitional use of technologies based on low-emission gas fuels. An expansion of electromobility and development of dispersed energy generation will also take place.

Our efforts towards achieving carbon neutrality are supported by the continuously improving integrated environmental and energy management system, compliant with the *EMAS Regulation* and ISO 14001:2015 and ISO 50001:2018 standards (the description of due diligence practices can be found at the end of this chapter).

Due to the COVID-19 pandemic, an important task of Energa Group in 2020 was to ensure the continuity of operation of the generation and distribution facilities and maintaining the environmental and energy management system, taking into account the changing legal considerations with regards to environment protection.

Investment projects impacting the environment

As a result of implementing *Energa Group's Strategy for 2016-2025* and *Energa Group's Multi-Year Strategic CAPEX Plan for 2015-2025*, our capital expenditures came in at PLN 1.72 billion in 2020, of which PLN 1.35 billion was spent on investment projects in the Distribution Line of Business. The environmental impact of those projects, such as reducing emissions or improving energy efficiency, was primarily the result of a modernization of power transmission lines and transformer/switching stations, but also of investments in renewable energy sources. Furthermore, apart from electricity consumers, we are also connecting RES micro-installations operated by prosumers to the power grid, creating a potential for developing low-emission dispersed generation. 60 220 RES micro-installations (mostly PV) were connected to the grid in 2020, with a total installed capacity of 422.38 MW.

Key investment projects impacting the environment (environmental and energy efficiency impact) in 2020:

1. In Q2 of 2020, we completed the refurbishment of the power generating section of the Rakowiec Hydropower Plant, including replacing the transformers. In terms of electrical systems, the following installations were replaced: the 15 kV medium-voltage switchgear with vacuum circuit breakers, control, measurement and safety (protection) equipment, as well as turbine control systems. The refurbishment led to improving the safety of operating the plant and reliability of the power generation process. The replacement of oil immersed transformers with cast resin dry type transformers helps protect the environment from a potential leak and seeping of oil-based substances into the soil and water.
2. We completed the construction of the Przykona wind farm, injecting an additional 32.8 MW of green energy into the Polish power grid. The annual electricity output of the farm is estimated to reach 83 GWh.
3. In collaboration with NEDO, a Japanese governmental organization, we completed the construction of a hybrid energy storage facility at the Bystra wind farm in 2020. It is currently the largest energy storage facility in Poland, a part of a prototype system meant to improve the security of operating power grids, with the ultimate power of 6 MW and capacity of 27 MWh. The completion of this task is an attempt to solve problems caused by instability (intermittency) related to the production of electricity using renewable sources and it also enables gaining the required competences and experience related to the operation of such a facility.
4. Installation at Ostrołęka B Power Plant. It was one of the company's major pro-environmental projects over the last several years. The project was in a large part funded by a loan granted by the National Environmental Protection and

Water Management Fund as part of the *E-KUMULATOR – An Ecological Battery for Industry* program, the purpose of which is to reduce the negative environmental impact of industrial projects. Several new facilities were built as part of the project: an absorber with a stack, process buildings, sorbent storage tank and pipeline trestle bridges. The existing (FGD) and process buildings, flue gas ducts and power supply installation were also expanded. Thanks to the newly erected installation, emissions of harmful sulphur oxides were reduced by as much as 95% when 3 power generating units are in operation. The process carried out by the installation using the wet lime method produces gypsum, which can be further utilized (reused). The entire process is environmentally friendly and consistent with the objectives of the circular economy.

5. Energa Kogeneracja subsidiary discontinued burning coal to produce heat and signed a contract for the construction of a peaking and backup boiler facility with a capacity of 3 x 38 MW, set to be brought online in 2022. Until that date (i.e. between November 2020 and 2022), the company will operate a temporary mobile heating installation, made up of 4 mobile containerised boilers with heating oil tanks. The capacity of the entire installation stands at 40 MWh. The installation is powered by the biomass-fired generating unit.
6. Energa Ciepło Kaliskie and Energa Serwis subsidiaries continued their investment projects aimed at improving the quality of air in the city of Kalisz by expanding the municipal district heating network and connecting new consumers to the network. In 2020, the companies connected to the municipal district heating network 4 facilities that had previously used other heating methods, enabling the liquidation of 19 residential coal furnaces and 2 local gas-fired boiler houses as well as 1 local coal-fired boiler house located in the heart of the city of Kalisz – an area covered by the *Air Protection Scheme for the City of Kalisz Zone*. This led to a total reduction of PM₁₀ dust levels by approximately 520 kg, PM_{2.5} dust levels by approximately 310 kg and benzopyrene levels by approximately 90 kg per year.
7. Energa Oświetlenie subsidiary implemented projects and undertook activities aimed at improving energy efficiency. As part of such activities, the company completed investment projects related to the modernization of the road lighting infrastructure. As a result, approximately 16 650 old type light fixtures (mercury, sodium) were replaced with energy efficient fixtures in 2020. We estimate that this will result in savings in electricity consumption of approximately 5 552.486 MWh per year, i.e. 477.428 toe/year, and will reduce CO₂ emissions by 4 247.65 t/year.
8. Energa Oświetlenie subsidiary was also involved in projects related to the development of electromobility. In collaboration with Port Gdynia, the company completed in 2020 a pilot project involving the erection of 2 electric vehicle charging stations using the existing infrastructure used to power the street lights. This solution enables reducing the time needed to erect a new charging station and the costs of bringing it online. In the future it will also contribute to a reduction in the consumption of raw materials and the CO₂ emissions.
9. Energa Obrót subsidiary is systematically expanding its electric vehicle charging network. Since the start of 2020, the company has erected 53 new charging stations, with 51 of them having been brought online, including 19 DC fast charging stations and 32 AC semi-fast charging stations.
10. Energa Operator's activities included:
 - replacement of 19 high voltage/medium voltage transformers and 455 medium voltage/low voltage transformers,
 - replacement of 122.65 km of overhead medium voltage power lines with cable lines,
 - replacement of 323.78 km of low voltage power lines with insulated lines,
 - modernization of 57 pole mounted substations,
 - replacement of 70.22 km of medium voltage power lines with partially insulated lines,
 - replacement of 4071 connectors with insulated connectors,
 - installation of 371 stork nest platforms,
 - installation of 36 electrically insulated spacers for birds (Koszalin Branch).

Projects planned for 2021:

1. Construction of the Gryf PV farm with a capacity of up to 20 MW.
The installation built by the Energa OZE subsidiary will provide electricity for more than 13 thousand households. The estimated annual output of the new facility in its first years of operation would reach approx. 19 GWh. Given this annual output, a conventional power plant would have emitted approx. 15 thousand tons of carbon dioxide per annum.
2. Construction of a peaking and backup boiler facility with a capacity of 3 x 38 MW.
The investment project implemented by the Energa Kogeneracja subsidiary will be one of the primary sources of heating for the city of Elbląg, together with a co-generation gas engine system and an optimized biomass-fired BB20p generating unit. The newly built boiler house will allow us to discontinue the use of coal, which had previously been the main fuel used for the production of thermal energy in Elbląg. Ultimately, natural gas with a high methane content and biomass will be used to produce thermal energy for use by the city residents and businesses. The construction of the boiler house is planned to be completed in late 2021/early 2022.
3. Modernisation of the road lighting infrastructure implemented by the Energa Oświetlenie subsidiary, among others in Gdańsk.
4. Continuation of the investment projects related to reducing heat transmission losses in Ostrołęka.
Tasks planned by the Energa Ciepło Ostrołęka subsidiary include the alterations of the district heating networks – the underground and the overhead ones.
5. In the area of operations of the Energa Operator subsidiary, we are planning to continue the replacement of high voltage/medium voltage and medium voltage/low voltage transformers, replacement of overhead medium voltage power lines with cable lines, replacement of low voltage lines with insulated lines and the installation of white stork nest platforms.

2.2. Key non-financial performance indicators

2.2.1. Reduction in raw material consumption

Raw materials used by weight and volume

| Raw materials | 2019 | 2020 |
|---|------------------|------------------|
| Non-renewable | | |
| coal [Mg] | 1 059 255 | 831 183 |
| natural gas [m ³] | 1 093 122 | 871 065 |
| heating oil [Mg] | 3 272 | 4 938 |
| diesel oil [Mg] | 4 002 | 3 522 |
| petrol [Mg] | 1 008 | 794 |
| other non-renewables [Mg] | 580 | 171 |
| consumption of other non-renewable raw materials [Mg] | 22 626 | 18 068 |
| TOTAL CONSUMPTION OF NON-RENEWABLE RAW MATERIALS [m³] | 1 093 122 | 871 065 |
| TOTAL CONSUMPTION OF NON-RENEWABLE RAW MATERIALS [Mg] | 1 090 743 | 858 677 |
| biomass [Mg] | 148 566 | 148 839 |
| TOTAL CONSUMPTION OF RENEWABLE RAW MATERIALS [Mg] | 148 566 | 148 839 |
| consumption of direct materials (e.g. steel) [Mg] | 193 | 167 |
| TOTAL CONSUMPTION OF RAW MATERIALS [m³] | 1 093 122 | 871 065 |
| TOTAL CONSUMPTION OF RAW MATERIALS [Mg] | 1 239 503 | 1 007 683 |

In 2020, we consumed 1 007 683 Mg of raw materials, i.e. 231 820 Mg less than in the previous year. We are continuing our efforts aimed at reducing the consumption of non-renewable raw materials and increasing the share of biomass in electricity and heat generation processes. We are also optimizing the consumption of raw materials by our service providing companies (subsidiaries) and the Distribution Line of Business.

In 2020, the Energa Operator subsidiary took a number of steps which resulted in, among others, a reduction in the consumption of paper as well as the transportation and heating fuels:

- By transitioning to e-newspapers, the company purchased nearly 2 Mg of paper less, which translated into a reduction of the CO₂ emissions by 18.2 Mg;
- The Company launched the ZET Mobile application (to be implemented stage by stage). The new tool will not only improve the efficiency of the works performed by the fitters and the office personnel, but will also enable a reduction in the amount of paper consumed. Within a year, Energa Operator issues approximately one million orders for technical services, which corresponds to a million pages of paper used. The application allows for issuing orders in electronic format;
- The Company discontinued the use of the boiler house at its Gdańsk Branch (Kościerzyna Distribution Area). Having connected the site to the district heating network we are no longer using heating oil to produce heat.

2.2.2. Reduction in water consumption

Given the nature of our operations, we source water primarily from surface sources (rivers, lakes) and deep wells. In 2020, we sourced a total of 29 820 217 966 m³ of water, i.e. 540 437 467 m³ more than in the previous year. We use water primarily to produce electricity in hydropower plants and to cool generating facilities.

As every year, the Energia OZE subsidiary was responsible for the largest intake of water - 29 820 217 966 m³ – of which 344 198 160 m³ was used in the operation of the pumped-storage power plant in Żydowo. Of note is the fact that there are no water losses in the production of electricity by hydropower plants and in the process of transforming electricity into water's gravity energy at the Żydowo power plant. Therefore, Energia does not contribute to the creation of water deprived areas. Energia Elektrownie Ostrołęka subsidiary sources water from the Narew river and from deep wells, complying with the limits specified in water use permits and in the integrated permit.

In 2020, the company:

- reused treated wastewater from the Process Water Preparation Station and partially reused rainwater and industrial wastewater, replenishing losses in hydraulic bottom ash systems (as compared to 2019, the consumption of water for this purpose was reduced by approx. 10%),
- used some of the steam from Power Plant B to replenish the water and steam circuits (heating of raw water in reactors, heating of rooms and tanks),
- replaced the PC-3 pump, improving the efficiency of the production processes.

In 2020, the Energia Ciepło Ostrołęka subsidiary completed the alteration of its storm drainage system near the office building. The project involved draining the rainwater using a network of storm drains and wells with an oil-based substance sedimentation tank into a watertight tank. Water stored in the tank was used to irrigate green areas, enabling a reduction in the use of water from the water pipe system for these purposes by more than a half in comparison to the previous year.

The Group's subsidiaries do not engage in the recycling of water in order to reuse it.

The majority of the water we source is used to produce electricity in hydropower plants. The water flows through the power plants but in practice is not used up (consumed) by them. Therefore, Energia does not contribute to the creation of water deprived areas.

Total water consumption by source

| Line of business/ subsidiary (company) | Total volume of water sourced from all sources taken into account | | Rivers (for cooling purposes) | | Rivers (for purposes other than cooling) | | Lakes (for cooling purposes) | | Lakes (for pur- poses other than cooling) | | Underground waters (for purposes other than cooling) | | Water from municipal networks | |
|--|---|-----------------------|----------------------------------|--------------------|---|-----------------------|---------------------------------|------------------|--|--------------------|---|----------------|-------------------------------------|----------------|
| | [m ³ /year] | | [m ³ /year] | | [m ³ /year] | | [m ³ /year] | | [m ³ /year] | | [m ³ /year] | | [m ³ /year] | |
| | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 |
| Services and Other | 4 482 | 3 543 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4 482 | 3 543 |
| Distribution Line of Business | 66 095 | 55 799 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 191 | 215 | 65 904 | 55 583 |
| Supply Line of Busi- ness | 4 072 | 3 440 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4 072 | 3 440 |
| Generation Line of Business | 29 279 705 850 | 29 820 155 184 | 371 672 986 | 334 794 054 | 28 612 601 712 | 29 137 300 998 | 2 917 250 | 3 484 820 | 292 008 480 | 344 198 160 | 425 490 | 319 268 | 79 931 | 57 884 |
| Energa OZE SA | 28 911 950 972 | 29 490 973 525 | 9 811 243 | 10 786 210 | 28 607 208 844 | 29 132 499 620 | 2 917 250 | 3 484 820 | 292 008 480 | 344 198 160 | 1 833 | 1 815 | 3 322 | 2 900 |
| Energa Elektrownie Ostrotęka SA | 340 393 008 | 316 130 654 | 334 752 995 | 311 167 681 | 5 216 356 | 4 645 520 | 0 | 0 | 0 | 0 | 423 657 | 317 453 | 0 | 0 |
| Energa Serwis Sp. z o.o. | 1 075 | 1 794 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 075 | 1 794 |
| Energa Ciepło Ostrotęka Sp. z o.o. | 471 | 447 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 471 | 447 |
| Energa Ciepło Kaliskie Sp. z o.o. | 6 791 | 6 723 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 6 791 | 6 723 |
| Energa Kogeneracja Sp. z o.o. | 27 353 533 | 13 042 042 | 27 108 748 | 12 840 163 | 176 512 | 155 858 | 0 | 0 | 0 | 0 | 0 | 0 | 68 273 | 46 021 |
| Energa Group | 29 279 780 499 | 29 820 217 966 | 371 672 986 | 334 794 054 | 28 612 601 712 | 29 137 300 998 | 2 917 250 | 3 484 820 | 292 008 480 | 344 198 160 | 425 682 | 319 484 | 154 390 | 120 451 |

2.2.3. Improvement in energy efficiency and reduction in energy consumption

In 2020, the total consumption of energy within the Group dropped to 8 776 759 GJ. This was caused, among other factors, by continued modernization of the generation and distribution infrastructure. In 2020 we also reduced the consumption of energy produced using non-renewable raw materials to 19 014 609 GJ, while the consumption of energy produced using renewable raw materials increased to 6 903 062 GJ.

As part of the improvement of the environmental and energy management system, in 2020 we updated the energy audits of the subsidiaries with data for 2019. During the audits we identified areas where the energy efficiency could be improved, which allowed us to set specific goals and tasks to be completed, including, among others:

1. We completed the first stage of the refurbishment of the compressed air installation control system of the generating unit BB20p at the Elbląg CHP Plant. The entire project is scheduled to be completed in 2021 and will contribute to a monthly reduction in the consumption of electricity by 10 kWh.
2. We completed the next stage of the refurbishment of the pumping system at the Żychlin CHP Plant in order to ensure its reliable operation and reduce the consumption of electricity. We installed a mixing pump control system and replaced the circulating pumps with new ones, equipped with automatic controls.
3. At the Energa Ciepło Kaliskie subsidiary:
 - we replaced 36 pump aggregates with new, energy efficient, electronically controlled circulation pumps at 29 district heating substations and refurbished 3 individual substations;
 - we prepared the project documentation for the installation of solar collectors in the domestic hot water preparation system at the District Heating Station in Kalisz;
 - collaboration with residential housing cooperatives in Kalisz, we are working on a campaign involving the splitting of the group substations into the individual ones. We are replacing gas-fired boiler based domestic hot water preparation systems with water conditioned using the district heating. 4 buildings were subjected to such measures in 2020.
4. At the Energa Elektrownie Ostrołęka subsidiary, we refurbished air fans on the generating unit no. 3 and we refurbished the PC-3 cooling water pumps. We requested that energy efficiency certificates be issued with respect to the above-mentioned investment projects.
5. Energa Operator subsidiary was continuing its *Adaptation of the grid to the Smart Grid standards through the installation of the smart metering systems and automation of the grid to entice consumers to improve the efficiency of energy use and implement efficient management of the power system (grid) to ensure the security of electricity supply project, including, among others, by:*
 - installing 117 medium voltage disconnectors along with the communications modems on the grid,
 - supplying 574 remote control sets, required in order to install switchgears,
 - replacing nearly 400 indoor switchgears along with the remote control sets and the TETRA communications modems,
 - signing a contract for the construction of an energy storage facility.
6. In the city of Olsztyn, Energa Operator began a project enabling connecting of new renewable energy sources and prosumer RES micro-installations to the distribution grid. We estimate the additional potential of the newly connected sources to stand at 24 MW. The project received EU funding and will be continued in 2021.
7. Energa Ciepło Ostrołęka subsidiary launched a ground-based PV installation with a total capacity of 18.48 kWp. Electricity is produced by 56 modules with a capacity of 330 Wp each. The production was started on 30 July 2020 and, based on estimates, will fully satisfy the requirements of the company's technical buildings located in Ostrołęka at 24A Wojska Polskiego avenue.

Best practice

The rising importance of electricity generated from renewable sources requires seeking modern solutions that enable storing the generated energy to allow its use during peak demand times. In collaboration with the Polish research centres (a consortium with the Institute of Heat Engineering of Warsaw University of Technology and the Institute of Fluid-Flow Machinery at the Polish Academy of Sciences), Energa Ciepło Ostrołęka is developing a comprehensive solution – heat and cold storage installations. They are capable of interworking with the district heating systems and their purpose is to reduce the consumption of fuel and the capital expenditures related to heat storage. The project will be completed over a period of 3 years and its budget will amount to PLN 2.3 million (additional funding from the National Centre for Research and Development). The core part of the project involves the use of the phase change materials (PCM) to build the storage facilities, i.e. materials that are able to absorb, accumulate and release a large amount of energy during phase changes. The use of a phase change heat storage facility enables the round-the-clock operation of the absorption aggregate. The cold accumulated during the night will be sufficient to satisfy the demand for cooling during peak demand times. The company will engage in such actions as, among others, the implementation and testing of the heat and cold storage installations in the actual conditions. This will enable the verification of the compatibility of the developed solution with the district heating system.

Consumption of energy generated from non-renewable materials by type of material

| Line of business/ subsidiary (company) | Total energy from raw materials con- sumed [GJ] | | Total energy from fuels made from non-renewable raw materials (in-house or purchased) consumed/used, by type of raw material [GJ] | | Coal [GJ] | | Natural gas [GJ] | | Heating oil [GJ] | | Diesel oil [GJ] | | Petrol [GJ] | |
|--|---|-------------------|--|-------------------|-------------------|-------------------|---------------------|---------------|---------------------|----------------|--------------------|----------------|----------------|---------------|
| | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 |
| Services and Other | 13 110 | 82 981 | 13 110 | 13 000 | 0 | 0 | 1 653 | 1 105 | 0 | 36 | 6 473 | 5 949 | 4 984 | 5 911 |
| Distribution Line of Business | 181 165 | 165 694 | 180 920 | 165 455 | 173 | 103 | 25 034 | 19 383 | 3 703 | 2 772 | 130 498 | 125 021 | 21 513 | 18 176 |
| Supply Line of Business | 20 417 | 17 989 | 20 374 | 17 950 | 0 | 0 | 638 | 639 | 0 | 0 | 10 069 | 10 221 | 9 666 | 7 090 |
| Generation Line of Business | 30 141 758 | 25 651 007 | 23 562 684 | 18 818 204 | 23 393 438 | 18 586 408 | 13 762 | 10 176 | 129 991 | 203 406 | 20 818 | 14 188 | 4 676 | 4 026 |
| Energa OZE SA | 4 176 766 | 4 444 564 | 5 702 | 5 073 | 0 | 0 | 714 | 836 | 0 | 0 | 2 328 | 2 076 | 2 659 | 2 160 |
| Energa Elektrownie Ostrotęka SA | 20 562 839 | 17 408 660 | 20 016 950 | 15 828 677 | 19 881 440 | 15 651 811 | 0 | 0 | 122 895 | 168 379 | 12 003 | 7 912 | 612 | 575 |
| Energa Serwis Sp. z o.o. | 3 570 | 3 291 | 3 570 | 3 291 | 0 | 0 | 0 | 0 | 0 | 0 | 2 933 | 2 748 | 637 | 543 |
| Energa Ciepło Ostrotęka Sp. z o.o. | 497 | 334 | 497 | 313 | 0 | 0 | 0 | 0 | 0 | 0 | 458 | 287 | 38 | 25 |
| Energa Ciepło Kaliskie Sp. z o.o. | 332 576 | 332 972 | 332 576 | 332 972 | 318 346 | 322 709 | 13 048 | 9 340 | 0 | 0 | 1 032 | 785 | 150 | 138 |
| Energa Kogeneracja Sp. z o.o. | 5 065 511 | 3 461 186 | 3 203 391 | 2 647 879 | 3 193 652 | 2 611 888 | 0 | 0 | 7 096 | 35 027 | 2 063 | 379 | 580 | 585 |
| Energa Group | 30 356 450 | 25 917 671 | 23 777 088 | 19 014 609 | 23 393 611 | 18 586 511 | 41 088 | 31 303 | 133 694 | 206 214 | 167 858 | 155 379 | 40 838 | 35 203 |

Consumption of energy generated from renewable materials by type of material

| Line of business/ subsidiary (company) | Total energy from raw materials consumed [GJ] | | Total energy from fuels made from renewable raw materials (own or purchased) consumed/used, by type of raw material [GJ] | | Biomass [GJ] | | Wind energy [GJ] | | Solar energy [GJ] | | Hydropower [GJ] | |
|---|---|-------------------|--|------------------|------------------|------------------|------------------|------------------|-------------------|---------------|------------------|------------------|
| | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 |
| Services and Other | 13 110 | 82 981 | 0 | 69 981 | 0 | 0 | 0 | 69 981 | 0 | 0 | 0 | 0 |
| Distribution Line of Business | 181 165 | 165 694 | 245 | 239 | 0 | 0 | 0 | 0 | 245 | 239 | 0 | 0 |
| Supply Line of Business | 20 417 | 17 989 | 43 | 39 | 0 | 0 | 0 | 0 | 43 | 39 | 0 | 0 |
| Generation Line of Business | 30 141 758 | 25 651 007 | 6 579 073 | 6 832 803 | 2 408 009 | 2 393 290 | 1 607 643 | 1 757 193 | 19 068 | 17 934 | 2 544 353 | 2 664 386 |
| Energa OZE SA | 4 176 766 | 4 444 564 | 4 171 064 | 4 439 492 | 0 | 0 | 1 607 643 | 1 757 193 | 19 068 | 17 913 | 2 544 353 | 2 664 386 |
| Energa Elektrownie Ostrołęka SA | 20 562 839 | 17 408 660 | 545 889 | 1 579 983 | 545 889 | 1 579 983 | 0 | 0 | 0 | 0 | 0 | 0 |
| Energa Serwis Sp. z o.o. | 3 570 | 3 291 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Energa Ciepło Ostrołęka Sp. z o.o. | 497 | 334 | 0 | 21 | 0 | 0 | 0 | 0 | 0 | 21 | 0 | 0 |
| Energa Ciepło Kaliskie Sp. z o.o. | 332 576 | 332 972 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Energa Kogeneracja Sp. z o.o. | 5 065 511 | 3 461 186 | 1 862 120 | 813 307 | 18 621 20 | 813 307 | 0 | 0 | 0 | 0 | 0 | 0 |
| Energa Group | 30 356 450 | 25 917 671 | 6 579 361 | 6 903 062 | 2 408 009 | 2 393 290 | 1 607 643 | 1 827 174 | 19 356 | 18 212 | 2 544 353 | 2 664 386 |

Total energy purchased, broken down into electricity, heat, cooling and steam

| Line of business/subsidiary (company) | Total energy purchased used/consumed [GJ] | | Electricity [GJ] | | Heat [GJ] | | Cooling [GJ] | | Steam [GJ] | |
|--|---|------------------|---------------------|------------------|------------------|------------------|-----------------|--------------|----------------|----------------|
| | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 |
| Services and Other | 20 997 | 19 652 | 15 519 | 14 716 | 3 856 | 3 916 | 1 622 | 1 020 | 0 | 0 |
| Distribution Line of Business | 4 648 232 | 4 920 775 | 4 595 106 | 4 867 919 | 53 126 | 52 856 | 0 | 0 | 0 | 0 |
| Supply Line of Business | 425 176 | 384 813 | 421 508 | 381 619 | 3 140 | 2 884 | 527 | 309 | 0 | 0 |
| Generation Line of Business | 1 490 760 | 1 423 046 | 20 020 | 21 605 | 1 229 410 | 1 211 335 | 0 | 0 | 241 330 | 190 107 |
| Energa OZE SA | 7 119 | 7 984 | 5 709 | 6 656 | 1 410 | 1 328 | 0 | 0 | 0 | 0 |
| Energa Elektrownie Ostrołęka SA | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Energa Serwis Sp. z o.o. | 13 609 | 9 720 | 2 174 | 1 220 | 11 435 | 8 501 | 0 | 0 | 0 | 0 |
| Energa Ciepło Ostrołęka Sp. z o.o. | 974 702 | 913 953 | 2 884 | 2 945 | 730 488 | 720 901 | 0 | 0 | 241 330 | 190 107 |
| Energa Ciepło Kaliskie Sp. z o.o. | 491 283 | 485 887 | 5 206 | 5 282 | 486 077 | 480 605 | 0 | 0 | 0 | 0 |
| Energa Kogeneracja Sp. z o.o. | 4 047 | 5 502 | 4 047 | 5 502 | 0 | 0 | 0 | 0 | 0 | 0 |
| Energa Group | 6 585 165 | 6 748 287 | 5 052 153 | 5 285 860 | 1 289 533 | 1 270 991 | 2 149 | 1 329 | 241 330 | 190 107 |

Total energy sold, broken down into electricity, heat, and steam

| Line of business/subsidiary (company) | Energy sold by the organisation [GJ] | | Electricity [GJ] | | Heat [GJ] | | Steam [GJ] | |
|--|---|-------------------|---------------------|-------------------|------------------|------------------|----------------|----------------|
| | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 |
| Services and Other | 0 | 69 981 | 0 | 69 981 | 0 | 0 | 0 | 0 |
| Distribution Line of Business | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Supply Line of Business | 1 053 | 1 121 | 1 053 | 1 121 | 0 | 0 | 0 | 0 |
| Generation Line of Business | 27 106 478 | 23 818 098 | 22 225 779 | 19 195 333 | 4 078 529 | 3 935 356 | 802 170 | 687 409 |
| Energa OZE SA | 4 092 034 | 4 357 130 | 4 092 034 | 4 357 130 | 0 | 0 | 0 | 0 |
| Energa Elektrownie Ostrołęka SA | 18 560 949 | 15 623 066 | 17 349 903 | 14 489 399 | 735 795 | 735 041 | 475 251 | 398 626 |
| Energa Serwis Sp. z o.o. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Energa Ciepło Ostrołęka Sp. z o.o. | 850 414 | 798 381 | 0 | 0 | 619 207 | 603 326 | 231 207 | 195 055 |
| Energa Ciepło Kaliskie Sp. z o.o. | 657 884 | 651 068 | 0 | 0 | 657 884 | 651 068 | 0 | 0 |
| Energa Kogeneracja Sp. z o.o. | 2 945 197 | 2 388 453 | 783 842 | 348 804 | 2 065 643 | 1 945 921 | 95 712 | 93 728 |
| Energa Group | 27 107 530 | 23 889 199 | 22 226 832 | 19 266 434 | 4 078 529 | 3 935 356 | 802 170 | 687 409 |

Total energy consumption within the organisation

| Line of business/subsidiary (company) | Total energy consumption within the organisation [GJ] | |
|---------------------------------------|---|------------------|
| | 2019 | 2020 |
| Services and Other | 34 107 | 32 653 |
| Distribution Line of Business | 4 829 397 | 5 086 469 |
| Supply Line of Business | 444 540 | 401 682 |
| Generation Line of Business | 4 526 040 | 3 255 956 |
| Energa OZE SA | 91 851 | 95 419 |
| Energa Elektrownie Ostrołęka SA | 2 001 890 | 1 785 594 |
| Energa Serwis Sp. z o.o. | 17 179 | 13 011 |
| Energa Ciepło Ostrołęka Sp. z o.o. | 124 785 | 115 906 |
| Energa Ciepło Kaliskie Sp. z o.o. | 165 975 | 167 791 |
| Energa Kogeneracja Sp. z o.o. | 2 124 361 | 1 078 235 |
| Energa Group | 9 834 084 | 8 776 759 |

2.2.4. Maximum achievable installed capacity by main fuel types

| Subsidiary (Company) | Energy source | 2019 | | 2020 | |
|---------------------------------|---------------|------------------|---------------|------------------|---------------|
| | | Electricity [MW] | Heat [MW] | Electricity [MW] | Heat [MW] |
| Ciepło Kaliskie Sp. z o.o. | coal | 0 | 58.00 | 0 | 58.00 |
| Energa Elektrownie Ostrołęka SA | oal | 633.00 | 201.4 | 633.00 | 201.4 |
| | biomass | 57.00 | 18.1 | 57.00 | 18.1 |
| Energa OZE SA | water | 359.29 | 0 | 359.29 | 0 |
| | wind | 211.00 | 0 | 243.85 | 0 |
| | photovoltaics | 5.41 | 0 | 5.41 | 0 |
| Energa Kogeneracja Sp. z o.o. | coal | 47.00 | 325.66 | 47.00 | 313.66 |
| | biomass | 22.26 | 48.24 | 25.26 | 60.24 |
| | TOTAL | 1 334.95 | 651.40 | 1 370.80 | 651.40 |

2.2.5. Net energy produced by main energy sources

| Energy source | 2019 | | 2020 | |
|---------------|-------------------|----------------|-------------------|----------------|
| | Electricity [MWh] | Heat [MWh] | Electricity [MWh] | Heat [MWh] |
| coal | 1 943 588 | 886 334 | 1 513 050 | 735 360 |
| biomass | 187 996 | 88 790 | 179 964 | 179 830 |
| water | 740 378 | 0 | 788 298 | 0 |
| wind | 438 471 | 0 | 474 441 | 0 |
| natural gas | 0 | 3 037 | 0 | 8 865 |
| photovoltaics | 5 079 | 0 | 4 904 | 0 |
| TOTAL | 3 315 513 | 978 161 | 2 960 657 | 924 054 |

2.2.6. Reduction in greenhouse gas emissions and carbon footprint

We emitted 1 767 437 Mg of CO₂ in 2020, i.e. 428 449 Mg less than in the previous year. The direct emissions of greenhouse gases related to the production of electricity were reduced to 1 417 857 Mg CO₂. We are continuing our operational efforts and investment projects that translate into direct and indirect emissions of CO₂, including in regards to the rational use of the raw materials, efficient use of energy and waste management consistent with the tenets of the circular economy. Those activities are described in detail in other subchapters of the report.

Furthermore, in order to reduce the direct and indirect emissions, Energa Operator:

- Systematically replaces transformers and refurbishes its grid infrastructure, reducing electricity losses. Such measures enabled avoiding 743.54 Mg of CO₂ emissions in 2020.
- Reduces emissions from energy production processes by reducing consumption of electricity and heat, including, among others, by:
 - discontinuing the operation of the oil-fired boiler house at the Gdańsk Branch and connecting the Branch to the gas network (Kościerzyna Distribution Region),
 - refurbishing the boiler house at the Kalisz Branch (Koło Distribution Region),
 - implementing thermal modernisation of the facilities at the Kalisz Branch (Konin, Pleszew and Jarocin Distribution Regions).
- Launched a pilot campaign at the Olsztyn Branch involving the use of GPS, i.e. a system used to monitor and manage the vehicle fleet at the Branch (in order, among others to reduce fuel consumption and improve efficiency of registering and accounting for the tasks (routes) performed using the company vehicles by replacing paper log books with electronic sheets).

Energa Operator Wykonawstwo Elektroenergetyczne subsidiary also reduces the direct emissions by installing electronic devices for monitoring fuel consumption levels (flow meters and the GPS system) on the company vehicles and construction equipment. The flow meter is connected to the vehicle's battery and the GPS tracker, enabling accurate determination of the refuelling times, detection of fuel leaks as well as the control of fuel consumption on the road. Such measures are successively implemented at each branch of the Company.

The free emission allowances pool granted to the Company as part of the derogation from the EU ETS Directive is decreasing year by year, which is offset by the Company purchasing allowances on the market.

Number of CO₂ emission allowances granted free of charge

| CO ₂ emission allowances in the Generation Line of Business | 12-month period 2019 | 12-month period 2020 |
|--|----------------------|----------------------|
| Emissions generated by the installations | 2 174 000 | 1 742 000 |
| Number of free emission allowances granted | 506 000 | 79 000 |
| Volume of CO ₂ allowance purchases [k MWh] | 1 668 | 1 662 |
| Cost of CO ₂ allowance purchases [k PLN] | 175.4 | 197.3 |

Due to the systematically rising prices of the CO₂ emission allowances, we are investing in the development of renewable energy sources (RES). In 2020, the Energa OZE subsidiary acquired the Przykona Wind Farm with the installed capacity of 32.8 MW and an estimated annual electricity production output of approx. 83 GWh. The nine wind turbines that make up the farm are located on the reclaimed site of the former open pit mine owned by Energa Group, with a total area of 300 ha. Bringing the Przykona wind farm online increased the total installed capacity of all of Energa Group's wind power assets to 244 MW.

In 2020, for the eighth time, we submitted a report on greenhouse gas emissions caused by our operations, in collaboration with the independent Carbon Disclosure Project organization. Once again we were able to report a reduction in greenhouse gas emission levels and an improvement in our indices.

Direct greenhouse gas emissions

| Line of business/ subsidiary (company) | Greenhouse gas emissions [MgCO ₂] | | | | | | | | | | | | | |
|--|---|------------------|--|------------------|---|----------------|--|--------------|--|--------------|--|---------------|--------------------|----------------|
| | Total direct emissions | | Emissions related to the generation of electricity | | Emissions related to the generation of heat | | Emissions caused by gas leaks, including as a result of failures | | Emissions from cooling processes and steam | | Emissions related to the transportation of materials, products and waste | | Biogenic emissions | |
| | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 |
| Services and Other | 1 166 | 714 | 0 | 0 | 94 | 57 | 40 | 46 | 0 | 0 | 1 031 | 611 | 0 | 0 |
| Distribution Line of Business | 14 323 | 14 175 | 101 | 385 | 1 693 | 1 288 | 1 363 | 2 423 | 0 | 0 | 11 166 | 10 081 | 0 | 0 |
| Supply Line of Business | 1 451 | 1 290 | 0 | 0 | 39 | 36 | 0 | 5 | 0 | 0 | 1 412 | 1 249 | 0 | 0 |
| Generation Line of Business | 2 178 945 | 1 751 257 | 1 800 168 | 1 417 472 | 376 665 | 331 618 | 15 | 48 | 685 | 1 092 | 1 412 | 1 027 | 240 324 | 236 996 |
| Energa OZE SA | 394 | 368 | 2 | 4 | 36 | 42 | 1 | 22 | 0 | 0 | 354 | 300 | 0 | 0 |
| Energa Elektrownie Ostrołęka SA | 1 851 361 | 1 477 938 | 1 726 115 | 1 369 580 | 124 744 | 107 999 | 14 | 25 | 0 | 0 | 488 | 334 | 54 589 | 157 998 |
| Energa Serwis Sp. z o.o. | 261 | 241 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 261 | 241 | 0 | 0 |
| Energa Ciepło Ostrołęka Sp. z o.o. | 713 | 1 110 | 0 | 0 | 0 | 0 | 0 | 1 169 | 685 | 1 092 | 28 | 17 | 0 | 0 |
| Energa Ciepło Kaliskie Sp. z o.o. | 28 888 | 27 906 | 0 | 0 | 28 801 | 27 839 | 0 | 0 | 0 | 0 | 87 | 67 | 0 | 0 |
| Energa Kogeneracja Sp. z o.o. | 297 328 | 243 694 | 74 051* | 47 888 | 223 084* | 195 738 | 0 | 0 | 0 | 0 | 193 | 68 | 185 735 | 78 998 |
| Energa Group | 2 195 886 | 1 767 437 | 1 800 270* | 1 417 857 | 378 492* | 332 999 | 1 418 | 2 522 | 685 | 1 092 | 15 021 | 12 968 | 240 324 | 236 996 |

* Adjustment of the data relating to Energa Kogeneracja for 2019 connected with the split of the emissions data into the production of electricity and heat.

Indirect emissions of greenhouse gases

| Line of business/subsidiary (company) | Indirect emissions of greenhouse gases [MgCO ₂] | |
|---------------------------------------|---|------------------|
| | 2019 | 2020 |
| Services and Other | 3 925 | 2 979 |
| Distribution Line of Business | 988 498 | 982 788 |
| Supply Line of Business | 1 721 | 1 662 |
| Generation Line of Business | 117 254 | 98 587 |
| Energa OZE SA | 1 384 | 1 580 |
| Energa Elektrownie Ostrołęka SA | 0 | 0 |
| Energa Serwis Sp. z o.o. | 1 692 | 1 172 |
| Energa Ciepło Ostrołęka Sp. z o.o. | 112 366 | 93 832 |
| Energa Ciepło Kaliskie Sp. z o.o. | 1 106 | 1 055 |
| Energa Kogeneracja Sp. z o.o. | 705 | 948 |
| Energa Group | 1 111 398 | 1 086 016 |

2.2.7. Reduction in pollutant emissions, including nitrogen and sulphur oxides

In 2020, we reduced our emissions of pollutants into the atmosphere to 4 611 Mg, i.e. by more than 1000 Mg as compared to 2019. In June 2020, our installations completed the implementation of the *Transitional National Plan* that constituted a derogation under the IED Directive. As a result, the Energa Kogeneracja subsidiary discontinued the use of 2 OP-130 coal-fired boilers, designated K-5 and K-6. The third OP-130 coal-fired boiler, designated K-7, had its capacity reduced to 42 MWt and will remain in use until the end of 2024, primarily as a backup and emergency source of power. The company began the construction of the peaking and backup boiler house with the capacity of 3 x 38 MW and the optimisation of its BB20p biomass-fired unit.

The construction of the second Flue Gas Desulphurisation (FGD) Installation at Power Plant B in Ostrołęka, completed in October 2020, guarantees the reduction of the SO₂ content in the flue gases to below 200 mg/Nm³, as specified in *Directive 2010/75/EU of 24 November 2010*, as well the company's compliance with the new emission limit values specified in the BAT conclusions, applicable from 17 August 2021. Furthermore, the company is carrying out renovation and refurbishment works at the power generation units on an ongoing basis, maintaining the high efficiency and availability thereof.

Emissions of nitrogen and sulphur compounds and other emissions into the atmosphere

| Line of business/subsidiary (company) | Total emissions into the atmosphere [Mg] | | NO ₂ [Mg] | | SO ₂ [Mg] | | Volatile organic compounds (VOC) [Mg] | | HCL [Mg] | | Dust (PM) [Mg] | | Other emissions of compounds into the atmosphere [Mg] | |
|---------------------------------------|--|--------------|----------------------|--------------|----------------------|--------------|---------------------------------------|-----------|------------|------------|----------------|------------|---|------------|
| | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 |
| Services and Other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Distribution Line of Business | 55 | 96 | 3 | 3 | 1 | 1 | 22 | 34 | 0 | 0 | 0 | 0 | 28 | 58 |
| Supply Line of Business | 3 | 2 | 0 | 0 | 0 | 0 | 3 | 2 | 0 | 0 | 0 | 0 | 0 | 0 |
| Generation Line of Business | 5 670 | 4 513 | 1 856 | 1 525 | 2 653 | 2 035 | 2 | 1 | 271 | 167 | 299 | 185 | 590 | 601 |
| Energa OZE SA | 0 | 22 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 22 |
| Energa Elektrownie Ostrołęka SA | 3 622 | 2 840 | 1 251 | 1 060 | 1 545 | 1 104 | 0 | 0 | 128 | 61 | 150 | 77 | 548 | 539 |
| Energa Serwis Sp. z o.o. | 3 | 1 | 0 | 0 | 0 | 0 | 2 | 1 | 0 | 0 | 1 | 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 Ciepło Kaliskie Sp. z o.o. | 187 | 176 | 41 | 37 | 107 | 100 | 0 | 0 | 8 | 8 | 9 | 5 | 22 | 25 |
| Energa Kogeneracja Sp. z o.o. | 1 858 | 1 473 | 563 | 427 | 1 001 | 830 | 0 | 0 | 134 | 98 | 140 | 103 | 20 | 15 |
| Energa Group | 5 728 | 4 611 | 1 859 | 1 528 | 2 654 | 2 035 | 27 | 37 | 271 | 167 | 299 | 186 | 618 | 659 |

2.2.8. Reduction in the amount of waste generated

The total amount of waste generated by our subsidiaries came in at 199 624 Mg in 2020, i.e. 119 823 Mg less than in the previous year. We make sure, above all, to prevent the generation of waste. As part of our management of waste generated by our companies, we sort, store, recycle and hand over the waste for disposal to authorised entities in accordance with applicable regulations. All our companies are subject to registration in the Waste Database (BDO).

On 9 September 2020, the Energa Elektrownie Ostrołęka subsidiary obtained the decision of the Marshal of the Mazovia Province, stating that coal fly ash and biomass co-combustion fly ash constitute combustion by-products (UPS) that may be used in the construction industry. The reclassifying of furnace waste, including both gypsum (in 2019) and fly ash, as by-products significantly contributed to a reduction in the amount of waste generated and confirmed that the technologies we use ensure high quality of the products generated. Furthermore, thanks to optimising our technological processes we were able to increase the amount of products taken for further processing directly from the installations, thus allowing us to reduce waste stockpiling. On the other hand, the waste generated in the central pumping station at Power Plant B is sent in its entirety to the landfill and used as a dust protection layer in the recycling process. We place great emphasis on increasing the extraction and sales of the ash and boiler slag mixture stockpiled in the landfill during previous years.

In late 2020, the Energa Operator subsidiary updated its documents that regulate the procedures in respect of handling waste and materials dismantled from the power grid. Such documents support the Company's pro-environmental activities, obligate, among others, to implement selected (sorted) waste (including household waste) stockpiling and support the reuse of materials, in accordance with the tenets of the circular economy. The new guidelines organise and complement the existing guidelines with regards to the company's waste management, which in our opinion will result in a reduction of the generated waste.

We recorded no significant leaks into the environment as part of our operations in 2020.

Total weight of waste by type of waste and method of treatment

| Line of business/subsidiary (company) | Total weight of waste [Mg] | | Weight of hazardous waste [Mg] | | Weight of waste other than hazardous [Mg] | | Weight of bottom ash slags [Mg] | |
|--|-------------------------------|----------------|-----------------------------------|--------------|---|--------------|------------------------------------|----------------|
| | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 |
| Services and Other | 129 | 128 | 0 | 0 | 129 | 128 | 0 | 0 |
| Distribution Line of Business | 6 204 | 5 945 | 1 568 | 2 265 | 4 636 | 3 681 | 0 | 0 |
| Supply Line of Business | 422 | 663 | 34 | 14 | 388 | 649 | 0 | 0 |
| Generation Line of Business | 312 692 | 192 888 | 170 | 138 | 23 919 | 2 000 | 288 604 | 190 750 |
| Energa OZE SA | 597 | 364 | 114 | 70 | 482 | 294 | 0 | 0 |
| Energa Elektrownie Ostrołęka SA | 263 177 | 160 565 | 38 | 26 | 22 761 | 1 267 | 240 378 | 159 272 |
| Energa Serwis Sp. z o.o. | 475 | 255 | 8 | 1 | 467 | 254 | 0 | 0 |
| Energa Ciepło Ostrołęka Sp. z o.o. | 0 | 1 | 0 | 0 | 0 | 1 | 0 | 0 |
| Energa Ciepło Kaliskie Sp. z o.o. | 4 838 | 3 939 | 4 | 2 | 21 | 33 | 4 814 | 3 904 |
| Energa Kogeneracja Sp. z o.o | 43 604 | 27 764 | 6 | 39 | 187 | 151 | 43 412 | 27 573 |
| Energa Group | 319 447 | 199 624 | 1 772 | 2 417 | 29 071 | 6 457 | 288 604 | 190 750 |

Total weight of waste by type of waste and method of treatment

| Line of business/subsidiary (company) | Total weight of waste [Mg] | | Recycling [Mg] | | Recovery (including recovery of energy) [Mg] | | Waste stored in landfills [Mg] | | Waste stored on the plant site [Mg] | | Other waste treatment methods [Mg] | |
|---------------------------------------|----------------------------|----------------|----------------|--------------|--|---------------|--------------------------------|--------------|-------------------------------------|------------|------------------------------------|----------------|
| | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 |
| Services and Other | 129 | 128 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 129 | 128 |
| Distribution Line of Business | 6 204 | 5 945 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 6 204 | 5 945 |
| Supply Line of Business | 422 | 663 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 422 | 663 |
| Generation Line of Business | 312 692 | 192 888 | 4 834 | 3 924 | 43 219 | 27 358 | 1 094 | 1 067 | 396 | 561 | 263 148 | 159 978 |
| Energa OZE SA | 597 | 364 | 0 | 0 | 0 | 0 | 0 | 0 | 22 | 0 | 575 | 364 |
| Energa Elektrownie Ostrołęka SA | 263 177 | 160 565 | 0 | 0 | 112 | 101 | 989 | 960 | 7 | 194 | 262 069 | 159 310 |
| Energa Serwis Sp. z o.o. | 475 | 255 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 475 | 255 |
| Energa Ciepło Ostrołęka Sp. z o.o. | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 |
| Energa Ciepło Kaliskie Sp. z o.o. | 4 838 | 3 939 | 4 834 | 3 924 | 3 | 15 | 0 | 0 | 1 | 0 | 0 | 0 |
| Energa Kogeneracja Sp. z o.o. | 43 604 | 27 764 | 0 | 0 | 43 104 | 27 242 | 105 | 107 | 366 | 366 | 29 | 49 |
| Energa Group | 319 447 | 199 624 | 4 834 | 3 924 | 43 219 | 27 358 | 1 094 | 1 067 | 396 | 561 | 269 903 | 166 714 |

2.2.9. Reduction in the amount of wastewater generated

Total volume of wastewater by quality and destination

| Line of business/subsidiary (company) | 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] | |
|---------------------------------------|--|--------------------|--|----------------|--|--------------|--|--------------------|
| | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 |
| Services and Other | 4 277 | 3 516 | 4 277 | 3 516 | 0 | 0 | 0 | 0 |
| Distribution Line of Business | 65 421 | 56 149 | 62 154 | 54 361 | 3 267 | 1 787 | 0 | 0 |
| Supply Line of Business | 2 675 | 3 440 | 2 675 | 3 440 | 0 | 0 | 0 | 0 |
| Generation Line of Business | 376 683 722 | 339 966 543 | 68 711 | 61 321 | 1 425 | 1 308 | 376 613 587 | 339 903 915 |
| Energa OZE SA | 12 848 651 | 14 373 270 | 1 597 | 1 432 | 1 401 | 1 308 | 12 845 654 | 14 370 531 |
| Energa Elektrownie Ostrołęka SA | 336 296 464 | 312 524 622 | 43 435 | 34 732 | 0 | 0 | 336 253 029 | 312 489 890 |
| Energa Serwis Sp. z o.o. | 1 075 | 1 794 | 1 075 | 1 794 | 0 | 0 | 0 | 0 |
| Energa Ciepło Ostrołęka Sp. z o.o. | 405 | 396 | 405 | 396 | 0 | 0 | 0 | 0 |
| Energa Ciepło Kaliskie Sp. z o.o. | 853 | 816 | 829 | 816 | 24 | 0 | 0 | 0 |
| Energa Kogeneracja Sp. z o.o. | 27 536 274 | 13 065 645 | 21 370 | 22 151 | 0 | 0 | 27 514 904 | 13 043 494 |
| Energa Group | 376 756 094 | 340 029 648 | 137 816 | 122 638 | 4 692 | 3 095 | 376 613 587 | 339 903 915 |

2.2.10. Increased activities in support of biodiversity and protection of water sources

We are continuing to pursue our policy of protecting biodiversity and maintaining the stability of ecosystems, in particular in areas where our installations and facilities are located. We strive to minimise the negative local impact of our companies on their environment.

Our *Energy of Biodiversity initiative* is a comprehensive pro-environmental and educational project. It involves creating flower-rich grasslands, and by extension restoring grassland ecosystems, helping save plant and animal species from the brink of extinction. The grasslands give sustenance to wild bees, providing them with living space in the summer and shelter in the winter. Furthermore, plants growing in the grasslands capture dust responsible for the creation of smog and contribute to reducing the temperature of air. We launched the project in Ostrołęka, creating nearly 2.7 hectares of grasslands on the furnace waste storage site and in front of the headquarters of the Energa Elektrownie Ostrołęka subsidiary. The Łąka (Grassland) Foundation, included on the list of the Positive Impact Startups in the 2019 *Radical Social Innovation Report*, is responsible for completing the project. Creating flower-rich grasslands improves not only the quality of life of the local residents, but also the appearance of Polish towns and cities. Grasslands may be set up in practically any area. They are an excellent alternative to lawns. They do not require regular mowing and frequent watering or fertilising. Grasslands are full of life and can be home to up to 300 plant and animal species.

In collaboration with the Association of Friends of Ostrołęka, the Energa Elektrownie Ostrołęka subsidiary organised in 2020 a campaign aimed at providing education on the life of birds. The residents of Ostrołęka, including school pupils and representatives of the power industry employed by the local power plant, installed several bird feeders in the green area constituting a part of the administrative and office complex located at 15 E.A. Fiedorfa Nila street. We planned the campaign so that bird food could be placed in feeders on a regular basis and remained fresh throughout the entire winter.

Energa OZE subsidiary counteracts the impact of hydropower plants on biodiversity in rivers and lakes by:

- participating in regular fish restocking operations in rivers and lakes, carried out in collaboration with the local branches of the Polish Fishing Association. The purpose of the fish restocking operations is to offset potential losses in the fish fauna – keeping the numbers of the selected species of fish at a stable level. Costs incurred by the company in 2020 in connection with the fish restocking operations clocked in at PLN 141 330.30;
- gradually equipping each hydropower plant with fish ladders that enable migrating fish and other aquatic organisms that engage in short distance migrations at appropriate stages of their lifecycles, to pass through weirs;
- collaborating with the Polish Fishing Association in the regular relocation of specimens of selected fish species upstream of weir structures so as to enable them to migrate upriver;
- collaborating with research institutions that monitor nature, including the Inland Fishing Institute in Olsztyn which carries out observations of eel populations on the selected hydroelectric plants' sites.

Energa OZE subsidiary participates in the monitoring of the effects of its operations with respect to counteracting the impact of hydropower plants on biodiversity in rivers and lakes. Furthermore, in cooperation with the Inland Fishing Institute in Olsztyn, Energa OZE SA has been monitoring the operation of the fish ladder at the Rościno Hydroelectric Plant using its own equipment, as part of the EU project named 'Protection of the Atlantic salmon and the River lamprey in the Special Area of Conservation (SAC) the Parsęta River Basin' (PLH 320007).

Protected areas where installations operated by Energa OZE SA are located include:

- 10 Natura 2000 Special Areas of Conservation (SAC),
- 7 Natura 2000 Special Protection Areas (SPA),
- 12 protected landscape areas,
- 3 national/landscape parks,
- 2 nature preserves.

Protected areas intersected by high voltage power lines operated by Energa Operator SA:

| Protected areas | Number of areas | Length of high voltage power lines (km) |
|------------------------------|-----------------|---|
| Landscape parks | 17 | 178 |
| Landscape park buffer zones | 11 | 220 |
| Nature preserves | 12 | 5 |
| Nature preserve buffer zones | 6 | 5 |
| National park buffer zones | 1 | 5 |
| Protected landscape areas | 90 | 1 275 |
| Natura 2000 network areas | 66 | 586 |

A list of protected areas and high biodiversity areas in which Energa is operating can be found in the Environmental Declarations available on the Group's website at <https://grupa.energa.pl/otoczenie/polityka>.

Energa for Nature

We are continuing to pursue our *Energa for Nature* program. Our actions conducted as part of the initiative are primarily focused on the white stork and involve:

- spreading information and providing education about the white stork and the protection of these species in Poland (in collaboration with experts on nature),
- activities carried out by Energa Operator and Energa SA in support of stork preservation.

For more than 20 years we have been protecting stork nests built on low voltage transmission towers (poles). We build new nests and maintain the existing nest supporting structures. The number of bird platforms within our area of operations is around 11 908. In 2020, we installed approximately 500 new and renovated platforms in northern and central Poland.

We also continue to collaborate with experts on nature from the *ProNatura* foundation as part of the *bociany.pl* project. The experts on nature provide education and assist in the preservation of stork across the country, including, among others, by providing advice using the 801 BOCIAN (i.e. 801 26 24 26) nationwide helpline. In 2020, in collaboration with the foundation, we announced a nationwide competition. The contestants prepared hundreds of various competition entries that depicted scenes from the life of storks and the beauty of nature around their nests; in total, approximately one thousand children joined in on the fun. Authors of the most interesting entries from 20 kindergartens, 20 schools and 50 individual contestants received prizes in the form of sports and educational kits and printed copies of the *Flight of the Storks* booklet.

2.3. Description of policies implemented

Energa Group's Environmental and Energy Policy complies with the *EMAS Regulation* and *ISO 14001:2015* and *ISO 50001:2018* standards. We continue to improve our activities, including, among others, with regard to optimizing the consumption of resources, reducing emissions of pollutants and amount of waste generated. Additional information on the *Environmental and Energy Policy* is available in *Energa Group's Environmental Declaration*, available on the website: <https://grupa.energa.pl/otoczenie/polityka>, and in the *Corporate Social Responsibility Reports*, available on the website: <https://grupa.energa.pl/otoczenie/raporty-csr>.

2.4. Description of due diligence procedures

We invariably continue to identify, assess and manage our activities that impact the environment. When assessing environmental aspects, we take into account the perspective of the life cycle of our products and services. We place a lot of weight on minimising environmental risks. Valuation of aspects, determination of their impacts and associated risks are taken into account in our business decisions. The importance and impact of the environmental aspects vary significantly in the individual Lines of Business. The detailed information on the aspects, environmental impacts and risks can be found in the annual *Energa Group's Environmental Declaration*, available on the website: <https://grupa.energa.pl/otoczenie/polityka>.

The COVID-19 pandemic had a significant effect on the rise of the importance of the ESG – environmental, social and governance – indices for Energa's operations. In the 2020 edition of the prestigious ESG rating compiled by the *Vigeo Eiris* agency, we scored 46 points, i.e. 4 more than in the 2019 edition. That was Energa's best result since its first appearance in the ranking in 2014. Our environmental area was awarded the best rating. The agency's analysts appreciated our activities related to, among others, developing renewable energy, reducing harmful emissions by the generating assets and the DSR activities, i.e. reduction of energy consumption, at the request of the Transmission System Operator (TSO), by external entities, including large industrial facilities, contracted by *Enspirion*. Other aspects that contributed to Energa's high rating in the environmental area included the *EU EMAS EcoManagement and Audit Scheme* implemented by the Group, as well as our internal procedures preventing our operations from negatively impacting biodiversity.

EMAS system – Environmental management strategy

Since 2016, Energa has been listed in the *EMAS (EcoManagement and Audit Scheme)* register. This is EU's environmental certification system that operates based on the associated Regulation (EC) of the European Parliament and of the Council.

We are operating an integrated environmental and energy management system within Energa Group that complies not only with the EMAS Regulation, but also with ISO 14001:2015 and ISO 50001:2018 standards. We are verifying the compliance of our activities with the applicable laws on an ongoing basis, monitoring the completion of tasks and objectives, implementing measures aimed at minimising risks and systematically improving our environmental and energy efficiency.

Between July and September 2020, an accredited environmental verifier – Bureau Veritas Polska Sp. z o.o. – carried out an independent audit of the supervision of the environmental and energy management system, which covered 381 locations operated by 17 subsidiaries. We obtained certificates confirming the compliance of our management system with the above-mentioned ISO standards. It is worth noting that Energa Operator is the first Distribution System Operator (DSO) in Poland to receive a certificate of compliance with the ISO 50001:2018 standard in the following areas: distribution and transmission of electricity, operation and refurbishment of power equipment, facilities and lines, as well as rectifying failures.

Energa has extended its registration with EMAS for another year. The decision in this regard was made in December 2020 by the General Director for Environmental Protection, having reviewed Energa SA's application to extend the registration of 17 subsidiaries. Energa Group presented evidence of effective operation and improvement of its integrated environmental and energy management system. The registration in the EMAS system is a proof that Energa Group meets the most stringent environment protection requirements.

List of disclosures presented in this chapter:

| | |
|-------------------|---|
| GRI 102-12 | A list of externally-developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes, or which it endorses |
| GRI 103-1 | Management approach |
| GRI 103-2 | |
| GRI 103-3 | |
| GRI 301-1 | Materials used by weight or volume |
| GRI 302-1 | Energy consumption within the organization |
| GRI 303-3 | Total volume of water intake by source |
| GRI 304-1 | Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas |
| GRI 304-3 | Habitats protected or restored |
| GRI 305-1 | Direct GHG emissions |
| GRI 305-2 | Energy indirect GHG emissions |
| GRI 305-5 | Reduction of GHG emissions |
| GRI 305-7 | Nitrogen oxides, sulphur oxides and other significant air emissions |
| GRI 306-1 | Water discharge by quality and destination |
| GRI 306-2 | Waste by type and disposal method |
| GRI 306-3 | Total number and volume of significant spills |
| G4 EU1 | Maximum electricity generation capacity, broken down by primary energy source |
| G4-EU5 | Allocation of CO ₂ emissions allowances |
| G4-EU2 | Net amount of energy generated broken down by primary energy source |

3. Business model

3.1. Energa Group and its shareholders

3.1.1. About Energa Group

We are one of Poland's 4 largest energy companies (electric utilities) and one of 3 largest electricity providers in Poland. Our core operations include electricity and heat **generation, distribution and trading** as well as natural gas trading.

We deliver and supply electricity to more than 3.2 million customers, including both households as well as businesses. We are also the third largest integrated distribution system operator (DSO) in Poland in terms of the volume of electricity delivered.



Distribution is a strong and stable part of Energa's operations. The distribution grid is comprised of 191 thousand kilometres of power lines and it covers nearly 75 thousand square kilometres, which constitutes approx. 24% of Poland's total territory.

3.1.2. Shareholders of Energa Group

Structure of Energa SA's share capital

Since December 2013, shares of Energa SA with its registered office in Gdańsk have been trading on the Warsaw Stock Exchange (WSE). On 30 April 2020, PKN ORLEN, as a result of the settlement of the purchase of shares covered by subscriptions made between and inclusive of 10 and 22 April 2020, as part of the call for subscription of shares (Call) announced by PKN ORLEN on 5 December 2019, increased its stake in the company's share capital and its share in the total number of votes in the company to 80.01% and 85.20%, respectively.

Prior to settling the above stock purchase transactions, the stake of PKN ORLEN in the company's share capital stood at 8.10%, and its share in the total number of votes in the company amounted to 6.00%. At the same time the company was notified by PKN ORLEN of the forming of a controlling relationship between PKN ORLEN and the company, resulting from the settlement of all stock purchase transactions covered by the subscriptions made as a result of the Call.

On 30 November 2020, as a result of the settlement of all stock purchase transactions covered by the subscriptions made as a result of the call for the subscription of shares announced by PKN ORLEN on 21 September 2020 (Call), PKN ORLEN increased its stake in the company's share capital and its share in the total number of votes in the company to 90.92% and 93.28%, respectively. This status remains up-to-date as of the date of disclosing this Report.

The company's share capital currently stands at PLN 4 521 612 884.88 and is divided into 414 067 114 shares of a nominal value of PLN 10.92 (say: ten Polish złoty ninety two groszy) each, including:

1. 269 139 114 (say: two hundred sixty nine million one hundred thirty nine thousand one hundred fourteen) AA class shares, numbered AA 00000001 to AA 269139114, constituting ordinary shares,
2. 144 928 000 (say: one hundred forty four million nine hundred twenty eight thousand) BB class shares, numbered BB 00000001 to BB 269139114, constituting preferred shares with regard to voting rights at the General Meeting, with 1 preferred share entitling to 2 (say: two) votes at the General Meeting.

Shares in Energa SA by class and type

| Class | Share type | Number of shares | (%) | Votes | (%) |
|-------|-----------------------|------------------|--------|-------------|--------|
| AA | ordinary bearer | 269 139 114 | 65.00 | 269 139 114 | 48.15 |
| BB | preferred registered* | 144 928 000 | 35.00 | 289 856 000 | 51.85 |
| TOTAL | | 414 067 114 | 100.00 | 558 995 114 | 100.00 |

* One preferred share entitles to 2 votes at the General Meeting.

Current shareholding structure of Energa SA and voting structure at the General Meeting

| Shareholder name | Shares | (%) | Votes | (%) |
|--------------------|-------------|--------|-------------|--------|
| PKN ORLEN SA | 376 488 640 | 90.92 | 521 416 640 | 93.28 |
| other shareholders | 37 578 474 | 9.08 | 37 578 474 | 6.72 |
| TOTAL | 414 067 114 | 100.00 | 558 995 114 | 100.00 |

* PKN ORLEN SA holds 144 928 registered BB class shares, preferred in respect of voting rights at the General Meeting, with 1 preferred share entitling to 2 votes at the General Meeting.

3.1.3. Key subsidiaries

The following changes were made to Energa Group's structure in 2020:

- On 27 January 2020, ECARB Sp. z o.o. subsidiary was incorporated with its subject of operations dealing with financial activities.
- On 24 March 2020, an agreement for the sale of all shares held by the Energa Kogeneracja Sp. z o.o. subsidiary in the Energa Ciepło Kaliskie Sp. z o.o. subsidiary to the Energa Elektrownie Ostrołęka SA subsidiary was made.
- On 11 May 2020, following the registration of company ECARB Sp. z o.o. in the National Court Register on 4 May 2020, an agreement for the sale of some shares held in the company by Energa SA to Energa OZE SA was made.

As of 31 December 2020, Energa Group was comprised of Energa SA and 22 subsidiaries.

Furthermore, as of 31 December 2020 the Group holds shares in joint ventures - Polska Grupa Górnicza SA, Elektrownia Ostrołęka Sp. z o.o. (formerly Elektrownia Ostrołęka SA) – and in affiliates – Polimex-Mostostal SA and ElectroMobility Poznań SA.

| Company's position within Energa Group | Leading entity | Company (subsidiary) name | Number of companies |
|--|--------------------|--|---------------------|
| DISTRIBUTION | Energa Operator SA | Energa Operator SA | 1 |
| | | Energa Operator Wykonawstwo Elektroenergetyczne Sp. z o.o. | |
| SUPPLY | Energa Obrót SA | Energa Obrót SA | 4 |
| | | Energa Oświetlenie Sp. z o.o. | |
| | | Enspirion Sp. z o.o. | |
| | | Energa Slovakia s.r.o. | |
| GENERATION | Energa OZE SA | Energa OZE SA | 8 |
| | | Energa Elektrownie Ostrołęka SA | |
| | | Energa Kogeneracja Sp. z o.o. | |
| | | Energa Serwis Sp. z o.o. | |
| | | Energa Ciepło Kaliskie Sp. z o.o. | |
| | | Energa Ciepło Ostrołęka Sp. z o.o. | |
| | | CCGT Grudziądz Sp. z o.o. | |
| CCGT Gdańsk Sp. z o.o. | | | |
| SERVICES AND OTHER | Energa SA | Energa SA | 9 |
| | | Energa Finance AB | |
| | | Energa Informatyka i Technologie Sp. z o.o. | |
| | | Energa Centrum Usług Wspólnych Sp. z o.o. | |
| | | Energa Invest Sp. z o.o. | |
| | | Energa Logistyka Sp. z o.o. | |
| | | Energa Ochrona Sp. z o.o. | |
| | | Centrum Badawczo-Rozwojowe im. M. Faradaya Sp. z o.o. | |
| ECARB Sp. z o.o. | | | |

3.1.4. Main products and brands

Distribution

The subsidiaries that are a part of the Distribution Line of Business are primarily carrying out the operations related to the distribution of electricity.

Energa Operator SA subsidiary is the leading company in this line of business, acting, pursuant to the decision of the President of Energy Regulatory Office, as a Distribution System Operator (DSO) in an area constituting approximately ¼ of the total territory of Poland. According to the requirements of its licence to operate as a distributor, extended until 2030 during the reporting period, Energa Operator SA subsidiary is responsible for the development, operation and refurbishment of the distribution infrastructure in the area of its operations and for ensuring the delivery of electricity of adequate quality parameters to the consumers connected to its power grid.

Generation

The subsidiaries that are a part of the Generation Line of Business are primarily carrying out the operations related to the generation of electricity and heat, as well as the transmission of heat to the consumers. Electricity is produced using water, wind, biomass, solar radiation and hard coal.

The subsidiaries that are a part of this Line of Business deliver heat using their own district heating networks to the consumers in the cities of Kalisz and Ostrołęka. Energa Group's share of electricity generated from renewable sources in its total production output is the largest among Polish energy groups (electric utilities).

Supply

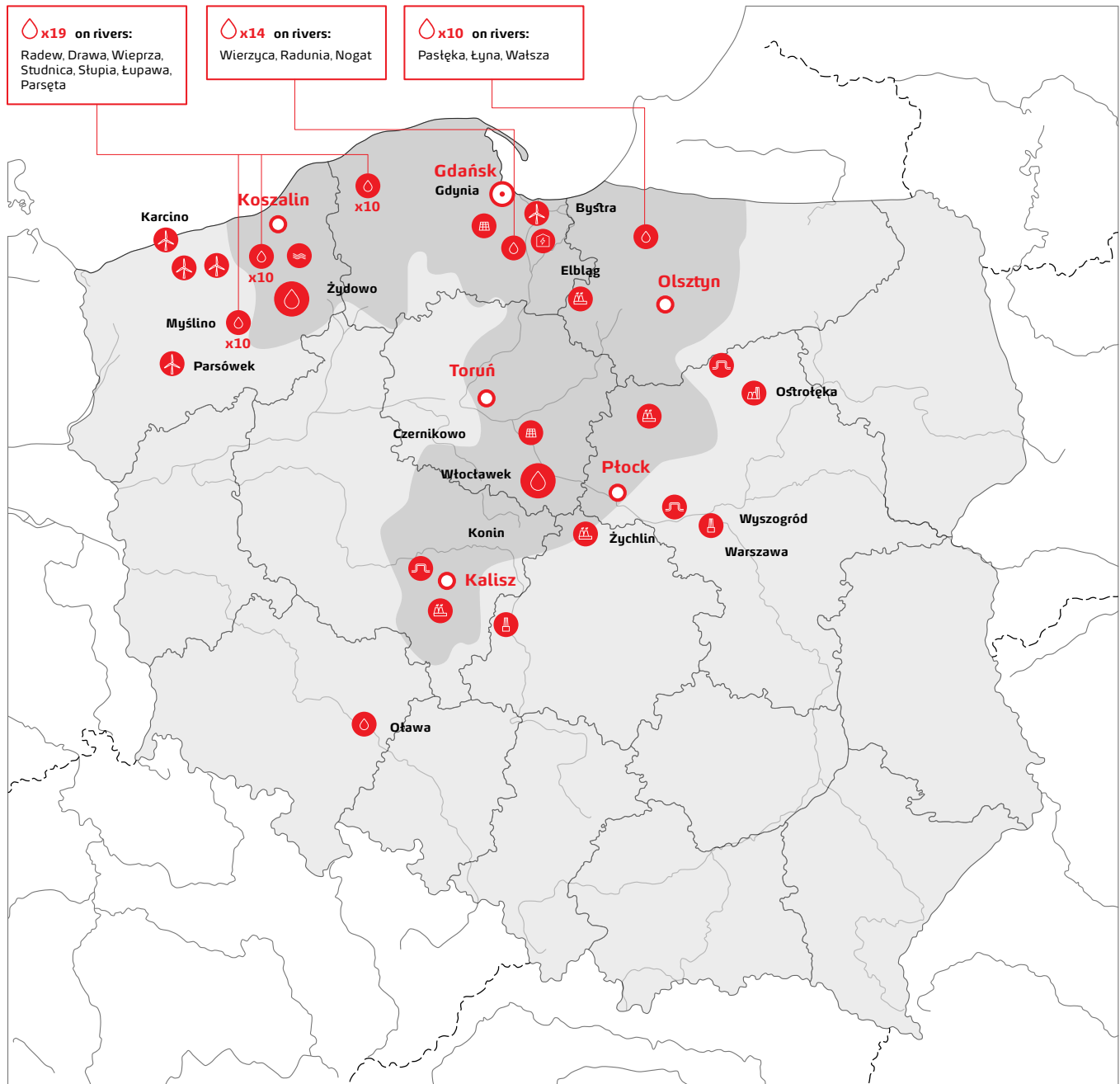
The subsidiaries that are a part of the Supply Line of Business are primarily carrying out the operations related to the trading of electricity and heat, as well as providing customer service. Energa Obrót SA subsidiary is the leading company in this line of business. As part of its core operations, the subsidiary is trading in electricity and natural gas on the domestic and international wholesale market, as well supplying electricity and gas to individual (retail) customers (households), businesses and institutional customers. Energa Obrót SA is offering innovative, pro-environmental technologies and services, related, for example, to energy efficiency, provision of electric vehicle charging services at its charging stations and installing PV panels. The company supplies electricity to 3.2 million customers, of which more than 2.6 million are households.

Services and other

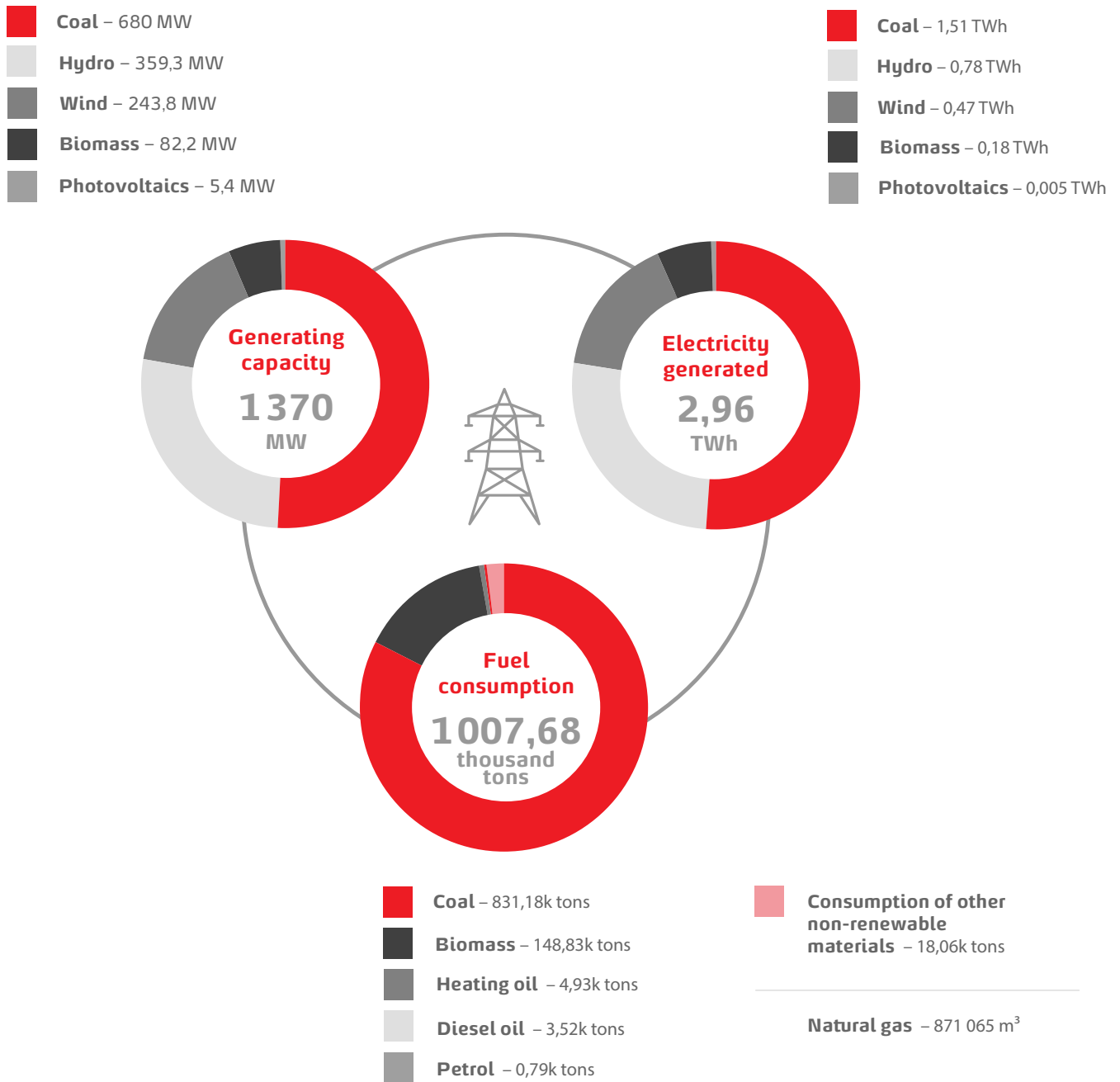
Other companies operating as part of Energa Group include subsidiaries directly controlled by Energa SA that provide services supporting the business processes of the Group's subsidiaries and perform tasks in the areas of importance to Energa Group, for example, related to administration or personnel and property security services.

3.1.5. Location of operations and main power generating assets

Energa is operating 62 power generating assets: 45 small hydropower plants, 2 large hydropower plants, 6 wind farms, 3 PV farms, 1 baseload power plant, 4 CHP plants and 2 heating plants. Furthermore, the Energa OZE subsidiary owns an energy storage facility at the Bystra wind farm. The storage facility is currently undergoing tests performed by Energa OZE, Energa Operator and the Japanese partners.



| | | | | | |
|--|-------------------------------|--|---------------------------------|--|--------------------------------------|
| | wind farm | | heat plant | | distribution of electricity |
| | pumped-storage plant | | district heating network | | Energa SA's head office |
| | photovoltaic farm | | small hydroelectric power plant | | local branches of Energa Operator SA |
| | combined heat and power plant | | large hydroelectric power plant | | |
| | baseload power plant | | energy warehouse | | |



3.1.6. Management structure

Energa SA is a joint stock company, the parent company of Energa Group. Pursuant to the Polish commercial companies' code, the joint stock company's authorities include the General Meeting of the Shareholders, the Supervisory Board and the Management Board. We present the management structure of Energa SA below.

The following committees operate as part of the Supervisory Board:

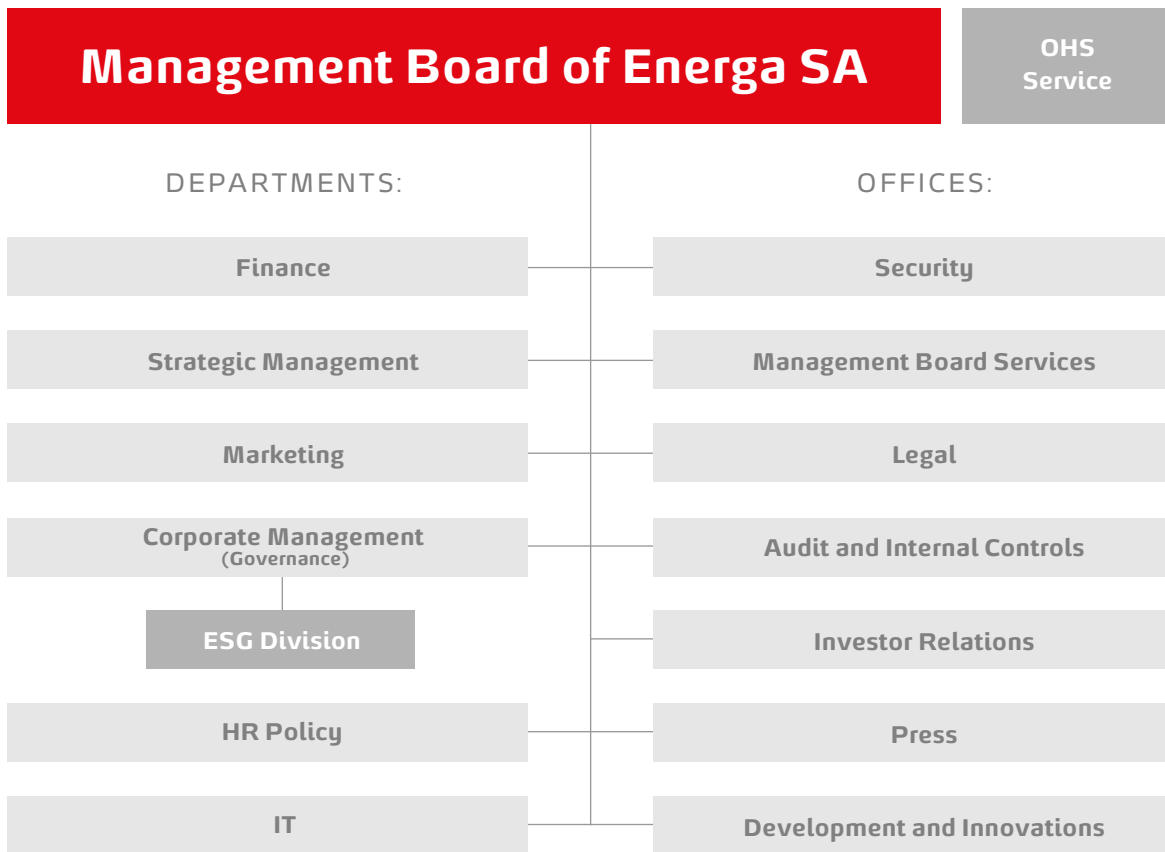
- The Audit Committee, comprised of: Paula Ziemiecka-Księżak, Sylwia Kobyłkiewicz, Trajan Szuladziński, Agnieszka Terlikowska-Kulesza,
- The Nominations and Compensation Committee comprised of: Sylwia Kobyłkiewicz, Agnieszka Terlikowska-Kulesza, Agnieszka Żyro.

Paula Ziemiecka-Księżak, Agnieszka Terlikowska-Kulesza and Trajan Szuladziński meet the criteria of independence applicable in respect of independent members of supervisory boards as per section 24, subsection 3 of the Company's Articles of Association.

Pursuant to resolution no. 729/VI/2020 of the Management Board of Energa Joint Stock Company of 3 September 2020 on determining the internal division of competences among the members of the Management Board of Energa SA and a subbing-in in system, a decision was made to entrust functional supervision over the below areas of the company's operations as follows:

| President of the Management Board (CEO) | Vice President of the Management Board for Corporate Affairs | Vice President of the Management Board for Finance (CFO) | Vice President of the Management Board for Communication |
|---|---|---|---|
| <ul style="list-style-type: none"> organization management, legal services, audit, controls, strategic risk management, security, Group's HR policy, social dialogue, management by objectives. | <ul style="list-style-type: none"> Energa Group's strategy, strategic assets management, market analyses and the Group's expansion, mergers and acquisitions, corporate and ownership supervision over the Group, Group's corporate/organizational governance management. | <ul style="list-style-type: none"> financial planning and analyses, financial reporting and consolidation, financial policy, Group's financial risk management, business controlling, investor relations, stakeholder relations. | <ul style="list-style-type: none"> marketing and sponsoring, internal and external communication, CSR and relations with the environment, press services. |

The current shareholding structure of Energa SA and the structure of votes at the General Meeting



3.1.7. Group's stakeholders

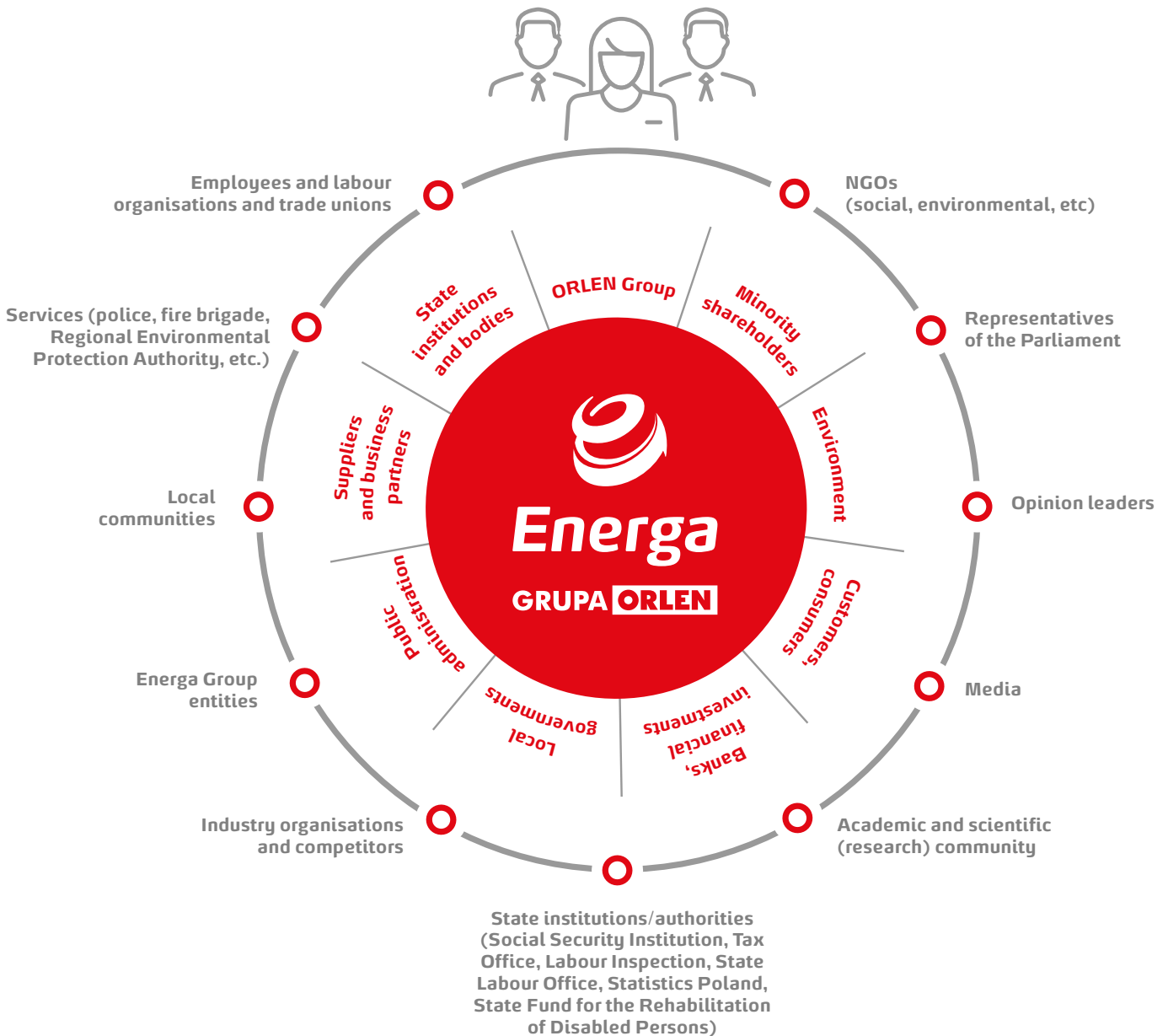
Stakeholder mapping

Management of stakeholder relations is an important part of our Corporate Social Responsibility and Sustainable Development Strategy. We are striving to create long-term, durable relations that create value for all parties to the dialogue. Transparent and accurate communication, openness to dialogue and stakeholder perspectives form the cornerstone of our operations.

2020 saw significant changes in the functioning of Energa Group, due to its acquisition by ORLEN Group. As a result, on 17 November 2020 the existing stakeholder map was revised. Based on the analysis completed, a decision was made to add 2 key groups and implement a new division of shareholders. First of all, the environment was included, due to its importance based on the nature of Energa Group's operations, as well as current policies and trends related to counteracting climate change. Such issues constitute an integral part of the ecosystem, also because as Energa Group affects the environment, so does the climate impact the Group through weather anomalies resulting from climate changes that might pose a threat to the Group's infrastructure and operations. The other priority stakeholder added to the list was ORLEN Group, which is in the process of acquiring Energa Group. Additionally, the shareholders were divided into 2 separate groups: minority shareholders and ORLEN Group.

Revised Energa stakeholder map:

Energa Group Stakeholders



Channels of communication with stakeholders

Frequency and form of contacts with individual stakeholder groups are adapted to the type of the given group. Information on the needs and expectations of stakeholders are taken into account in the process of arriving at business decisions on various levels of management. We engage in dialogue with stakeholders using various communication channels:

| Energa Group stakeholders | Communication channels |
|---|--|
| ORLEN Group | Reports, statements, correspondence, direct communication, meetings, workshops. |
| Minority shareholders | Direct communication, website at www.ir.energa.pl , current reports (regulatory filings) and periodic (interim) reports as well as other events (e.g. 1+1 meetings and conferences, broadcasts, chats, roadshows, analyst workshops, Individual Investor Day, Energa in Action), general meeting. |
| Environment | Non-financial reports, reports for institutions, coordinating the implementation of post-inspection recommendations of national environmental protection authorities (State/Voivodeship/Regional Environmental Protection Authority); annual application to maintain GE's EMAS registration, every 3 years – renewal of EMAS registration (application to the General Directorate for Environmental Protection). |
| Customers, consumers | Individual meetings, correspondence, communication via electronic channels, communication via marketing campaigns, interventions undertaken, provision of clarifications, helplines. |
| Banks, financial institutions | Correspondence, regular reporting, individual meetings, communication via electronic channels. |
| Local government authorities (public) | Consultations, direct meetings, correspondence, communication via electronic channels. |
| Public administration (central) | Correspondence, communication via electronic channels, study tours, consultations, lobbying, regular reporting in emergency situations, meetings. |
| Suppliers and business partners | Exchange of information, contacts by telephone, correspondence, publication of materials online, register of qualified contractors and suppliers, communication via electronic channels. |
| Representatives of the Parliament | Correspondence, meetings, participation in meetings of parliamentary Commissions and teams, study tours, consultations. |
| Opinion leaders | Provision of information, presentations and lectures, study tours. |
| Local communities | Dialogue with local communities during public consultations carried out in the course of the investment project implementation process, reviewing of requests (petitions), educational activities, social activities carried out by Energa Foundation, sponsoring of events important to the local community (including sports and cultural events). |
| Employees, labour organisations and trade unions | Intranet, employee portal, conducting consultations and coming to agreements, meetings between the Management Board and employees as well as trade union organizations, <i>Emisja</i> and other internal publications, competitions for employees, training courses and workshops, integrational meetings, joint works on projects. Dialogue with local communities during public consultations carried out in the course of the investment project implementation process, reviewing of requests (petitions), educational activities, social activities carried out by Energa Foundation, sponsoring of events important to the local community (including sports and cultural events). |
| Energa Group entities | Consultations, meetings, exchange of information, communication via electronic channels, regular meetings of the Supervisory Board. |
| Non-governmental organisations (social, environmental, etc.) | Collaboration as part of ongoing projects, sponsoring, responses to questions, correspondence, websites, CSR activities, activities of Energa Foundation, communication via electronic channels. |
| Academic and scientific (research) community | Meetings, job fairs, projects and conferences, financial support, Acta Energetica, scholarship and internship programs, competitions, joint research, development and educational projects. |
| Media | Current reports (regulatory filings) and announcements, interviews, press conferences and individual meetings, website. |
| Industry organisations and competitors | Participation in the activities of organisations, participation in industry conferences, joint projects, consortiums, joint reports, lobbying, communication via electronic channels, consultations. |
| Services (police, fire brigade, environmental protection authorities and other) | Ongoing collaboration, correspondence, sponsoring, joint campaigns, courses and training. |
| State institutions/authorities (Social Security Institution, Tax Office, Labour Inspection, State Labour Office, Statistics Poland, State Fund for the Rehabilitation of Disabled Persons) | Correspondence, reporting, provision of information on a regular and ongoing basis as needed. |

Issues of importance to stakeholders

Aside from a regular exchange of information on the plans, intentions and operations of Energa Group's subsidiaries and its impact on the environment or the environment's impact on the Group, a dialogue devoted solely to non-financial reporting is carried out on an annual basis. In 2020, due to the restrictions on the physical meetings caused by the coronavirus pandemic, the dialogue took the form of a survey addressed to internal and external stakeholders. As a result of the analysis of responses to the survey, the disclosures in the non-financial report and Energa Group's 2020 integrated report were assigned levels of materiality, which enabled the creation of the current materiality matrix. Detailed information on the stakeholder dialogue process and materiality matrix can be found in the *Information on the Report* chapter. The following issues were among the top 10 most material subjects of interest to stakeholders:

Most material subjects of interest to stakeholders

| | | | |
|---------------|---|---------------|---|
| Economic | Energa Group's 2020 financial results. | Environmental | Environmental and energy management strategy. Actions taken to counteract climate change. |
| Economic | Business strategy, projections of the Group's expansion in the coming years. | Environmental | Greenhouse gas emissions and methods of their reduction. |
| Social | Scope of Energa Group's involvement in initiatives supporting Poland's economic expansion (growth), including development of infrastructure and provision of services for the public. | Environmental | Key investment (capex) projects impacting the environment. |
| | | Social | Dialogue with employees. |
| Environmental | Development of renewable energy sources in the production of electricity and heat. | Social | Activities for the benefit of local communities. |
| | | Social | Activities of Energa Foundation. |

3.1.8. Energa Group's strategy

Energa Group's strategy for the years 2016-2025 sets two objectives with respect to business development and value creation:

| Objective | The following strategic program was devised to ensure achievement of the objective: |
|--|--|
| <p>1. Development of modern energy infrastructure</p> | <p>Program 1 Expansion of a smart and reliable electricity distribution grid. In response to the changing market conditions, the objectives were updated in 2017, including, among others, the development of <i>Smart Grid</i>, refurbishment of the grid assets, improvement of the quality parameters and installation of the AMI meters.</p> <p>Program 2 Development of broadband Internet access infrastructure. A short-term goal, involving the development of a business model, was accomplished in 2017.</p> <p>Program 3 Taking advantage of regulations aimed at stabilizing revenues with respect to the capacity market and heat tariffs. Energa Group's generating units successfully participated in the capacity market auctions, obtaining support under this mechanism.</p> <p>Program 4 Maintaining a strong position with regard to renewable energy sources (RES). Energa Group currently boasts the largest share of renewable sources in its generating mix (over 30%) among Polish electric utilities and will be seeking to further consolidate its strong position in this regard. The construction of the Gryf PV Farm with the capacity of 19.83 MWe is currently underway.</p> |
| <p>2. Customer-oriented business model enabling effective management of customer value, based on a coherent (integrated) products and services offering</p> | <p>Program 5 Implementation of a new customer-oriented business model and development of new lines of business. The program focuses on the customer and meeting the customer's needs by providing appropriate products, and thus improving the level of satisfaction from using Energa Group's offering. The annual objective of the program, oriented towards ensuring an appropriate level of EBITDA earnings, is currently being met.</p> |

3.1.9. Industry initiatives and organisations

Management of the institutional relations area lies within the competences of the Corporate Management Department and is carried out as part of the operations of the ESG Division. In connection with the agreement on collaboration within Energa ORLEN Group, the subsidiaries that wish to join any association, organization or other institution, with the exception of Energa Operator SA, must submit a request to Energa SA for an opinion in this regard and obtain its approval prior to making a decision to join the association, organization or other institution.

Energa ORLEN Group actively participates in the operations of many industry, expert and business organisations. The involvement of our employees in the work of such organisations enables them to exchange experiences, gain new knowledge and integrate with other experts from the energy sector. This way, Energa ORLEN Group is building lasting relations with its environment, while making a significant subject matter contribution to that environment.

Membership in organisations allows us to exchange knowledge, valuable experience and good practices with the representatives of the entire Polish energy sector.

Active membership in organisations in 2020:

Device Language Message Specification
 European Distribution System Operators for Smart Grids (EDSO)
 Chamber of Industrial Power and Energy Consumers
 Chamber of Commerce of the Polish Heating Industry
Chamber of Commerce of the Energy Industry and Environmental Protection
 Warsaw Commodity Exchange Clearing House
 Polish Research Laboratory Club POLLAB
 Technical Committee no. 276 at the Polish Committee for Standardization
 Consortium for the Registration of Combustion Byproducts
 REACH Consortium based in Warsaw
 International Controller Association ICV
 National Network of Accredited Laboratories 'LABIOMEN'
Polish National Foundation
Polish Electricity Association
 Polish Council on Large Electric Systems/CIGRE
 Polish Alternative Fuels Association
 Polish Wind Energy Association
 Polish Association of Utility Scale CHP Plants

Polish Power Transmission and Distribution Association
 Pomeranian Employers
 Prime Alliance
 Institute of Internal Auditors IIA Poland
 Association of Polish Electrical Engineers
 Polish Association of Listed Companies
 Eurelectric Association
 Responsible Business Forum Association
 Polish Union of Combustion By-Products Association
 Polish Corporate Treasurers Association
 Polish Power Exchange (Towarowa Giełda Energii SA)
 Polish Hydropower Association
 Polish Power Plants Association
 Association of Energy Trading with its registered office in Warsaw
 PZU Mutual Insurance Company
 ENERGA Association of Power Industry Employers
Polish Association of Power Industry Employers
 Union of Entrepreneurs and Employers

Bolded names indicate organisations that included a representative of Energa ORLEN Group in their management or supervisory authorities in 2020.

3.2. Group's suppliers

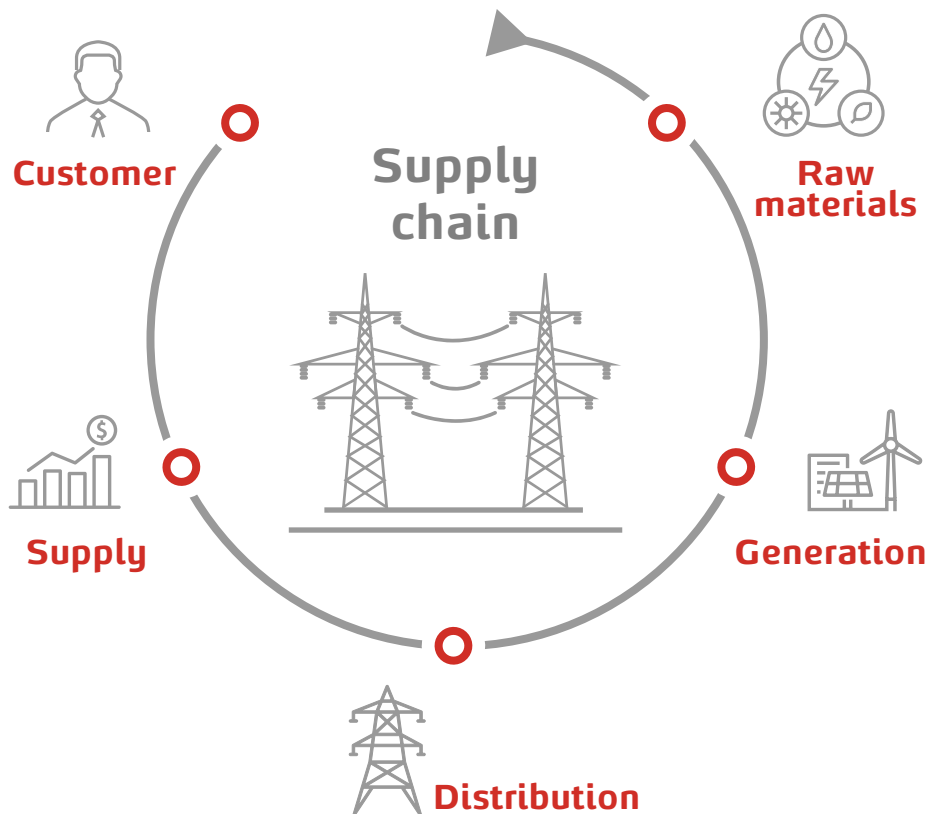
As one of the broadly defined groups of our stakeholders, suppliers are of fundamental importance for the continuity of delivering electricity to our customers. We are striving to improve our supply chain so as ensure continuous supervision over the quality of the commodities sourced. Energa Group's supply chain is composed the following main components:

- sourcing energy related raw materials,
- generation,
- distribution of electricity and heat,
- supply to the customers.

Key suppliers as part of our supply chain include primarily suppliers of fuels (e.g. coal, biomass, etc.) and power infrastructure components (e.g. power lines, transformers, disconnectors, meters, etc.).

The primary goal of an organized supply chain is to optimize the costs and minimise the sourcing risks. The sourcing (procurement) model of Energa Group is based on two sourcing (procurement) centres:

- Energa Logistyka Sp. z o.o. – responsible for all sourcing with the exception of IT and OT, including both the operational sourcing of services, supplies and construction works, as well as sourcing of strategic power-related and other materials, including their storage.
- Energa Informatyka i Technologie Sp. z o.o. – responsible for sourcing in IT and OT areas.



Achievement of Energa Group's sourcing (procurement) objectives is based on seeking to maximise the synergy effect within the group, taking into account market conditions and competition principles. To ensure this, comprehensive management of sourcing categories was entrusted to sourcing centres. Rules governing collaboration are laid down in the Agreement on Collaboration within Energa Group, with particular emphasis on the *Sourcing Policy*, which is a document that sets the standards for managing purchasing operations within Energa Group.

A uniform sourcing category tree is in effect within Energa Group and constitutes an extensive and organized catalogue of sourced product ranges. The sourcing category tree consists of three category groups: basic (core), supporting and supplementary.

Main types of suppliers engaged by Energa Logistyka Sp. z o.o. (manufacturers and distributors of the below product ranges):

- | | |
|---|---|
| <ol style="list-style-type: none"> 1. Low-voltage cables 2. Medium-voltage cables 3. ASXSN cables 4. Uninsulated cables 5. Partially insulated cables 6. Medium-voltage/low-voltage transformers 7. High-voltage/medium-voltage transformers 8. Transformer accessories 9. High-voltage power cables (underground systems) 10. Power cables for permanent installation 11. Poles and supporting components 12. Cable switchgear cabinets and low-voltage measurement cabinets | <ol style="list-style-type: none"> 13. Medium-voltage and low-voltage switchgear substations 14. Enclosed medium-voltage circuit breakers and disconnectors 15. Enclosed medium-voltage connectors with accessories 16. Low-voltage connectors with accessories 17. Insulators and insulation accessories 18. Overhead and underground line accessories 19. Grid protection and safety accessories 20. Metering devices 21. Power system automatic protection systems 22. High-voltage devices 23. Measurement equipment |
|---|---|

Main IT/OT categories managed by Energa Informatyka i Technologie Sp. z o.o.:

- | | |
|--|--|
| <ol style="list-style-type: none"> 1. Corporate (office) and workstation software 2. Infrastructural software 3. Printers, copiers, scanners 4. Server equipment 5. Workstation IT devices 6. IT services 7. Telecommunications systems | <ol style="list-style-type: none"> 8. Subscriber devices (terminals) 9. Data network devices 10. Telecommunications devices software 11. Subscriber services 12. Data network services 13. Maintenance (support) services 14. Software development services |
|--|--|

3.2.1. Amount of capital paid to local suppliers

Below we present the amounts paid to local suppliers in each province of Poland, prepared for the two sourcing (procurement) centres operating within the Group:

- 1) Energa Logistyka Sp. z o.o. (responsible for all sourcing with the exception of IT and OT),
- 2) Energa Informatyka i Technologie Sp. z o.o. (responsible for sourcing in IT and OT areas).

Share of spending on services provided by the local suppliers at the Energa Logistyka Sp. z o.o. subsidiary

| Region | Total spending on services provided by suppliers [in million PLN] | Spending on services provided by local suppliers [in million PLN] | Percentage of spending on services provided by local suppliers [%] |
|---------------------|--|--|---|
| dolnośląskie | 4.05 | | |
| kujawsko-pomorskie | 4.54 | 1.32 | 29.20% |
| lubelskie | 1.74 | | |
| lubuskie | 0.36 | | |
| łódzkie | 4.78 | | |
| małopolskie | 33.04 | | |
| mazowieckie | 41.44 | 1.52 | 3.67% |
| opolskie | 13.63 | | |
| podkarpackie | 3.61 | | |
| podlaskie | 1.16 | | |
| pomorskie | 22.12 | 5.83 | 26.34% |
| śląskie | 33.12 | | |
| świętokrzyskie | 15.83 | | |
| warmińsko-mazurskie | 3.61 | 1.45 | 40.07% |
| wielkopolskie | 18.68 | 2.04 | 10.94% |
| zachodniopomorskie | 1.5 | 0.94 | 62.58% |
| TOTAL | 203.22 | 13.1 | 6.45% |

The total number of suppliers of Energa Logistyka Sp. z o.o. engaged by the organization and the estimated number of suppliers within the entire supply chain stood at 1292. The value of the supplied products and services came in at PLN 203.89 million. In 2020, Energa Logistyka Sp. z o.o. worked with 3 foreign suppliers (a 0.23% share in the total number of suppliers), and the value of the products and services supplied by foreign entities clocked in at approx. PLN 680 thousand (a 0.33% share in the total value of products and services supplied).

Share of spending on services provided by the local suppliers at the Energa Informatyka i Technologie Sp. z o.o. subsidiary.

| Region | Total spending on services provided by suppliers [in million PLN] | Spending on services provided by local suppliers [in million PLN] | Percentage of spending on services provided by local suppliers [%] |
|---------------------|---|---|--|
| dolnośląskie | | | |
| kujawsko-pomorskie | | 1 053.58 | |
| lubelskie | | 842.44 | |
| lubuskie | | 14.53 | |
| łódzkie | | 156.99 | |
| małopolskie | | 1 414.06 | |
| mazowieckie | | 42 722.46 | |
| opolskie | | | |
| podkarpackie | | 4 480.51 | |
| podlaskie | | | |
| pomorskie | 103 408.77 | 29 490.67 | 28.52% |
| śląskie | | 22 418.25 | |
| świętokrzyskie | | 46.89 | |
| warmińsko-mazurskie | | 154.92 | |
| wielkopolskie | | 260.74 | |
| zachodniopomorskie | | 352.74 | |
| TOTAL | 103 408.77 | 103 408.77 | 100% |

The total number of suppliers of Energa Informatyka i Technologie Sp. z o.o. with which the company entered into contracts in 2020 came in at 350, and the amount of payments made to those suppliers stood at PLN 103 408.77 thousand net. In 2020, Energa Informatyka i Technologie Sp. z o.o. made payments solely to the domestic suppliers.

In its approach to sourcing, EITE, acting as both an IT services centre and a sourcing centre for Energa Group's subsidiaries, applies the ITIL® methodology, which is an extensive compilation of the best practices and processes in planning, supplying and supporting IT services. EITE uses this as a criterion to determine the quality and effectiveness of IT service management, including IT purchasing management.

No changes to the structure of Energa ORLEN Group's supply chain occurred in 2020. The change in ownership means that first changes are projected to occur in 2021.

3.2.2. Suppliers' impact

We are aware of the impact of choosing suppliers in a responsible manner. We exercise due diligence in the process of selecting, contracting and maintaining relations with suppliers. Maintaining a lasting collaboration with key suppliers over the course of many years guarantees that we will also be aware of the social responsibility of our suppliers. In 2020, Energa SA commenced the implementation of the international ISO 26000 standard – *Guidance on Social Responsibility*, which formed the basis for developing a supplier assessment methodology, among others with regards to their social impact.

We are aware of the benefits of operating with corporate social responsibility in mind. We are striving to ensure that such ideas as care for ethical conduct, respect for human rights and care for the natural environment are shared not only by the Group's individual entities, but by our partners as well. To this end, we include relevant clauses in our contracts made with contractors. *Guidelines for contractors in respect of acceptance of the construction works by Energa Operator* obligate a contractor to notify us of any environmental emergencies caused by the operations and methods of rectifying them.

List of disclosures presented in this chapter:

| | |
|-------------------|---|
| GRI 102-1 | Name of the organization |
| GRI 102-2 | A description of the organization's activities, primary brands, products, and services |
| GRI 102-3 | Location of the organization's headquarters |
| GRI 102-4 | Location of operations |
| GRI 102-5 | Ownership and legal form |
| GRI 102-6 | Markets served |
| GRI 102-7 | Scale of the organization |
| GRI 102-9 | Supply chain |
| GRI 102-10 | Significant changes to the organization's size, structure, ownership, or supply chain in the reporting period |
| GRI 102-13 | Membership of associations and organisations |
| GRI 102-15 | A description of key impacts, risks, and opportunities |
| GRI 102-18 | Governance structure of the organization, including committees of the highest governance body, responsible for decision-making on economic, environmental, and social topics. |
| GRI 102-40 | A list of stakeholder groups engaged by the organization in the form of a chart |
| GRI 102-42 | The basis for identifying and selecting stakeholders with whom to engage |
| GRI 102-43 | The organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group |
| GRI 102-44 | Key topics and concerns that have been raised through stakeholder engagement |
| GRI 204-1 | Proportion of spending on local suppliers |
| G4-EU1 | Maximum electricity generation capacity, broken down by primary energy source |
| G4-EU2 | Net amount of energy generated broken down by primary energy source |
| G4-EU4 | Length of overhead and underground transmission and distribution lines by regulator's requirements (km) |

4. Social issues

4.1. Customers

4.1.1. Description of the area

Energa Group's strategic objective in the area of customer service is to ensure the highest level of reliability of supply of electricity to our consumers. To meet our customers' expectations, we have undertaken a number of actions aimed at expanding our offering by creating the 'green' products. Every year we engage in a dialogue with our customers and strive to increase the security of energy supply and provide our customers and business partners with electricity at competitive prices and with adequate quality parameters. We engage in responsible marketing activities, customer communication and monitor customer satisfaction.

Energa Obrót SA subsidiary, the leading company in the Supply Line of Business, is responsible for implementing our business model based on a coherent (integrated) and extensive range of products and service, while Energa Operator SA, the leading company in the Distribution Line of Business, ensures the development and maintenance of the modern electricity distribution infrastructure.

As part of its operations in the energy market, Energa Group engages in the supply of electricity, gas and additional services, as well as the distribution of electricity. The Group supplies electricity and provides services to all customer segments – manufacturing industry, large, medium and small enterprises as well as households. In 2020, Energa Group provided services to approx. 3.2 million customers, of which over 2.7 million were customers in the 'G' tariff group (basic tariff for the consumers, approved annually by the President of the Energy Regulatory Office). The remaining customers were allocated to the C, B and A tariff groups. At the end of 2020, Energa Obrót's network of retail sales outlets included 9 in-house retail sales outlets and 56 external retail sales outlets run by agents. They are located in the pomorskie, zachodniopomorskie, kujawsko-pomorskie, warmińsko-mazurskie, mazowieckie, łódzkie and wielkopolskie provinces.

Number of consumers served by Energa Obrót and electricity sales volume in 2020

| Consumer type | Number of electricity consumption (take-off) points (PPE)* | Volume of electricity (TWh) |
|------------------------------|--|-----------------------------|
| individual customer | 2 952 100 | 6.94 |
| commercial customer/consumer | 62 400 | 4.02 |
| public institutions | 89 000 | 1.76 |
| industrial customer | 27 000 | 6.14 |
| TOTAL | 3 130 500 | 18.86 |

* The number of customers of Energa Obrót is not identical to the number of electricity consumption (take-off) points (PPE) reported by Energa Operator, due to the fact that 1 customer may use several electricity consumption (take-off) points.

Energa Operator is the operator of the distribution system operating in the northern and central parts of Poland. The company provides services to all customers of Energa Group in this region, as well as TPA (Third Party Access) customers, i.e. customers who selected a different supplier than Energa Obrót, with whom the company has entered into a contract for the provision of distribution services. The area of the company's operations covers nearly 75 thousand square metres. At the end of 2020, the number of the system's users came in at 3 198 778, and the total length of its power lines stood at more than 191 thousand kilometres.

Number of users of the services provided by Energa Operator as of 31/12/2020

| Consumer type | Number of users of the services provided by Energa Operator |
|--------------------|---|
| individual user | 2 897 697 |
| industrial user | 8 652 |
| institutional user | 11 438 |
| commercial user | 280 991 |
| TOTAL | 3 198 778 |

Length of overhead and underground transmission and distribution lines according to the regulatory system (km)

| Branch | High-voltage power grids | | Medium-voltage power grids | | Power grids with grid connections | |
|---------------------------|--------------------------|------------------|----------------------------|------------------|-----------------------------------|------------------|
| | Overhead [km] | Underground [km] | Overhead [km] | Underground [km] | Overhead [km] | Underground [km] |
| Gdańsk | 936 | 36 | 5 148 | 4 330 | 7 705 | 12 333 |
| Kalisz | 1 099 | 0 | 9 672 | 1 739 | 14 509 | 6 250 |
| Koszalin - Słupsk | 1 167 | 1 | 8 677 | 3 145 | 5 509 | 8 771 |
| Olsztyn - Elbląg | 1 246 | 4 | 11 609 | 2 395 | 11 738 | 6 839 |
| Płock | 897 | 4 | 10 794 | 1 269 | 15 969 | 4 195 |
| Toruń | 1 104 | 16 | 8 816 | 1 964 | 14 271 | 7 190 |
| Energa Operator SA | 6 499 | 61 | 54 716 | 14 842 | 69 701 | 45 578 |

4.1.2. Key non-financial performance indicators

4.1.2.1. Dialogue activities aimed at customers

The key role of customers as stakeholders means that we place special weight on a continuous dialogue with them. Energa Group is developing and adapting the forms of its dialogue with customers on an ongoing basis to ensure that the cooperation between the company and the customers could result in a long-term loyalty building effect. Detailed information on the entire process of engaging in a dialogue with the stakeholders is available in the section *Information on the Report*.

Basic forms of the dialogue with customers and its effects

| Stakeholder | Sources of dialogue | Key effects of dialogue |
|-------------|--|---|
| Customer | <ul style="list-style-type: none"> • website • social media • customer satisfaction and opinion surveys • qualitative and quantitative marketing surveys • net promoter score (NPS) • first time resolution (FTR) • Customer Ombudsman • educational campaigns • competitions for customers | <ul style="list-style-type: none"> • awareness of customers' expectations • creating products and services adapted to the customers' expectations • rafting transparent terms of offers and contracts • using plain (simplified) language in customer communication • quickly reacting to reports of outages and customer complaints • notating invoices in a comprehensible manner |

4.1.2.2. Responsible communication

Management of the customer communication process is handled by such units as the Customer Relations Department, Image and Brand Department, Press Office, Energa Obrót's sales units as well as Energa Operator's Consumer Services Management Office and Communication Office. Collaboration among those units helps develop clear and consistent communication aimed at both the individual as well as the mass customer and other stakeholders. 2020 saw a number of new solutions in the area of customer communication, not only due to the pandemic, but also due to the continuous improvement of the communication process. The most important initiatives aimed at improving the efficiency and quality of the communication with individual customers include:

1. Making the energa.pl and energa24.pl domains available for the purpose of the communication with customers at Energa Obrót.
2. Implementing the Appointment Booking System, which allows customer to book a date of the appointment (visit) or telephone consultation.
3. Making changes to contact channels in connection with the closure of the retail sales outlets in March and April as a result of COVID-19. The importance of the telephone channel and live chat significantly increased during that period. Thanks to the new website launched in 2019, entering into contracts online did not pose a problem.
4. Commencing the modernisation of electronic customer service systems – the systems were used for ongoing communication, as part of which customers were given information, among others, on what services (e.g. access to Energa 24, topping up prepaid meters and Actual Billing) will be unavailable and when.
5. Providing an online contact form, which can be used to report matters that need taking care of – <https://energa-operator.pl/formularz-zgloszeniowy/pytania-i-reklamacje>.
6. Implementing a sales and customer service standards manual for the retail sales outlets' staff.
7. Creating an invoice guide and providing it to customers – the guide comprises 6 pages with information on how to correctly read and understand an electricity bill.

Constant communication addressed to the mass customer was conducted via the national media and in the social media.

As part of our educational activities addressed to the customers, we engaged in communication with regard to presenting the benefits of generating electricity from renewable energy sources (RES), in particular the photovoltaic panels. The campaign, dubbed **Solar Power on Every Family's Roof**, aimed to make our existing and potential customers aware of the benefits of obtaining green energy and benefits of installing PV panels on their roofs. Another campaign that was conducted in the national media had image-building and educational purposes and was dubbed **More Energy for What's Important**. Its primary objective was to convey information on what electricity is and why it's important in today's world.

Information on actions taken by all of the Group's subsidiaries and lines of business was actively communicated via Energa SA's social media – its Twitter, Facebook and LinkedIn accounts. All announcements posted on the media.energa.pl website are also posted in the social media (SoMe). Customers are informed of the company's (public) actions on an ongoing basis via SoMe.

Communication with customers also takes place in the form of reactions and responses to comments/news posted by the followers. Communication on Facebook and LinkedIn took place via comments posted on the sites, which can be divided into:

1. positive comments (feedback) on the post content,
2. comments (feedback) referring strictly to customer service issues at Energa Obrót or Energa Operator, related to a specific problem, which we forward to Energa Obrót or Energa Operator (depending on the type of the problem) with a request for help in drafting and posting an answer,
3. negative, insulting or off-topic comments, which we do not respond to.

The situation is similar with regard to comments and tags on Twitter. Energa always strives to provide transparent answers to publicly posted comments on the forum.

Furthermore, in order to improve its customer communication process, Energa Obrót has for the past 3 years been consistently simplifying the language used by employees when communicating with each other and, more importantly, with the customers. Using plain language makes the message clear and comprehensible. Specific and general terms of our contracts, i.e. the documents that our customers take home and often keep for several years, were the first to get simplified. Our employees no longer use bureaucratic jargon in our new documents, do not refer to the customer in the third person and use plain language that a customer uses in every day life to explain definitions. That's why electrical energy is now referred to as electricity, and the metering and billing system is now referred to as a meter. Apart from documents, plain language is also used in announcements on the company helpline, letters with information and responses to customer queries.

On 20 December 2019, Energa Obrót was awarded a certificate by the Association of Energy Trading (TOE), confirming its accession to the *Code of Best Practice for Electricity and Gas Suppliers*. Award of the certificate was preceded by a detailed audit of the quality and integrity of customer service, carried out by an external certification body. *The Code of Best Practice for Electricity and Gas Suppliers* is a set of rules and highest standards in sales and fair (honest) customer service – starting from entering into a contract with a customer, through amending the terms (parameters) of the contract, up to the issues related to complaint handling or termination of the contract, drafted in 2018 by the members of TOE in collaboration with the Energy Regulatory Office.

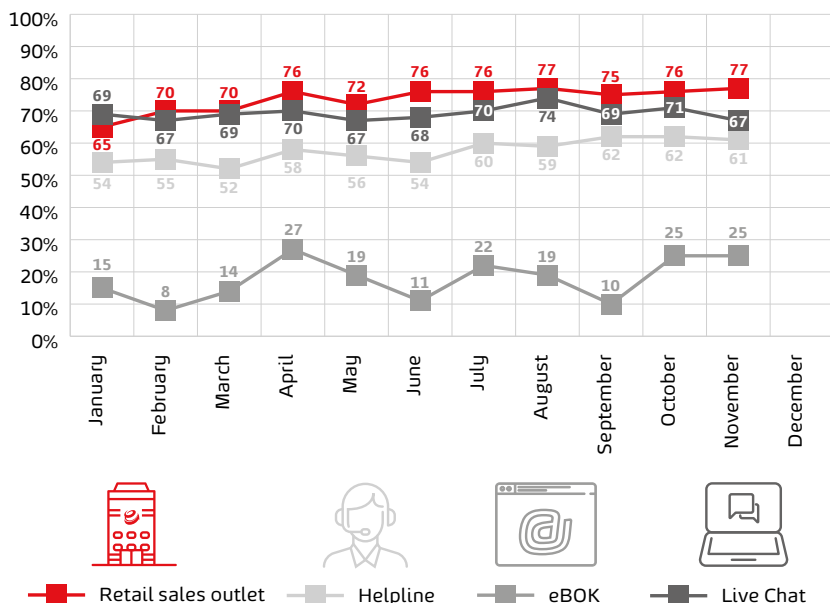
4.1.2.3. Monitoring customer satisfaction

The expectations of our customers with regard to the quality of customer service in the sales and post-sales processes are constantly rising. Therefore, Energa Obrót engages in continuous monitoring of the quality standards in its sales and service channels [at the retail sales outlets, during calls made to the helpline, as well as in contacts via the Online Customer Service Centre (eBOK) and live chat]. In order to ensure the highest possible quality of customer service, for many years now we have been monitoring the satisfaction of our customers by automatically measuring the following indicators (metrics):

- Net Promoter Score (NPS),
- First Time Resolution (FTR).

Results of the measurement of both these indicators in 2020 are presented on the graphs below.

Results of NPS measurement. Would you recommend this contact channel to your friends?

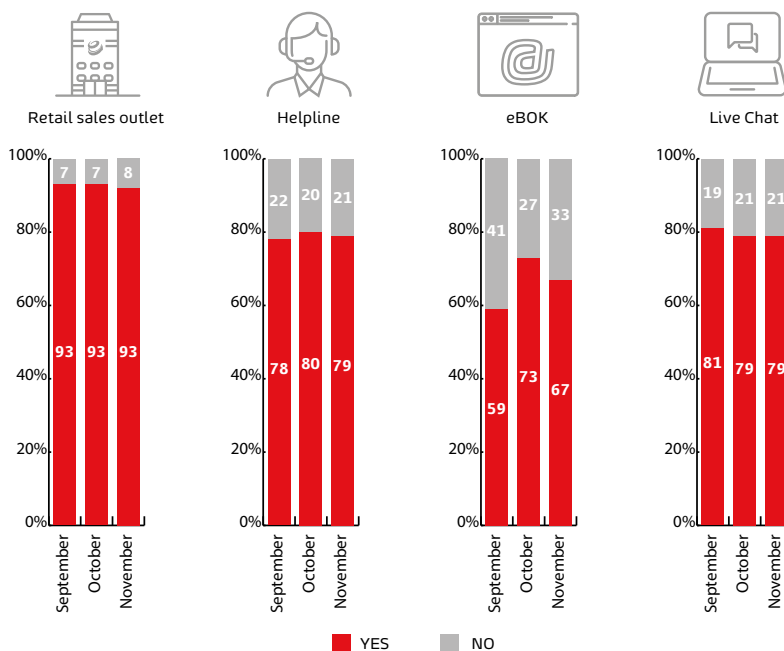


The graph illustrates the NPS indicator in the period from January to December 2020, by main contact channels: retail sales outlet, helpline, Online Customer Service Centre (eBOK) and live chat. The level of customer satisfaction with services provided via these channels remains constant, any reductions are made up for in subsequent weeks.

The next graph shows the percentage of customers who declare that their issue was resolved as a result of contacting the Company using the given channel (data for Q4 2020). A consistent strong trend is evident, showing that a high number of customers had their issues successfully resolved by contacting the company through its retail sales outlets, helpline, Online Customer Service Centre (eBOK) and live chat.

Results of FTR measurement. Were we able to resolve your issue during contact?

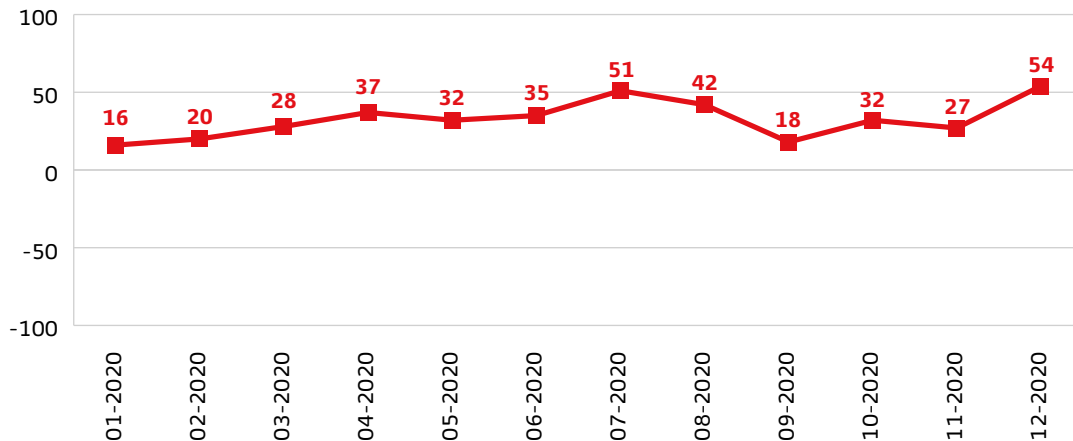
Ongoing analysis and use of the results of the surveys conducted to implement corrective actions, including by providing employee training, is aimed at ensuring the continuous improvement of the customer service quality, which directly translates into the satisfaction of the individuals and businesses that use our services.



Electricity supply also involves ensuring the comfort of energy delivery to our customers. Energa Operator is monitoring customer satisfaction with its services and the Net Promoter Score indicator on an ongoing basis. Calls made to the emergency electricity services, available by calling 991, are also subject to regular analysis.

The average NPS metric for this year came in at 32 points (on a scale of -100 to +100). In December 2020, our NPS reached this year's high of 54, which is an excellent result. The performance of the metric in the previous year (based on cumulative results for entire quarters) demonstrates its systematic rise. Our emergency helpline received positive reviews. The aspects most appreciated by our customers include the availability of information on the helpline number, politeness of the service and clarity of the information provided.

NPS metric



4.1.2.4. Meeting customer expectations by products and services

Continuous communication with customers across multiple channels and measuring their satisfaction level enables regular adaptation of our product offering to the changing needs of the customers. When developing our product portfolio, we were guided by the sustainable development guidelines and measures aimed at ensuring carbon neutrality, as well as compliance with regulatory changes.

In 2020, Energa Obrót intensified its activities aimed at selling **photovoltaic panel** installations to the individual customers. To facilitate the customers' decision-making process and installation of the panels, the company took over the responsibility for the entire PV installation sales process – starting with the on-site survey, through installation and activation, and ending with long-term maintenance. The introduction of the product into our offering coincided with the national educational campaign under the moniker *Solar Power on Every Family's Roof*.



We continued the sales of our **anti-smog offering**, addressed to the individuals who intend to switch to electric heating or who use electricity **to charge electric vehicles**. Thanks to collaborating with major insurance companies, the company is able to offer consumers additional products besides electricity – valuable insurance packages that include private third party civil liability insurance, assistance at home or during travel, medical assistance or a package of medical benefits.

CERTYFIKAT

zakupu 100% ekologicznej energii elektrycznej przez

Zaświadczamy niniejszym, że ww. firma świadomie chroni środowisko naturalne korzystając z oferty Pakiet Eko Firma przygotowanej przez ENERGA OBRÓT SA

PIOTR DORAWA
Przewodnik

MARCIN DAWIDOWSKI
Dyrektor Departamentu Sprzedaży
Rynek Masowego

ENERGA OBRÓT SA, ul. 300 Gdańsk 44, Gdynia 81-612
Sąd Rejonowy Gdańsk, Północ w Gdańsku, V Wągliki al. Gdanskim 100, Krajowy Rejestry Sądowy KRS 0000280916 NIP 957 096 83 70
REGON 220438015, wpis do Sądowego Rejestru 072 533 903-00-02

100%
zielonej
energii

W Pakiecie Eko Firma

Energia elektryczna zakupiona przez ENERGA-OBRÓT SA, sprzedawana w ramach oferty Pakiet Eko Firma w całości została wytworzona w oparciu o odnawialne jej źródła.

Certyfikat numerze:

Ważny przez 36 miesięcy od dnia

Offers that included additional products were very popular among our customers, such as the **ECO apartment package**, as part of which a customer would receive 5 high-quality LED bulbs, the **Energy to Study** package that came with an annual licence for the Microsoft Office software suite, or packages that offered customers discount cards to be used at petrol stations operated by LOTOS. The **ECO Company** package, addressed to the customers from the SOHO (*small or home business*) segment, is another very interesting proposition. As part of the package, the customer receives a certificate attesting that the electricity they purchase was generated from renewable sources.

Packages introduced in 2020 also included:

- **security package** – as part of the package, individual customers can enjoy the Premium Home Assistance Package, and additionally receive a package of maintenance services for their passenger vehicles and private third party civil liability insurance,
- **health package** – as part of the package, individual customers can enjoy the Premium Home Assistance Package, and are additionally entitled to the Polmed Energia health benefit package offered by the POLMED network,
- **travel package** – as part of the package, individual customers can enjoy the Premium Home Assistance Package, and additionally receive a card entitling them to discounts on services and fuel prices at petrol stations operated by LOTOS.

Energa Operator is responsible for connecting new customers to the distribution grid – both the consumers as well as the producers of electricity. Last year saw a record number of renewable micro-generation systems connected to the grid; more than 60 thousand new sources were added, including more than 21 thousand in the last quarter. Total installed capacity of the RES micro-installations connected to Energa Operator's grid currently exceeds 620 MW. In the entire 2020 the capacity increased by more than 420 MW, including by over 140 MW in Q4 2020 alone.

PV systems continue to be the most popular solution among micro-generation installations and constitute the vast majority of more than nearly 90 thousand generation sources of this category connected to the company's grid. Electricity is also delivered to Energa Operator's grid by nearly 80 hydropower micro-generation installations, located, for example, on former watermill sites that were repurposed, as well as nearly 30 home-based wind power plants. The company's grid is also supplied by other individual micro-generating installations, for example biogas systems.

The speed with which we react to emergency situations is one of the major components in the satisfaction of our customers. Due to the pandemic, there was a real danger of losing our contractor responsible for handling emergency calls in respect of failures in Energa Operator's grid. In order to ensure the continuity of one of our critical processes, namely accepting emergency calls directed to the 991 number, a team was formed from among the employees of Energa Operator (from the company's Branches and the Head Office). The above team received training with respect to the basic rules governing the handling of such calls.

The scope of the training covered such areas as:

- handling calls in terms of their subject matter content – divided by categories of calls,
- handling calls in terms of operating the system – registration of calls and verification of information on the potential causes of the power outage,
- handling calls in terms of operating the workstation – familiarisation with the rules applicable to a consultant when handling incoming calls.

In order to ensure the continuous improvement of customer service standards, Energa Operator implemented and launched the Appointment (Visit) Booking System (SRW), another solution allowing our customers to receive rapid and efficient service, not only during the pandemic, but also after sanitary restrictions are lifted in the future. The SRW system was launched as an additional contact channel, available on the company's website. It allows customers to book an available date to discuss their issue. Currently such bookings are made primarily by telephone or via an online form. In the future, customers will also be able to book an in-person appointment (visit) at a local branch of Energa Operator. The staff of the Consumer Service Centres and the Grid Connection Handling Outlets are responsible for handling the bookings made using the system, and therefore received training with respect to:

- rules applicable to operating an Appointment (Visit) Booking System's work station (SRW) – consultant and manager,
- rules applicable when handling telephone calls using a dedicated system.

4.1.2.5. Ensuring the protection of personal data

In reference to *Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation - GDPR)*, Energa Group standardised its management of personal data security, adapting its solutions to the new guidelines and requirements.

The new content of the regulation entitled *Energa Group's Personal Data Protection Policy* was introduced and ongoing services in respect of the protection of personal data, including in respect of handling data protection breaches, were provided for all of the Group's subsidiaries.

In 2020, the Personal Data Protection Services Department was also providing training with respect to the protection of personal data for the personnel of Energa Group's subsidiaries. In total, 938 employees were trained in 2020 as part of traditional training courses (held via a video conference), and the company's e-learning platform was updated by adapting training materials to the newly adopted internal regulations and the data protection rules.

Furthermore, in 2020 the Personal Data Protection Services Department carried out:

- 22 ad-hoc audits with respect to respecting rights of data subjects at 22 of the Group's subsidiaries,
- 12 audits regarding the compliance of the Group's subsidiaries with the requirements of GDPR,
- 7 audits regarding the compliance of the hiring process with GDPR,
- audits to determine whether personal data is processed in line with the rules defined in article 5 of GDPR.

A risk analysis was performed at 22 of the Group's subsidiaries and external entities providing personal data protection services in order to identify areas and levels of risks related to the processing of personal data.

In 2020, the Personal Data Protection Services Department handled (processed) 50 personal data breaches affecting stakeholders, including customers, of which 5 were reported to the Personal Data Protection Office. The breaches were processed without delays, in a meticulous manner, in compliance with the requirement to report any personal data breach within 72 hours from the confirmation thereof.

4.1.2.6. Energa procedures in case of complaints

Each customer of Energa Obrót is entitled to submit a complaint, petition, grievance or service request. They can be submitted by mail to the company's registered office address, using the helpline, via the online customer service centre, in-person at the brick and mortar outlets or using the company's website. Any issue raised by a customer must be reviewed within 30 days of its receipt, unless the energy law, the tariff, the distributor's tariff or the grid code provide for a different deadline. A request or a complaint submitted by a customer with respect to the rules applicable to the billing should be processed within 14 days of the receipt thereof.

Timeliness of responding to complaints in 2020 was as follows:

- complaints and service requests submitted by mail – 94% – an increase by 4% with respect to complaints and by 34% with respect to service requests in comparison to 2019;
- complaints submitted by email – 96% – an increase by 2%;
- service requests submitted by email – 97% – an increase by 2%.

Energa Obrót's Customer Ombudsman provides significant support to customers in resolving non-standard issues. The Ombudsman provides advice in the most complicated and time consuming matters. The main tenet of the Ombudsman's actions is its independence from the customer service channels operated by the company. The Ombudsman does not handle complaints and service requests or the debt collection process and is responsible for analysing responses to complaints and service requests and assessing the compliance of the complaint handling procedure. Complaints and opinions addressed to the Customer Ombudsman can be submitted using a special form, available at <https://www.energa.pl/dom/obsługa/reklamacje-i-zgłoszenia.html>.

Energa Operator accepts queries and complaints both from the suppliers as well as from the customers. The Supplier Portal available at <https://swi.energa-operator.pl>, is the company's dedicated tool for communicating with the suppliers, with the suppliers being able to submit queries and complaints using the Portal. Each supplier is given access to the portal and assigned his/her own login and password credentials. Dedicated Suppliers Advisors provide additional support with respect to the handling of urgent and emergency issues. The procedure applicable with respect to handling complaints and associated deadlines are defined in the Grid Code (IRIESD), in section H: *Complaint procedure and disclosure obligations*.

Complaints submitted by the customers of Energa Operator are accepted through all standard communication channels, i.e. in electronic format, by phone, by traditional mail (post) and in-person. 11 170 valid complaints were submitted by the customers in 2020. The number of complaints (service requests) submitted using each contact channel is as follows:

- email – 74.89%,
- traditional mail – 18.06%,
- telephone – 5.58%,
- in-person – 1.48%.

Overall timeliness of responding to complaints (service requests) at the end of 2020 stood at 92%

Monetary value of material penalties imposed for non-compliance with the law and regulations related to the supply and use of products and services [PLN]

| Company (subsidiary) | Total amount of penalties [PLN] imposed on the organisation for non-compliance with the law and regulations related to the supply and use of products and services | |
|----------------------|--|------|
| | 2019 | 2020 |
| Energa Operator SA | 831 000* | 0 |
| Energa Obrót SA | 353 216.23 | 0 |

* Penalties were imposed as a result of the proceedings but were not paid in 2019 due to the filing of the appeals.

Between April and June 2020, the following audits (surveys) were performed for the Energa Operator subsidiary:

1. Playback of the recordings of conversations held by the consultants with customers on the emergency helpline (analysis).
2. Analysis of the outgoing correspondence from the customer service centres (analysis).
3. Mystery shopping audit at the brick and mortar outlets (audit).
4. Survey of the customer satisfaction with services provided by the 991 and 801 helplines (quantitative survey).

The following marketing research was performed for the purpose of gauging customer satisfaction level for the Energa Obrót subsidiary:

1. Analysis of the sales conversations with the customers of Energa Obrót (analysis).
2. Monitoring of the quality of the sales conversations outside the brick and mortar outlets (quantitative survey).

Furthermore, Energa Obrót commissioned a project that was commenced in Q3 and ended in October 2020, under the name *Assessment of the appeal of the concepts of the offerings for the individual customers, SOHO and prosumers*.

Issues submitted by the customers to the Customer Relations Department are an important part of assessing customer satisfaction. The issues received by the Department in 2020 were primarily related:

- issues related to switching suppliers, in particular the so-called customer returns to Energa,
- reporting problems related to billing when switching suppliers,
- issues relating to migration between systems,
- issues relating to the provision of the PBR service.

Information received via social media, described in the subsection entitled *Communication with Customers*, are a very important part of assessing customer satisfaction.

4.1.2.7. Reduction in the number and duration of power outages

The strategic goal of Energa Group is to provide the highest level of reliability of the supply of electricity to the consumers, and therefore for the past several years, the company has been consistently pursuing key modernisation projects and operating initiatives aimed at improving the continuity of power supply.

Such activities have resulted in the consistent improvements of the SAIDI¹ and SAIFI² indicators achieved by Energa Operator and, as consequence, in the increase of the reliability of the distribution grid operated by the company (between 2011 and 2020, the SAIDI indicator was reduced more than five times, to 116.8 minutes/consumer). The company has achieved a leading position in this regard in comparison to other major Polish distribution system operators.

The actual SAIDI indicator for 2020 is 26% lower than the target value, while the actual performance of the SAIFI indicator came in at 1.85, i.e. 11% below the target value.

Frequency of interruptions in the supply of electricity to the consumers of the Energa Operator subsidiary in 2020

| Types of interruptions | SAIFI ² (number of interruptions/consumer/year) |
|--|---|
| Scheduled outages and unscheduled outages, including catastrophic outages (excluding mass outages) | 1.79 |
| Interruptions related to mass outages | 0.07 |

Average duration of interruptions in the supply of electricity distributed by the Energa Operator subsidiary in 2020

| Types of interruptions | SAIDI ¹ (minutes/consumer/year) |
|--|---|
| scheduled outages and unscheduled outages, including catastrophic outages (excluding mass outages) | 105.7 |
| interruptions related to mass outages | 11.1 |

¹ SAIDI (System Average Interruption Duration Index) – indicator of the average system duration of long and very long interruptions, expressed in minutes per customer per year, constituting the sum of products of the duration of interruption and number of consumers affected by the interruption over the course of a year, divided by the total number of consumers served.

² SAIFI (System Average Interruption Frequency Index) – indicator of the average system frequency of long and very long interruptions, constituting the number of consumers affected by all interruptions over the course of a year, divided by the total number of consumers served.

4.1.2.8. Major modernization projects

Modernisation of the existing distribution infrastructure, aimed at improving the reliability of the supply of electricity by reducing the number of grid outages, improving the quality parameters of electricity supplied and reducing the power supply restoration times, is a strategic part of Energa Operator's operations. It constitutes Energa Operator's primary task as a Distribution System Operator. In accordance with the requirements of its licence to operate as a distributor, the company is responsible for the development, operation and modernisation of distribution infrastructure in the area of its operations and for ensuring the provision of energy of adequate quality parameters to the consumers connected to its power grid. The investment projects related to modernisation and restoration of the grid assets are carried out as part of the capex plan. The implementation of the investment tasks from this group of capex projects is in particular aimed at ensuring the further regular improvement of the SAIDI/SAIFI grid reliability indicators. To this end, many transmission lines were modernised in 2020.

Capex projects completed in 2020 include, among others:

Alteration of the Żydowo – Szczecinek Marcelin 110 kV line, replacement of working cables with the low-sag cables – 39 km

Alteration of the Mława – Olechinek 110 kV line – 10.2 km

Construction of a 110 kV line to connect the Pelplin transformer/switching station and the Starogard/Czarna Woda transformer/switching station, tower (pole) no. 9 to tower (pole) no. 33 – 6.8 km

Construction of a 110 kV line to connect the Pelplin transformer/switching station and the Starogard/Czarna Woda transformer/switching station, tower (pole) no. 1 to tower (pole) no. 9 – 2.5 km

Alteration of the Węgrowo – Kwidzyn Celuloza Zachód 110 kV line – 3 km

Modernisation of the Podolszyce – Gulczewo 110 kV line – 3 km

Modernisation of the Piotrowiec transformer/switching station – replacement of the CZIP digital protection relays

Modernisation of the Dobre Miasto transformer/switching station – installation of medium-voltage switchgear bay functional units and primary and secondary medium-voltage switchgear circuits

Modernisation of the Kętrzyn transformer/switching station – modernisation of the cable bridge and the current transformers in the medium-voltage switchgear

Modernisation of the Korsze transformer/switching station – modernisation of the cable bridge and the current transformers in the medium-voltage switchgear

Modernisation of the Elbląg Zachód transformer/switching station – replacement of the power supply units and batteries

Modernisation of the Malbork Rakowiec transformer/switching station – modernisation of the bay functional unit in the medium-voltage switchgear

Modernisation of the Reszel transformer/switching station – modernisation of the high-voltage current transformers

Modernisation of the Mrągowo transformer/switching station – protection of busbars

Modernisation of the Olsztyn Wschód transformer/switching station – protection of busbars

Modernisation of the Nidzica transformer/switching station – alteration of the station in connection with the replacement of the high-voltage/medium-voltage transformers

Modernisation of the Piotrowiec transformer/switching station – replacement of the power supply units and batteries

Modernisation of the Kętrzyn transformer/switching station – modernisation and insulation of the transformer stands and replacement of the earthing transformer and resistors no. 1 and 2

Modernisation of the Olsztyn Jaroty transformer/switching station – modernisation of overhead high-voltage current transformer stands

Modernisation of the Wielbark transformer/switching station – replacement of the battery bank

Modernisation of the Biskupiec transformer/switching station – installation of the Automatic Transfer Switch (ATS)

Modernisation of the Korpele transformer/switching station – replacement of the battery bank

4.1.3. Description of policies implemented

Energa Operator subsidiary follows the policies of Energa Group; *Information and Communications Technology Security Policy* is the specific policy applicable to this company.

In 2020, customer service was based on the following procedures:

- handling customer service requests in the distribution and emergency areas,
- handling supplier service requests,
- setting individual payment deadlines for amounts due under distribution service provision agreements,
- handling requests for the registration of micro-generating installations based on the procedure for registering/obtaining a permit to use a type A generating module with an installed capacity of up to 50 kW,
- billing distribution services,
- terminating an electricity distribution service agreement,
- developing a plan for and introducing restrictions in respect of the supply and consumption of electricity in normal mode,
- choosing and switching suppliers under a comprehensive general distribution agreement,
- entering into agreements for the provision of distribution services with electricity consumers (based on a request) and switching suppliers under a general distribution agreement,
- handling debt collection,
- general certification on the capacity market,
- updating the Grid Code,
- certificating DSR facilities as part of the Simplified Current Program,
- performing measurement operator services for the DSO,
- procedure in the event of receiving an outage service request from the area of operations of another electricity distribution system operator,
- procedures in respect of automatic price discounts (section 43 of the Regulation on Tariffs),
- operating reserve sales,
- procedures in respect of confirming receipt of invoices adjusting sales downward.

Furthermore, Energa Operator has implemented a Compliance Program, which specifies the initiatives to be taken by the company in order to ensure non-discriminatory treatment of users of the distribution system.

Customer service provided by the Energa Obrót subsidiary in 2020 was based on 10 customer service standard manuals:

- customer service standard manual for retail sales outlets,
- customer service standard manual for consultants (advisors) in the Mass Market Division brick and mortar sales network – in-house retail outlets,
- manual of standards applicable to customer service and sales using tablets,
- customer service standard manual for consultants replying to letters, emails and live chats,
- customer service standard manual for mobile corporate customer advisors,
- customer service standard manual for stationary corporate customer advisors,
- customer service standard manual for consultants in the D2D mass market network.
- customer service standard manual for consultants working in the first and second line of service in the Customer Service Call Centre,
- customer service standard manual for consultants in the mass market mobile sales network,
- customer service standard manual for telephone sales channel.

The purpose of implementing standards is to ensure high quality professional service, as well as build awareness among employees as to who our customer is and what their needs and expectations are. Fostering relations is among the company's core values, while professional and reliable customer service is a top priority.

4.1.4. Due diligence procedures

1. We apply a number of due diligence procedures in the area of customer service: Energa Obrót follows the *Best Practice for Electricity and Gas Suppliers* developed by the Association of Energy Trading – a set of rules specifying what the customer may expect from a reliable supplier.
2. Actions aimed at ensuring more efficient and better communication with individual customers are described in the section entitled *Responsible Communication*.
3. The certificate awarded by the Association of Energy Trading (TOE), confirming accession to the Code of Best Practice for Electricity and Gas Suppliers, has been described in the section entitled *Responsible Communication*.
4. Customer satisfaction surveys have been described in the section entitled *Monitoring customer satisfaction*.
5. The Customer Ombudsman institution is described in the section entitled *Energa procedures in case of complaints*.
6. Information on appointing an additional team to receive emergency calls to the 991 number can be found in the section entitled *Meeting customer expectations by products and services*.
7. Our due diligence practices in the area of ensuring personal data protection are described in the section entitled *Ensuring the protection of personal data*.

List of disclosures presented in this chapter:

| | |
|-------------------|---|
| GRI 103-1 | |
| GRI 103-2 | Management approach |
| GRI 103-3 | |
| GRI 102-43 | The organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group |
| GRI 102-44 | Key topics and concerns raised through stakeholder engagement |
| GRI 203-1 | Infrastructure investments and services supported |
| GRI 418-1 | Substantiated complaints concerning breaches of customer privacy and losses of customer data |
| GRI 419-1 | Non-compliance with laws and regulations in the social and economic area |
| G4-EU3 | Number of registered individual, industrial, institutional and commercial users |
| G4-EU28 | Frequency of interruptions in energy supply |
| G4-EU29 | Average duration of interruptions in energy supply |

4.2. Society

Management processes within Energa Group take into account all stakeholder groups, including local communities. For many years now we have been acting in the role of a responsible business and employer, member of the local community and good neighbour. We act in accordance with the principles of sustainable development, which we define as caring for future generations and our planet. We treat business objectives and social objectives as equally important, which allows us to build the value of our company. We declare our openness to the world that surrounds us, sensitivity to the needs of others and a willingness to provide assistance.

Energa Group is striving to ensure that the operations of the entire Group in the area of corporate social responsibility translate into an improvement in the quality of life of all our stakeholders. Allocation of funds in this area is well thought through and taken into account at the stage of planning business activities. Funds allocated to CSR-related, charity or sponsorship activities support programs associated with healthcare, education, professional and amateur sport, promotion of culture and art and development of urban infrastructure. All these activities have a direct or indirect impact on Poland's economic development.

4.2.1. Society as the pillar of activities as part of Energa Group's sustainable development

Planning activities aimed at benefitting the local communities forms the basis of the concept of Energa Group's sustainable development. Pursuing activities in this area is the objective of organisational units such as the ESG Division, Energa Foundation, Sponsorship Division. Applicable policies and internal organisational statutes that are related to social issues include:

- *Energa Group's Strategy for the years 2016-2025,*
- *Energa Group's Strategy for Sustainable Development and Corporate Social Responsibility and the associated Principles of CSR Activities,*
- *Statute of Energa Foundation,*
- *Principles of Sponsorship Activities.*

The sustainable development strategy applies to all subsidiaries. It is implemented primarily by the ESG Division and takes the form of activities in the area of CSR, aimed at local communities, company stakeholders, employees, customers and their environment. The activities are of non-commercial nature, are not directly related to obtaining a specific economic effect and take the form of CSR agreements. Competences with regards to managing activities in the area of corporate social responsibility lie with the ESG (Environmental, Social, Governance) Division, that structurally constitute a part of Energa SA's Corporate Management Department.

Energa Foundation was set up in 2009 and was granted the status of a public benefit organisation in 2011, entitling it to receive donations through the 1% tax mechanism. Energa Foundation pursues objectives specified in its Statute. Its main goals include: providing support to employees, their relatives and their families, assisting disadvantaged children and institutions and organisations that provide them with support, as well as victims of natural disasters, funding the purchase of health- and life-saving equipment. The Foundation supports initiatives aimed at fostering the development of science, culture, education and religious life in Poland. It also supports the development of public health care institutions and operations of emergency services, assists initiatives aimed at treating and caring for sick children and young people. 2020 was an exceptional year in terms of the Foundation's activities. A significant portion of its funds was donated in support of the fight against COVID-19. A Donation Agreement is a formal document confirming the expenditure of funds.

Sponsorship activities are carried out in accordance with the objectives defined in *Energa Group's Strategy for the years 2016-2025* and by implementing the *Principles of Sponsorship Activities*. The Sponsorship Division, structurally part of the Marketing Department, holds competences for managing sponsorship activities. Apart from the commercial considerations, sponsorship activities are aimed at creating and reinforcing a positive image of the Group's brand through the public activities of its partners and is pursued in various areas. A Sponsorship Agreement is a formal document confirming the expenditure of funds.

Close collaboration between the ESG Division, Energa Foundation and the Sponsorship Division results in synergy and helps better assist local communities.

Division of responsibilities and major groups of beneficiaries of the activities conducted as part of the implementation of the Sustainable Development Strategy

| Energa Group's Strategy for the years 2016-2025 | | | |
|---|--|--|--|
| Framework for action | Energa Group's Strategy for Sustainable Development and Corporate Social Responsibility, Principles of CSR Activities, Statute of Energa Foundation | | Principles of Sponsorship Activities, constituting a part of Energa Group's Strategy for the years 2016-2025 |
| Units involved | Energa Foundation | Energa SA's ESG Division | Energa SA's Sponsorship Division |
| Main beneficiaries | <ul style="list-style-type: none"> employees of Energa Group and their relatives, non-governmental organisations, medical establishments, educational establishments, cultural institutions, municipalities, religious organisations. | <ul style="list-style-type: none"> on-governmental organisations, public educational establishments, foster care establishments, sports clubs, medical establishments, volunteer fire service, municipal social economy entities, religious organizations. | <ul style="list-style-type: none"> customers, business partners, shareholders, investors, employees, opinion forming groups, including municipal, local government, provincial and regional authorities. |

4.2.2. Key non-financial performance indicators

4.2.2.1. Dialogue with local communities and its results

Every year Energa engages in dialogue with local communities and the other stakeholder groups. Dialogue is one of the most important tools for developing close relations and good cooperation. Every year we identify our stakeholders from the point of view of our business strategy. In order to include our stakeholders in the dialogue related to Energa Group's operations, in 2020 we performed an analysis of our indirect and direct environment and an opinion survey. The process and the results of the stakeholder dialogue are described in detail in the chapter entitled *Business Model*.

Dialogue with local communities also includes numerous meetings with representatives of our stakeholders. Furthermore, in order to assist applicants in contacting us and engaging in collaboration in our activities, in 2020 Energa ORLEN Group launched a platform entitled *Application for Financial Support as part of CSR Activities*. The new platform enables submitting requests (applications) for financial or in-kind support via Internet. The platform is designed for the stakeholders whose projects align with *Energa Group's Strategy for Sustainable Development and Corporate Social Responsibility*. During the pandemic, online solutions proved to be extremely useful and enabled interested parties to quickly and safely submit online requests, and allowed the Group to nearly instantly proceed with their implementation. This was of particular importance in case of initiatives related to combating COVID-19. The online application form is available at <https://wniosekcsr.energa.pl/>.

In 2020, the ESG Division received 59 CSR requests, of which 39 were granted.

Applications for sponsorship are sent separately, using the *Sponsorship Request* form found online at <https://celestis.energa.pl/index.php>. The website is designed for the stakeholders whose projects align with the *Principles of Sponsorship Activities*, constituting a part of *Energa Group's Strategy for the years 2016-2025*. In 2020, the Marketing Department received nearly 700 applications of various types, of which over 100 were granted and implemented.

4.2.2.2. Indirect economic impact on local communities

Funds allocated to supporting local communities are a part of a well thought through budget policy. Despite the difficult circumstances related to the pandemic, spending on this area of activities was not reduced in 2020.

As a company whose distribution grid covers 24% of Poland's territory, we are aware of Energa's strategic role in ensuring the country's energy security as well as reducing energy poverty. Our activities also have an impact on many dimensions of social life – they affect companies that are a part of our supply chain and impact the ensuring and creating of jobs in regions with higher unemployment rates.

Mindful of the potential impact of the climate crisis on the society, Energa is undertaking a number of initiatives aimed at reducing its greenhouse gas emissions. As an energy company, we are aware of the key role played by our sector in Poland's energy transition (detailed information on our activities and impacts can be found in the chapter entitled *Striving for Carbon Neutrality*). Below we are describing some of our activities that have a particular impact on the economy.

Development of civic (grassroots) energy

The rise in the share of renewable energy sources and the fast development of the grassroots (civic) energy represent some of Energa's main challenges and opportunities related to energy transition. Along with the projected reduction in the cost of generating electricity from renewable sources, dispersed (distributed) sources and local initiatives, supported by the promotion of clean energy and pro-active customers (prosumers), will be getting more and more important. We are increasing the share of dispersed (distributed) renewable energy sources (RES) in our energy clusters. Jointly with the municipality of Żerków, Energa Obrót is participating in the Żerków Energy Cluster and collaborating with the business incubator in Turek and the municipality of Przykona to ensure the operation of the *Clean Energy Turek Energy Cluster*.

The development of dispersed renewable sources is facilitated by the *Smart Grid* project implemented by Energa, which enables connecting ever rising number of prosumers operating renewable RES micro-installations to the grid and encourages consumers to improve the efficiency of their energy use. In 2020 we connected more than 60 thousand prosumer RES micro-generating installations to our grid.

Furthermore, in 2020 the Energa Operator subsidiary received funding (€122.5k) from the European Commission's *Horizon 2020* programme for a research study on the methods of developing effective collaboration with the energy community with regards to energy management. As part of the 2-year SERENE project, lasting, integrated, cost-effective and customer-oriented solutions for local communities will be developed and demonstrated. Meeting consumer demand for energy in a technically and economically sound manner, while complying with the environmental protection requirements, will enable not only to improve energy security, but will also facilitate combating energy poverty (local and grassroots energy).

Investing in the quality of supply

The investment projects implemented by Energa Operator in its distribution systems not only improve the quality of supply of electricity to the end consumers, but also reduce the duration and frequency of interruptions (SAIDI and SAIFI indicators) in the supply of electricity. The cutting-edge TETRA digital communications system currently being implemented will ensure a reliable connection in ongoing communications and emergency situations related to energy security.

Development of low-emission transportation

Energa Group is involved in the development of low-emission transportation. In 2020, Energa Obrót was intensely expanding its own network of 53 charging stations available to the public, located primarily in the Pomerania province. All stations are powered by electricity from renewable sources. Energa Oświecenie was also involved in the projects related to the development of electromobility in 2020. In collaboration with Port Gdynia, the company implemented a pilot project consisting in the installation of 2 electric vehicle charging stations using the existing street lighting infrastructure.

Energy Audit for businesses

Energa Obrót (EOB) subsidiary provides an Enterprise Energy Audit service for businesses, raising awareness among business customers on the amount of energy they consume and providing customers with solutions and plans to reduce their energy consumption. In 2020, the company performed 5 energy audits and 2 energy efficiency audits. The company also offers an extensive range of services for businesses with respect to efficiency related activities, including the implementation of investment projects and modernisation (refurbishment) projects selected by the customer and professional energy efficiency services. The *EnerSOL!* programme is also a practical efficiency related solution and involves a comprehensive PV panel installation service for business customers. The company is also engaging in initiatives aimed at developing and testing solutions that will enable improving billing processes and systems and in doing so, contribute to an increase of the customer satisfaction level.

Additional capex projects carried out nationwide, related to the modernisation of the generating assets and the construction of new generating capacity, allow for improving the quality and potential of Energa Group's generating infrastructure, while also raising the energy security of the consumers.

The detailed list of the investment (capex) projects is included in this report in the chapters entitled *Customer and Striving for Carbon Neutrality*.

Efficiency of the use of allocated funds

The past year has shown that both stakeholders and the market paid particular attention to building goodwill based on the ESG indicators. In order to ensure continuous improvement of the efficiency of the use of funds allocated to the ESG area, the second half of 2020 saw intensive works aimed at developing a new *Sustainable Development Policy, Climate Policy and Decarbonisation Strategy*. We also intensified our efforts to implement the tenets of the 2030 Agenda. The first major step was the accession to the initiative spearheaded by the Ministry of Development, Labour and Technology, entitled *Partnership for the Achievement of Sustainable Development Goals*. In connection with the above, Energa Group joined the Partnership Program of the Responsible Business Forum. Our collaboration with the Responsible Business Forum as part of the Partnership Program will enable us to improve our activities in environmental, social and corporate governance areas, and will contribute to the continued development of social responsibility, benefitting Energa's stakeholders.

We submitted Energa's 10 new best practices to the *2020 Report on Corporate Social Responsibility in Poland: Best Practices*. It should be stressed that the 2019 report, published in April 2020, already included 11 of our best practices. The report is the most important publication of the Responsible Business Forum, with its first edition dating back to 2002. The best practices included in the report are presented in the context of the UN's *Sustainable Development Goals of 2015*, i.e. in accordance with the 2030 Agenda and the areas specified in the *ISO 2600 International Standard*.

Furthermore, Energa Group maintained its excellent fourth position among companies from the *Fuels, Energy, Mining* sector in the 14th edition of the Ranking of Responsible Companies. The ranking evaluates the performance of companies in the area of quality of their corporate social responsibility management system.

2020 also marked Energa's first active participation in the 8th edition of the CSR fair and the Corporate Social Responsibility Week initiative. The involvement in the above projects resulted in an interesting exchange of opinions and ideas in the area of CSR and ESG and the global trends in sustainable development strategies.

Until 3 December 2020, Energa's shares had been included in the WIG-ESG index. According to an announcement made by GPW Benchmark SA on 1 December 2020, the company's shares were removed from the above index due to the methodological considerations, according to which companies with less than 10% of the free float shares may not be included in the index. It should be emphasized that the removal from the index had no relation to the implementation of the tenets of the *Strategy of Sustainable Development and Corporate Social Responsibility*, and the spectrum of activities in the ESG area undertaken in 2020 was expanded.

The use of another ESG-linked credit facility had an impact on the decision to implement an additional analysis of ESG-related impact and risk. This year saw the first time use of such tools as the *Impact Barometer*, *B-Assessment* and *SDG Action Manager*. The processes put into motion will, in the future, enable detailed tracking of the development of such areas as environmental protection, corporate social responsibility or corporate governance. Analysts appreciated the progress made by the Group, as evidenced by the company's highest ever score in the ESG rating compiled by Vigeo Eiris. The company was awarded 42 points, a 13.51% increase in comparison to the previous year.

Our commitment to ensuring transparency of our actions and efficient implementation of the SDG were additionally confirmed by our participation in two initiatives, the Partnership for the Achievement of Sustainable Development Goals in Poland, coordinated by the Ministry of Development, Labour and Technology, and the UN Global Compact.

In 2020, Energa Foundation provided support to 76 legal entities, 299 individuals, including 55 employees of the company. Total financial support provided to our employees clocked in at more than PLN 542k. Those funds were expended on various types of rehabilitation, treatment (including therapies, surgeries, purchase of medicines and diagnostics) and the purchase of wheelchairs and specialised equipment needed, among others, for rehabilitation. An additional PLN 1.3m was spent on combating the COVID-19 pandemic.

In 2020, Energa SA provided sponsorship to 70 different entities. During this extraordinary period dominated by the COVID-19 pandemic, Energa did not withdraw from sponsoring any of those entities. The company worked with its partners to arrive at equivalent solutions so as, on one hand, to enable local communities to develop their projects as planned, although frequently with certain modifications, while, on the other hand, maintaining the desired and required sponsorship efficiency.

The ESG Division allocated funds to the company's in-house projects, such as the *Planet of Energy* or *Good Energy Packages*, as well as the implementation of 29 CSR related applications received from the local communities.

Furthermore, a large part of the funds was spent on the development of the municipal infrastructure. The most important areas of spending include: development of renewable energy generation, development of low-emission transportation, energy audit for businesses and investments in the quality of supply. The detailed list of the projects is provided in this Report, in chapters entitled *Customer and Striving for Carbon Neutrality*.

4.2.2.3. Key initiatives implemented in local communities

Our long history of fostering mutual relations and ensuring our presence in the everyday life of local communities mean that Energa ORLEN Group has for many years now supported initiatives that promote values which unify the community and build common awareness. We are not forgetting the environment that we operate in, as evidenced by numerous initiatives to the benefit of local communities.

The current pandemic has pushed our focus towards protecting human health and life. However, we did not forget about supporting numerous initiatives in the area of education, culture, sports, environment, national heritage and patriotism.



HEALTH CARE

The most important pro-social projects implemented in 2020 included initiatives related, among others, to such issues as combating and counteracting the effects of the COVID-19 pandemic.

Support for the Polish health care system

In 2020, Energa Foundation supported Polish hospitals and elderly care homes in their fight against COVID-19. The foundation's spending in this area came in at PLN 1.3 million in the form of cash donations. Entities supported by Energa Foundation included 7 health care facilities across Poland, i.e.:

- Szpitale Pomorskie Sp. z o.o. in Gdańsk; the donation allowed the F. Ceynowa Hospital in Wejherowo to fully equip its intensive care beds with much needed defibrillators, highly specialized cardiac event monitors, anaesthetic machines with a respirator function and other needed equipment.
- The Foundation purchased respirators for the University Clinical Centre in Gdańsk.
- The Foundation purchased personal protection equipment and specialised devices for the Regional Medical Centre in Białogard.
- The Foundation purchased medical equipment and laboratory reagents with materials required to perform diagnostic tests for the Central Clinical Hospital at the Medical University in Łódź.
- The Foundation purchased personal protection equipment for the Saint Mother Teresa Hospital in Dębno and the Provincial Specialist Lung Diseases and Tuberculosis Care Clinics Complex in Wolica near Kalisz.
- The Foundation supported the Koszalin University of Technology in purchasing foil used in the production of face shields.
- The Foundation provided donations in the form of 50 packs of nitrile gloves and 2 thousand surgical masks for the Mikołaj Kopernik Provincial Hospital in Koszalin.
- The Foundation purchased 2 sewing machines for the Błękitna Radunia Association of Rural Housewives in Juszkowo, which enabled the members of the association to sew masks for the health care units in Gdańsk and the entire Pomeranian region.



A Droplet of Energy against COVID-10

Due to severe shortages of blood in Blood Banks, the Droplet of Energy Foundation organised the 2nd National Power Industry Personnel Blood Drive under the slogan of 'Drop-let of Anti-COVID-19 Energy'. The shortage was primarily caused by the COVID-19 Pandemic and affects all blood types, in particular the rarest ones. That's why the Droplet of Energy Foundation launched the 2nd National Power Industry Personnel Blood Drive. The blood drive had lasted until the end of December 2020.

Support for the Chief Sanitary Authority's helpline

Under the terms of a CSR agreement, we provided support for the helpline operated by the Chief Sanitary Authority. In addition, 26 employees of Energa ORLEN Group, whose day jobs involve answering calls from our customers, supported the 24-hour helpline of the National Health Fund, launched in connection with the coronavirus. Such collaboration is an example of solidarity and practical application of the principles of corporate social responsibility.



Other activities of Energa Foundation in the health care area

Energa Foundation contributed to saving human life and health by:

- **donating funds for the purchase of artificial limbs**, which enabled the beneficiaries to return to professional activity and sports,
- **covering the costs of the Optune TTFields therapy**, which slows down and stops the development of cancer without causing additional damage to other parts of the body,
- **supporting the purchase of a wireless communications system**, required in order to ensure efficient communications between cancer patients and medical personnel at the **Divine Providence Hospice operated by Sons of Divine Providence in Wotomin**,
- **supporting children suffering from spinal muscular atrophy, a rare genetic disease** by providing financial support in funding gene therapy which stands a chance of stopping the disease.

Energa Group supported the Breath Full of Energy campaign, as part of which children suffering from cystic fibrosis may take advantage of a rehabilitation and diet-based disease prevention program. The campaign was addressed to young patients from the area of the operations of the Polish Association for the Combating of Cystic Fibrosis in Gdańsk. As part of the project and CSR collaboration, the children were able to attend consultations with physical therapists, participate in sports classes and consultations with dieticians.



Support for emergency services

Energa Foundation provided support for emergency services:

- **Volunteer Fire Brigade Service in Rychnów** – support for the purchase of a defibrillator and a backboard with straps and head stabiliser that are indispensable during rescue and firefighting activities.
- **Volunteer Fire Brigade Service in Grzegorz** – assistance in the purchase of a medium-sized firefighting vehicle for use in rescue and firefighting activities, which will improve safety in the Chetmża municipality.
- **Volunteer Fire Brigade Service in Ostrowite** – support for the purchase of a specialised vehicle and a firefighter ladder with a rescue basket for use in rescue and firefighting activities.
- **Volunteer Fire Brigade Service in Gdańsk** – partial funding of the purchase of a light vehicle for transporting search and rescue dogs and their handlers during rescue missions.

Support for the operation of nursing homes

The Saint Brother Albert Aid Society in Gdańsk, under the patronage of the Polish Prime Minister, Mateusz Morawiecki, the Ministry of Family and Social Policy and the Material Reserves Agency, with financial support provided by Energa ORLEN Group (ESG Division), launched its *Solidarity Senior Citizen Assistance Convoy*. The objective of the initiative was to provide food for the poor, the homeless and those threatened by social exclusion across the entire country. The first *Senior Citizen Assistance Convoy* was the largest campaign of this type, aimed at helping Polish citizens in need.

In collaboration with the ESG Division, the City Hall in Gdańsk and the Arrels Foundation, the Gdańsk Branch of the Saint Brother Albert Aid Society ran a social campaign under the slogan *Online Click, Real Aid. Help Us Find Homeless People*. Its objective was to bring aid to those threatened by social exclusion, in particular those without a roof over their head.

The residents of nursing homes are particularly exposed to the negative consequences of being infected with the coronavirus. Energa Foundation provided support to such institutions as the Maria Kaczyńska Nursing Home in Kotlin, Nursing Home in Młodzieszyn and the Żyrardów Covenant Association.



Energa Foundation also supports senior citizens, those affected by social exclusion and the disadvantaged through the following initiatives:

- **3rd Provincial Senior Citizens' Olympiad at LZS Skarszewy.** The Senior Citizens' Olympiad is a regular event that helps mobilise almost 200 senior citizens competing in 7 sports disciplines.
- **Aid a Senior Citizen** – an initiative organised in collaboration with the *Humans for Humans* Association in Ostrów Wielkopolski. As part of the project, 100 care packages containing food with long best before dates were handed over to underprivileged senior citizens living in the Ostrów district.
- **Involvement in the implementation of the program aimed at supporting the rehabilitation and mobilisation of persons suffering from Parkinson's disease.** The project was organised by the Warsaw Support Sports Foundation and is aimed at enabling participants to receive Rock Steady Boxing training. This activity gives beneficiaries the chance to become significantly fitter, delay the onset of the disease and improve the quality of life of people suffering from Parkinson's disease.



EDUCATION

Effectively combating and counteracting the spread of SARS-CoV-2, the cause of COVID-19, requires not only support for health care professionals or nursing homes, but also assistance for educational institutions in countering the digital exclusion of their pupils.



Technical support for pupils

Thanks to the collaboration between Energa Foundation and the Group's subsidiaries, the Foundation was able to donate computer equipment to various schools and hospices, in the form of 26 laptops, 6 computer monitors, 2 printers and 11 workstations. The equipment was donated to the Primary School in Przyjaźń, Primary School in Trzepowo, the Amber Trail Primary School no. 11 in Gdańsk, the Jan Parandowski Primary School with Sports Classes no. 35 in Gdańsk, the Child and Family Support Centre in Inowrocław, the K. Dutkiewicz Hospice Foundation in Gdańsk, the Polish Association for the Combating of Cystic Fibrosis in Gdańsk. The computers helped pupils or the persons supported by the institutions receiving the aid in their learning process and in keeping in touch online with their teachers and peers.

Energy for Remote Learning

Remote learning has never before been implemented in schools on the present scale, resulting from the COVID-19 pandemic. The new circumstances pose new challenges for teachers from various educational institutions and force them to develop their technological competences, required in order to engage in remote learning in a way that is both efficient and friendly to pupils. In response to those needs and in collaboration with the Librus company, a leader in the electronic class register (journal) market, Energa created the *Energy for Remote Learning* project, aimed at primary schools. Nearly 300 online training courses were held as part of this program, fully financed by the organiser. More than 7 thousand headmasters and teachers from across Poland were able to receive training as part of this project. Participants in training courses learned about practical and secure tools providing assistance in online education, including video-lessons. The technology partners, such as Microsoft, CISCO and Google, were also involved in the project.

Planet of Energy

To reinforce our activities aimed at raising awareness and broadly defined education, Energa continued its educational programs in 2020, in particular its proprietary educational program under the name *Planet of Energy*. The program has been in place since 2010 and for years has been helping in teaching children about energy and ecology in an interactive and engaging way. A new part of the Planet project – *The Land of Waste* – was launched in 2020, teaching children on how to sort waste, what happens after we throw waste into the bin and how to prevent the generation of waste, thus helping save precious resources of the Earth. As part of the project, a competition for pupils from grades 1 to 3 is organised every year. Three schools that conduct lessons based on the programs available on the project's website and prepare educational activities have the chance of winning PLN 10k for educational purposes and a visit of the program's ambassador, dr Tomasz Rożek, in their school, with further 10 schools receiving an honorable mention, the second prize, a voucher worth PLN 2k, and an opportunity to participate in the Planet of Energy Academy – a two-day workshop for teachers who receive the first and the second prizes.

Energ(y)a for Science!

Energ(y)a for Science! is a collaboration with the secondary schools and universities. As part of the program, Energa Operator SA has, since 2012, granted its patronage to individual grades (classes) at schools and the entire majors at universities that educate students in the fields related to the power industry. One of the objectives of the program is to reduce the generation gap by finding the best graduates of secondary schools and universities on the market. Apprenticeships and internships at the company also constitute a part of the program. At the moment, 18 secondary schools and 5 universities are participating in the program. In 2020, as part of the program scholarships were granted to 172 pupils of secondary schools and 11 university students, the funding for the purchase of the power laboratory equipment was granted for 4 secondary schools and 40 top students in vocational classes received non-cash prizes.

Collaboration with the city of Ostrołęka as part of the support for the development of vocational education

In 2017, the Energa Elektrownie Ostrołęka subsidiary and the city of Ostrołęka commenced collaboration aimed at providing support for the development of vocational education. The purpose of the activities was to endorse a school unit at the Cardinal Stefan Wyszyński Vocational School Complex no. 3 in Ostrołęka, offering vocational electrical technician courses and to reduce the generation and competence gap in the power industry. In the school year 2019/2020, there were 20 students in year II of the electric technician course and 21 students in year III of the electric technician course. Endorsing, by extending patronage support, classes providing vocational electrical technician courses will in the future bear fruit in economic and local terms, and will secure Energa's expansion interests. In September 2020, a dedicated classroom to be used for providing theoretical and practical instruction to students attending the electric technician courses was opened.



Training and development unit in Bąkowo

Training courses for energy industry experts and employees of external companies operating in the power sector are organized on the training grounds in Bąkowo, owned by Energa Operator and performing the training and development functions. Courses are mainly devoted to safety during works on live wires, both on the low- as well as medium-voltage lines. Works on live wires are an important subject, as they have a significant focus on employee safety. The use of the insulating equipment, awareness of potential hazards and particular weight placed on occupational health and safety protect the participants from potential risks. Furthermore, performing works on live wires prevents power outages, improving the continuity of the supply of electricity.

Safer Around Electricity

Safer Around Electricity is an educational campaign that has been ongoing since 1998. The initiative is addressed to students of grades 1-3 of primary schools. Its objective is to improve the safety of children while using electric appliances and developing correct behaviours when interacting with power infrastructure. During meetings with employees of Energa Operator, children learn when they can be exposed to an electrical shock, what the dangers of improper use of electrical appliances are and why they should not use any appliances that are malfunctioning. Through simple physical experiments, children learn about the nature of electricity. The classes are accompanied by visual aids, such as boards, pictures, multimedia presentations and films. So far, 170 thousand children have participated in the campaign, with nearly 300 of them in the first quarter of 2020, i.e. prior to the pandemic.

Planet of Energy's guidebook

In 2020, the ESG Division at Energa for the first time published a children's book, doubling as Planet of Energy's guidebook, entitled *Eco-Christmas Without (Unnecessary) Waste*. Christmas packaging and decorations are often used only once – many of them are thrown away after Christmas ends. This short guidebook is an exceptional treat for children of school age and their parents or care providers, with ideas on how to prepare Christmas decorations, decorate the Christmas tree or package presents in an ecological way. The booklet also contains a vast array of knowledge on how to care for our planet. It perfectly complements the educational materials constituting a part of Mission no. 2 of Planet of Energy – The Land of Waste – available on the Planet's website. The website is available free of charge to all children.





Scholarship Program

In collaboration with the Gdańsk University of Technology, Energa Foundation is operating a scholarship program. The program is a perfect example of a collaboration between the University and the Foundation in supporting the development of young scientists from the Electrical and Control Engineering at the Gdańsk University of Technology. Energa Foundation is a partner of the *Bona Fide* program, organised by the *Gift from the Heart ORLEN Foundation*. The program provides financial support for the best Polish students and doctoral candidates, allowing them to study at some of the top 50 universities around the world.

CULTURE

For many years now Energa ORLEN Group has supported cultural activities. Our brand accompanies many cultural events of importance to local communities.

Shine with Energa

Shine with Energa is a national charity initiative, as part of which Polish citizens vote for the city or town with the most beautiful Christmas illumination, with the winners receiving prizes in the form of household appliances worth PLN 200 thousand. The campaign inspires local patriotism and helps bring charitable support to various areas of Poland. During the first stage of the contest, held at provincial level, 16 winning cities are chosen, who will then compete for the title of Poland's Capital of Light. 175 cities or towns participated in the 11th edition of the initiative. The town of Bielsko-Biała won and received the main prize in the form of charitable aid worth PLN 50 000 to be distributed among the people in need in that city. The other 15 cities received prizes of PLN 10 000 each. In total, around 300 household appliances were donated. Since the start of the campaign, we have provided charitable support to residents of over 200 care institutions around Poland and hundreds of families. Every year we donate refrigerators, washing machines and other appliances that make everyday life easier and help reduce the consumption of electricity and water, thus contributing to the protection of natural environment.



SPORTS

Energa supports professional and amateur sports. Initiatives aimed at promoting a healthy and active lifestyle account for a large share of our social programs. Supporting such initiatives and sports competition has a positive impact on shaping pro-health social attitudes.

Energy Team is a sports and educational project in its third year of existence. It encourages children to engage in physical activity and demonstrates that everyone can do sports. In the online age, young people love to share their achievements over the social media, and the project recognises that: tasks given to students as part of the project involve recording exercises prepared by outstanding athletes and *Energa Team's* Ambassadors – this year they included Adam Hrycuniuk, Paulina Guba, Jakub Zawistowski, Przemysław Świercz and Sławomir Szmal. Over 280 schools participated in this year's edition, with 148 of them going through to the second stage. The project primarily focuses on teamwork – the more children from the given school participate and record their exercises, the higher the chance to win prizes – cheques to be spent on sports equipment.



Amp Football is football for amputees or those suffering from congenital limb defects. The commitment and determination displayed by members of the Polish national Amp Football team prove that there are no barriers to dreams. Energa has been supporting Amp Football since 2018. Since that date, the Junior Amp Football project has joined the list of initiatives supported by the company. In the 8 years since its inception, our national team has reached the global top. The Junior Amp Football complements this mission, allowing children and

young people to pursue their passion for football by participating in free-of-charge, regular and professional training camps and sessions as well as international matches. The project is supported by UEFA and the Polish FA, as well as by famous ambassadors, including Robert Lewandowski and Kamil Grosicki.

Energa Foundation contributes to the promotion of a healthy lifestyle by supporting the correct mental and physical development of children. The Foundation has provided financial support for the construction of a sailing playground complex in Łeba, adapted to the needs of the disabled children. Boards displaying the information on the relations between Poland and the Baltic Sea have also been installed on the premises of the playground. Their purpose is to promote knowledge about history among those who visit the playground.

Energa Foundation has also provided its support for the Bloczek Team Sports Club in organising the 5th Wrestling Gala and the 1st Marshal Maciej Płazyński Memorial Wrestling Competition in Pelplin. This annual event is extremely popular among wrestling clubs across Poland. The Foundation also supported the Shipworks Sports Club in Gdańsk in organising a picnic to commemorate the 75th anniversary of the club's existence, accompanied by a football tournament for children.

ENVIRONMENT

Energa ORLEN Group attaches great importance to its environmental impact. We make every effort to protect the environment and maintain the stability of ecosystems as well as preserve biodiversity.

Energy of Biodiversity

The *Energy of Biodiversity* project was inaugurated in 2020. Its purpose is to reconstruct grassland ecosystems. In total, nearly 2.7 hectares of flower-filled grasslands were planted on the furnace waste landfill site and in front of the office of Energa Elektrownie Ostrołęka. This was the first stage of the project.



Energa for Nature

Energa for Nature is a marketing program created in collaboration with the ESG Division, focusing on the white stork, a bird species that builds its nest on, among others, utility poles. For over 20 years, Energa Operator has been protecting storks nesting on utility poles by installing special support platforms on which the birds can build their nests. During the 2019/20 winter season, Energa installed around 400 new and renovated stork platforms in locations across northern and central Poland. As part of the *bociany.pl* project, Energa ORLEN Group collaborates with environmentalists from the proNatura Environmental Foundation, who educate and assist in protecting the stork across Poland, including by providing guidelines via the national 801 BOCIAN helpline and organising a competition for children from across Poland to commemorate the Stork Day. On 31 May, educational materials were sent to 20,000 institutions across Poland and a competition was organised based on

the 'Flight of the Storks' booklet and song. Despite the pandemic and related restrictions, around 1000 competition entries were sent in from across Poland. Kindergartens, schools and individuals who sent in 90 most interesting performances, poems or artworks received prizes, such as, among others, printed copies of the 'Flight of the Storks' booklet with the author's autograph.

Protection of valuable natural and historical ecosystems is particularly important to us. Energa Foundation provided financial support for the renovation of a watercourse located in the Ornecka Flatlands Protected Landscape area, in the direct vicinity of the historical Virgin Mary's Sanctuary in Krosno; the watercourse ensures the correct irrigation of timber piles that act as the foundation of the church.

NATIONAL HERITAGE AND PATRIOTISM

We support initiatives that contribute to the protection of national heritage and patriotism. We engage in a number of diverse activities in support of Polish culture. Major events in the 2020 calendar included the continuation of the *Museum of the Power Industry (Centre of Polish Power Industry Personnel Traditions)* project. The Centre of Polish Power Industry Personnel Traditions was created in 2019, in the offices of Energa Operator, located in the former 19th century municipal power plant in Toruń. The Centre is the only museum in Poland that aims to promote knowledge of the history of the Polish power industry and is able to provide such a rich backdrop for over a hundred years of the Polish power industry, and is unrivalled in Poland when it comes to documenting the early days of the Polish power industry between 1918 and 1939. In 2020, the company created another exhibition related to the early history of the Polish power industry, documenting the electrification of the Pomerania region between 1920 and 1939. The works on compiling the inventory list of industrial heritage sites in the Pomerania region are in their final stages. The company is planning to commence collaboration with the city of Toruń with respect to promotional activities by organising a series of meet and greets with the author of the book *Chronicles of Power Plants, Gasworks, Trams*.



Energa Foundation supported the promotion of knowledge about history and patriotic attitudes, as well as care for heritage sites, through such activities as:

- organising the 5th Westerplatte Independence Concert in collaboration with the Polish Heritage Foundation based in Filipowo, aimed at fostering national remembrance and history in the patriotic, scientific as well as cultural and educational dimension,
- covering the costs of printing essays in the form of a book entitled *The Pomeranian Griffin Clandestine Military Organisation – a Phenomenon among Polish Resistance Fighters*, in collaboration with the Association for the Remembrance of the Pomeranian Griffin Clandestine Military Organisation in Kaszuby and Kociewie, a publication meant for schools and libraries in the Pomerania province.



CHARITABLE ACTIVITIES

Packages Full of Good Energy are a charitable project as part of which beneficiaries of welfare organisations received Christmas packages in December 2020. The project also involved providing support for the social economy establishments through the purchase of products made by such establishments. During the difficult times caused by the pandemic, Energa returned to the representatives of local communities, bringing them gifts for Saint Nicholas Day. Children’s Homes in Gdańsk, the Brother Albert Aid Society, Polish Association for the Combating of Cystic Fibrosis and the Primary School in Jezierzycze let Energa know what would bring most joy to those under their care, and Energa fulfilled most of their wishes. Furthermore, a Christmas themed performance was prepared for children at foster care homes, and the institutions themselves were provided with external lighting that helped set a Christmas mood.

Another part of the project involved the purchase of products made by the social economy establishments, acting for the benefit of those threatened by social exclusion.

The Droplet of Energa Foundation, set up by two employees of Energa, has been organising blood donation drives since 2012. Thanks to the active involvement of our employees and their friends, the Foundation has so far been able to ensure the collection of more than 1787 litres of this priceless gift, which constitutes 3973 donations of 450 ml each. In 2020 alone, 311 donors donated 139.95 litres of blood, which was given to hospitals for use in connection with surgeries and blood transfusions for cancer patients. The Droplet of Energy Foundation promotes and popularises the idea of donating blood as an unparalleled method of saving human lives. The Regional Blood Donation and Treatment Centre in Gdańsk is a long-term partner of the drives organised by the Foundation and provides specialised ambulances operated by professional personnel.





In collaboration with Energa Foundation, we completed the 7th edition of the Active and Charitable Campaign, this year organised under the *COVID-19 Won't Stop Us!* slogan. Thanks to the campaign, Energa Foundation was able to donate the amount of PLN 200,000 to support 17 entities. Institutions which received assistance included Foster Care Homes (Orphanages) in Ostrołęka, Pasym, Tczew, Toruń, Rychwał, Łębork, Koszalin, Gdańsk, Płock, Kalisz, Szymanów, Słupsk and Rumia, as well as senior citizen nursing homes in Elbląg, Piotrków Kujawski, Gdańsk and Bartoszyce. The donated amount of PLN 200,000 means that the value of 1 kilometer ridden during this edition increased three fold.

Sponsorship activities

Apart from their commercial goal, the sponsorship activities of Energa Group involve creating and reinforcing the positive image of the brand through public activities in local communities.

Sponsorship of the Lechia Gdańsk football team, various basketball related projects in collaboration with the Polish Basketball Association and ice hockey – the KH Energa Toruń team – are among our initiatives in professional sports. The *Solidarity with Belarus* concert or the Energa Camerimage festival are examples of projects of national or international nature. The *Energa for You* program in turn features various sponsorship subcategories related to sports, culture, education and business. The Energa Sports category includes such initiatives as support for professional teams and youth academies, for example MUKS Kotwica Kołobrzeg, Energa Toruń, Gryf Słupsk, SKB Czarni, Energa MKS Truso Elbląg, Energa MKS Kalisz, the Energa 77 Racing sailing team, as well as the involvement in Tour

de Pologne. The Energa Culture category deals with sponsorship of culture and patriotic activities, including mass events, such as collaboration with the Polish Baltic Sea Philharmonic, sponsorship of the celebration of the 100th anniversary of Poland's Wedding to the Sea, as well as other local projects, such as the Gdańsk Music Festival, intergenerational concerts or Christmas carol concerts. The provincial and metropolitan bible knowledge competition organized in collaboration with the Diocesan Catholic Action Institute of the Gdańsk Archdiocese was an event from the Energa Education category, while initiatives aimed at supporting business relations included e.g. the Powerpol 2020 conference, the 8th National Energy Summit OSE in Gdańsk, the anniversaries of events related to modern history – August '80 and December '70, as well as the Gazeta Polska Person of the Year Gala.

Sponsorship activities are complemented by marketing projects with corporate social responsibility components and are the responsibility of the Image and Brand Management Division, which is a part of the Energa SA's Marketing Department. For many years now, Energa has been pursuing initiatives aimed at improving brand recognition and awareness through



encouraging the largest possible social groups to participate in activities and the active inclusion thereof in such activities. Marketing activities are meant to foster involvement and inspire to collaborate, while at the same time generating media interest, mostly the regional ones. Examples of marketing projects of this type include *Energy Team* and *Shine with Energa*.

4.2.2.4. Number of activities with a negative impact on the local community

Energa identifies the actual and potential negative impact of its activities on local communities. Despite meeting all legal requirements, specific investment projects or sites operated by our companies may cause local disturbances for the environment. Overhead power lines, transformer stations or wind farms may interfere with the landscape, produce vibrations or noise. Transportation or raw materials and ash to storage locations and landfills may also constitute additional inconvenience to local residents.

As a result of the required renovation works at the Gałąźnia Mała Hydropower Plant, the dammed water level of the Głębokie Lake was lowered in order to ensure the safety of the employees, the facility itself and the adjacent areas to prevent their potential flooding. Downtime of the hydropower plant was scheduled during the period of the lowest flow rates, i.e. between 15 and 18 June 2020. Although the activities of Energa OZE in this regard were allowed under and compliant with the water use permit issued to the company, the lowering of the water level of the Głębokie Lake led to concerns among the local community, as the consequences of the required repair works had not been previously communicated by the company to the external stakeholders.

Inspections carried out at the Gałąźnia Mała Hydropower Plant by the Polish Waters State Water Management Company and the Pomeranian Provincial Environmental Protection Inspector found that there had been no irregularities with regards to complying with the terms of the water use permit.

As a result of the above situation, Energa SA implemented a detailed procedure, as part of its environmental and energy management system, obligating Energa Group's subsidiaries to notify in advance, in the form of a public announcement, of such scheduled changes in their operations, including the renovation or modernisation works, which may have a negative impact on the public perception of the project. Such announcements will be sent, among others, to local government units and local non-governmental organisations.

Energa did not engage any other activities with a significant actual and potential negative impact on local communities in 2020.

We are aware of the fact that despite exercising utmost care and meeting legal norms we will not be able to completely eliminate all problems. In this regard, the diverse social activities that Energa engages in, described in this chapter, are a form of compensation to local communities.

4.2.3. Description of policies implemented

Applicable policies and internal organisational acts related to the social issues include, among others:

Agreement on Collaboration Within Energa Group

On 20 December 2017, Energa Group's 31 subsidiaries entered into an Agreement on Collaboration Within Energa Group. The agreement redefines the philosophy of the Group's operations, describes the most important principles of the procedures to be applied and defines standards of conduct. The document unequivocally specifies a change in the concept behind the operations (functioning) of Energa Group's subsidiaries. The agreement marks a departure from the previous freedom of the operations conducted by the individual subsidiaries in favour of the intra-Group synergy and good collaboration. Synergy exists when the subsidiaries act based on shared values, exchange experiences, engage in consistent communication with stakeholders, coordinate operations and services are commissioned and provided within the Group. The adoption of the shared and uniform rules of collaboration is meant to act as the basis for the Group's further expansion (growth). The Agreement on Collaboration Within Energa Group is a document that provides assistance to the parties to the agreement in finding their place in the new reality and rising to meet the new challenges related to the dynamics of the environment.

Energa Group's Strategy for the years 2016-2025

Adopted pursuant to the *Resolution of the Management Board of Energa SA no. 314/V/2016 of 8 November 2016* and approved pursuant to the *Resolution of the Supervisory Board of Energa SA no. 90/IV/2016 of 15 November 2016*.

Energa Group's Strategy for Sustainable Development and Corporate Social Responsibility, dated 17 December 2018, and the Principles of CSR Activities

The Strategy specifies directions of activities in the area of corporate social responsibility. To a large extent, this document constitutes an implementation of the Strategy, with particular emphasis placed on the role of Energa Foundation as one of the ways in which Energa Group is impacting the environment in which it is operating.

Principles of Sponsorship Activities

The Principles specify directions and tenets of engaging in sponsorship activities by Energa Group. The assumptions adopted in the document stem from the objectives set for the sponsorship activities, which are meant to support the mission, vision and strategic values and objectives of the Group.

Statute of the Foundation

Statute of the Foundation specifies socially useful objectives. The Foundation engages in socially useful activity in the area of public tasks defined in the act on the activities for public benefit, for the benefit of the general community, and in

particular for the benefit of individuals, establishments, centres and institutions. The activity constitutes the sole statutory activity of the Foundation.

Environmental and Energy Policy

Energa Group's Environmental and Energy Policy is in compliance with the EMAS Regulation and ISO 14001:2015 and ISO 50001:2018 standards. We continue to improve our activities, including in regard to optimizing the consumption of resources, reducing emissions and the amount of waste generated. Additional information on the Environmental and Energy Policy is provided in Energa Group's Environmental Declaration, available on the website at <https://grupa.energa.pl/otoczenie/polityka>, and in the Corporate Social Responsibility Reports, available on the website at <https://grupa.energa.pl/otoczenie/raporty-csr>.

The above policies and internal organisational acts support efficient collaboration with our direct environment, reinforcing the sense of bond and community and allows Energa Group to be perceived as a reliable partner.

4.2.4. Description of due diligence procedures

The applicable due diligence procedures stem from the policies and internal organisational acts implemented by the Group. Procedures are improved on an annual basis as a result of the expectations of the company's stakeholders. In 2020, the need for improving activities in the area of environmental communication was identified. In August 2020, Energa SA implemented a detailed procedure within its environmental and energy management system, obligating Energa Group's subsidiaries to report in advance any planned activities, including minor renovation or modernisation works, that might result in visible changes to the environment, for example reduce the appeal of the given area in terms of tourism and recreation. Such reports will be presented one month in advance, in the form of a public announcement, to, among others, local government units and local non-governmental organisations.

In case of any failures and other unplanned events with a significant impact on the environment, an announcement on actions taken by Energa in order to minimise any potential damage to the environment will be sent out to the media, local governments and local ecological and tourism organisations.

The above due diligence procedure supplements the existing *Procedure no. 7*, included in *Energa Group's Environmental and Energy Management Program* (attachment no. 2) and applies to the activity under the name *Marketing, Educational and informational activities carried out by units responsible for communication and marketing*. The introduction of the detailed rules governing the above regulations strengthened the role of corporate social responsibility in Energa Group's operations. It incentivised the subsidiaries to stay in contact with the external stakeholders, primarily non-governmental organisations and local government units. For example, the Energa Elektrownie Ostrołęka subsidiary commenced a review of local non-governmental organisations with which it is planning to engage in active dialogue on environmental and energy issues, while the Energa OZE subsidiary has entered into an agreement on the rules governing its collaboration with the Regional Board of the Polish Fishing Association (OPZW) in Słupsk. In addition, the mutual communication and collaboration between the environmental and energy coordinators, and the CSR coordinators at Energa Group's subsidiaries was also strengthened.

List of disclosures presented in this chapter:

| | |
|------------------|---|
| GRI 102-1 | |
| GRI 102-2 | Management approach |
| GRI 102-3 | |
| 102-43 | The organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group |
| 102-44 | Key topics and concerns that have been raised through stakeholder engagement |
| 413-2 | Operations with significant actual and potential negative impacts on local communities |

5. Labour issues and human rights

5.1. Employees: career development and safety

5.1.1. Description of the area

In 2020, Energa Group was greatly affected by its integration with PKN ORLEN, which has given the Group an opportunity to become part of an energy conglomerate. Many activities in the HR area are aimed at ensuring equal opportunity to all employees across the entire ORLEN Group, guaranteeing them fair and safe working conditions.

The purpose of integration of the HR area is to implement and apply consistent HR solutions, aimed at creating synergy through increasing the efficiency of human resource management. Through the *Agreement on Collaboration in the HR area and Policy for Managing the Potential of Employees of the ORLEN Group of Companies*, the Group has set priorities and most important task related to HR policy, developed based on best market practices.

Energa's strategy of action is based on building commitment, loyalty and motivation of employees, sharing knowledge and developing competences. We offer better working conditions than required under generally applicable laws. We also place significant emphasis on tailoring salaries to the scope of duties, qualifications and professional experience of a given employee. Indeterminate term employment contracts are the dominant form of employment. These actions build ORLEN Group's image as an attractive employer.

A number of regulations applicable within Energa Group specify clear and transparent remuneration system, including collective bargaining agreements, *Agreement on Securing Labour, Social and Union Rights*, as well as remuneration regulations. We constantly strive to create a work environment that fosters effective collaboration and work-life balance.

5.1.2. Key non-financial performance indicators

5.1.2.1. Dialogue with employees of Energa Group and employee organisations

We respect and comply with freedom of associations and labour rights, including the right to create and join trade unions. Representatives of trade unions are free to express their opinions, which are taken into account when making employment-related decisions.

Social dialogue is a constant process of mutual interactions between employers and social partners, focused on seeking constructive and lasting solutions in the area of collective labour law. Dialogue takes place based on shared values and mutual trust, primarily in the form of regular information meetings, consultations, negotiations and arrangements. Last year, these actions were mostly implemented by remote means. At the end of 2020, there were inter- and intra-plant trade unions active within Energa Group, the majority of which is associated as part of the 33 trade unions with representation rights on the national level – the 'Solidarność' Independent Self-Governing Trade Union, the Engineers and Technicians Trade Union and the Association of Electricians Trade Unions. As of 31 December 2020, 60.5% of employees of Energa Group were members of trade unions, amounting to approximately 5.9 thousand individuals.

Social dialogue within Energa Group takes place in accordance with applicable regulations, in particular provisions of Labour Code, Trade Unions Act of 23 May 1991, and the Collective Dispute Resolution Act of 23 May 1991.

Dialogue in 2020 concerned matters such as the integration of Energa Group and ORLEN Group, remuneration and benefits for employees and retirees, social assets, organisational changes and standardisation of intra-company sources of labour law.

2 collective disputes took place in Energa Group in 2020 (Energa Logistyka Sp. z o.o., Energa Operator SA, Branch in Płock), which concerned the implementation of intra-company collective bargaining agreements.

5.1.2.2. Structure of employment at Energa Group

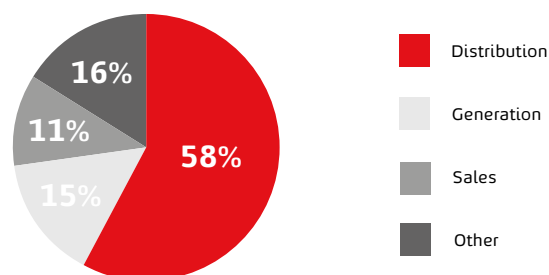
At the end of 2020, Energa Group employed **9731 individuals**. The structure of employment at Energa Group is distinctive, as men constitute as many as 73% of employees, whereas women constitute the remaining 27%. This is a result of the specific nature of the industry, where the majority of employees consist of engineering and technical personnel with many years of experience in the energy sector.

More than half of our employees are highly qualified specialists with academic degrees, and 35% of our employees are technical specialists with secondary education, highly sought in the job market.

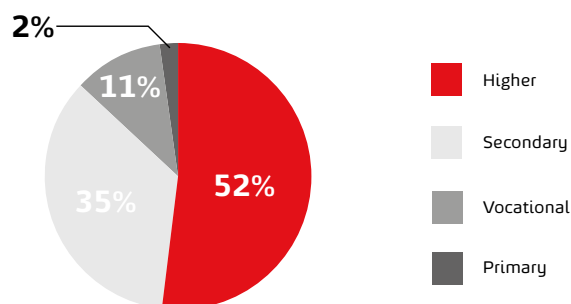
Energa Group ensures stable terms of employment. Nearly all employees work full time. As many as 89% of workers are employed based on indeterminate term agreements. Due to the extensive territorial scope of our operations, employees have opportunities for professional development and vertical and horizontal promotion. Thanks to the synergy effect, they can adapt their workplace to their personal circumstances and ambitions.

The majority of our employees are employed by companies from the Distribution Business Line, Energa Operator and Energa Wykonawstwo Elektroenergetyczne, who operate numerous branches across Poland.

Employment at Energa Group by business line



Employment at Energa Group by education level



5.1.2.3. Employees of Energa Group by gender, age, employment type, region

Statistical data on employees of Energa Group in 2020 can be found in the below tables. When analysing the data, it is important to consider the change in the definition of an employed person, which has been adapted to the standards used by ORLEN Group. As a result, data for the current year will be incompatible with data for the previous years.

Number of employees by gender in 2020

| | Women | Men |
|----------------------------|--------------|--------------|
| Services and Other | 649 | 920 |
| Distribution Business Line | 1 124 | 4 486 |
| Sales Business Line | 627 | 467 |
| Generation Business Line | 224 | 1 234 |
| Energa Group | 2 624 | 7 107 |

Number of employees by gender and age group in 2020

| | Women | | | Men | | |
|----------------------------|------------|--------------|------------|------------|--------------|--------------|
| | Aged < 30 | Aged 30–50 | Aged > 50 | Aged < 30 | Aged 30–50 | Aged > 50 |
| Services and Other | 75 | 440 | 134 | 85 | 552 | 283 |
| Distribution Business Line | 78 | 715 | 331 | 386 | 2 276 | 1 824 |
| Sales Business Line | 61 | 498 | 68 | 44 | 338 | 85 |
| Generation Business Line | 18 | 138 | 68 | 72 | 521 | 641 |
| Energa Group | 232 | 1 791 | 601 | 587 | 3 687 | 2 833 |

Number of employees employed on an indeterminate term basis by gender and working time in 2020

| | Full time | | Part time | |
|----------------------------|--------------|--------------|-----------|-----------|
| | Women | Men | Women | Men |
| Services and Other | 627 | 895 | 22 | 25 |
| Distribution Business Line | 1 120 | 4 485 | 4 | 1 |
| Sales Business Line | 622 | 466 | 5 | 1 |
| Generation Business Line | 222 | 1 231 | 2 | 3 |
| Energa Group | 2 591 | 7 077 | 33 | 30 |

Number of employees by agreement type and region (employment contracts)

| Province | Services and Other | | Distribution Business Line | | Sales Business Line | | Generation Business Line | | Energa Group | |
|---------------------|--------------------|-----------------|----------------------------|-----------------|---------------------|-----------------|--------------------------|-----------------|--------------|-----------------|
| | Fixed term | Indefinite term | Fixed term | Indefinite term | Fixed term | Indefinite term | Fixed term | Indefinite term | Fixed term | Indefinite term |
| dolnośląskie | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| kujawsko-pomorskie | 44 | 96 | 34 | 733 | 5 | 55 | 0 | 30 | 83 | 914 |
| lubelskie | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| lubuskie | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| łódzkie | 1 | 7 | 5 | 82 | 0 | 0 | 0 | 24 | 6 | 113 |
| małopolskie | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| mazowieckie | 96 | 174 | 66 | 645 | 6 | 101 | 69 | 758 | 237 | 1 678 |
| opolskie | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| podkarpackie | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| podlaskie | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| pomorskie | 183 | 655 | 97 | 1 599 | 71 | 587 | 10 | 162 | 361 | 3 003 |
| śląskie | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| świętokrzyskie | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| warmińsko-mazurskie | 30 | 58 | 83 | 763 | 9 | 110 | 4 | 203 | 126 | 1 134 |
| wielkopolskie | 31 | 104 | 54 | 891 | 6 | 81 | 5 | 137 | 96 | 1 213 |
| zachodniopomorskie | 27 | 37 | 42 | 466 | 2 | 51 | 1 | 47 | 72 | 601 |

Number of employees by agreement type and region (employment contracts)

| Province | Services and Other | | Distribution Business Line | | Sales Business Line | | Generation Business Line | | Energa Group | |
|---------------------|--------------------|---------------------|----------------------------|---------------------|---------------------|---------------------|--------------------------|---------------------|------------------|---------------------|
| | Probation period | Substitute contract | Probation period | Substitute contract | Probation period | Substitute contract | Probation period | Substitute contract | Probation period | Substitute contract |
| dolnośląskie | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| kujawsko-pomorskie | 2 | 2 | 0 | 3 | 0 | 0 | 0 | 0 | 2 | 5 |
| lubelskie | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| lubuskie | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| łódzkie | 0 | 0 | 1 | 1 | 0 | 0 | 1 | 0 | 2 | 1 |
| małopolskie | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| mazowieckie | 2 | 2 | 4 | 1 | 1 | 1 | 0 | 1 | 7 | 5 |
| opolskie | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| podkarpackie | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| podlaskie | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| pomorskie | 10 | 5 | 3 | 11 | 4 | 2 | 3 | 2 | 20 | 20 |
| śląskie | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| świętokrzyskie | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| warmińsko-mazurskie | 1 | 1 | 5 | 3 | 1 | 0 | 0 | 0 | 7 | 4 |
| wielkopolskie | 0 | 0 | 5 | 8 | 0 | 0 | 1 | 0 | 6 | 8 |
| zachodniopomorskie | 0 | 1 | 42 | 466 | 1 | 0 | 0 | 0 | 3 | 4 |

5.1.2.4. Fluctuations in employment at Energa Group

Fluctuations in the number of employees at Energa Group in 2020 shows the extensive impact of the epidemiological situation in the country. Many business development plans and processes were halted, which resulted in a reduction in the number of hiring processes in 2020 and their postponement until the next year. The epidemiological situation also forced the organisation to switch to a hybrid-remote work model. Irrespective of the situation of the organisation and domestic circumstances caused by the epidemic, the Group experienced natural departures, in particular retirements. As a result, the number of employees of Energa Group dropped in comparison to the previous year.

Number of newly employed employees by gender and age in 2020

| | Women | | | Men | | |
|----------------------------|-----------|------------|-----------|------------|------------|-----------|
| | Aged < 30 | Aged 30–50 | Aged > 50 | Aged < 30 | Aged 30–50 | Aged > 50 |
| Services and Other | 13 | 21 | 3 | 15 | 35 | 9 |
| Distribution Business Line | 16 | 22 | 0 | 61 | 65 | 10 |
| Sales Business Line | 13 | 23 | 2 | 14 | 19 | 1 |
| Generation Business Line | 1 | 5 | 0 | 17 | 27 | 6 |
| Energa Group | 43 | 71 | 5 | 107 | 146 | 26 |

Percentage of newly employed employees by gender and age in 2020

| | Women | | | Men | | |
|----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | Aged < 30 | Aged 30–50 | Aged > 50 | Aged < 30 | Aged 30–50 | Aged > 50 |
| Services and Other | 0.8% | 1.3% | 0.2% | 1.0% | 2.2% | 0.6% |
| Distribution Business Line | 0.3% | 0.4% | 0.0% | 1.1% | 1.2% | 0.2% |
| Sales Business Line | 1.2% | 2.1% | 0.2% | 1.3% | 1.7% | 0.1% |
| Generation Business Line | 0.1% | 0.3% | 0.0% | 1.2% | 1.9% | 0.4% |
| Energa Group | 0.4% | 0.7% | 0.1% | 1.1% | 1.5% | 0.3% |

*Percentages in each business line are calculated in proportion to the total number of employees in a given line.

Number of employee departures by gender and age in 2020

| | Women | | | Men | | |
|----------------------------|-----------|------------|-----------|-----------|------------|------------|
| | Aged < 30 | Aged 30–50 | Aged > 50 | Aged < 30 | Aged 30–50 | Aged > 50 |
| Services and Other | 15 | 34 | 20 | 8 | 56 | 46 |
| Distribution Business Line | 7 | 23 | 40 | 22 | 57 | 141 |
| Sales Business Line | 20 | 63 | 17 | 9 | 27 | 8 |
| Generation Business Line | 2 | 7 | 17 | 2 | 17 | 81 |
| Energa Group | 44 | 127 | 94 | 41 | 157 | 276 |

Employee departures on a percentage basis, by gender and age in 2020

| | Women | | | Men | | |
|----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | Aged < 30 | Aged 30–50 | Aged > 50 | Aged < 30 | Aged 30–50 | Aged > 50 |
| Services and Other | 1.0% | 2.2% | 1.3% | 0.5% | 3.6% | 2.9% |
| Distribution Business Line | 0.1% | 0.4% | 0.7% | 0.4% | 1.0% | 2.5% |
| Sales Business Line | 1.8% | 5.8% | 1.6% | 0.8% | 2.5% | 0.7% |
| Generation Business Line | 0.1% | 0.5% | 1.2% | 0.1% | 1.2% | 5.6% |
| Energa Group | 0.5% | 1.3% | 1.0% | 0.4% | 1.6% | 2.8% |

* Percentages in each business line are calculated in proportion to the total number of employees in a given line.

5.1.2.5. List of additional employee benefits

Energa Group, who believes that employees are its greatest asset, offers a number of non-wage benefits fostering effective collaboration, available to employees and their families, including:

- access to private medical care,
- life insurance,
- benefits from the Company Social Benefits Fund,
- vouchers for special occasions,
- discounts on energy prices,
- Employee Retirement Programme,
- Employee Capital Plans,
- Multisport cards,
- extra day off on Power Engineer's Day.

Staff employed based on an employment contract are entitled to certain benefits as part of the Company Social Benefits Fund, irrespective of whether they are employed full-time or part-time, including:

- holiday grants,
- housing loans,
- financial aid in random events,
- gift cards for children on Christmas.

Furthermore, retiring ex-employees of Energa Group may receive aid from the Company Social Benefits Fund. They also receive gift cards on Christmas and can participate in meetings and trips for senior citizens.

In 2020, the Group commenced collaboration with a new healthcare provider. Additional information on this topic is available in the section of the report dealing with occupational health and safety.

5.1.2.6. Opportunities for development at Energa Group

Energa Group's competitive advantage is created by competent and motivated employees. Our priorities in the area of employee development include reinforcing engaging leadership, providing support in the process of developing competences affecting the achievement of business goals set by the organisation, developing creativity and innovation or fostering an attitude conducive to sharing knowledge with others.

The purpose of actions taken in connection with training courses is to ensure the requisite level of competences of employees, adequate to their role and responsibilities as part of the process of meeting the Group's strategic objectives.

Employees improve their qualifications thanks to the Group partially subsidising university courses, MBA programmes, postgraduate courses and secondary school education. Furthermore, employees attend specialist training, language courses and industry conferences. All employees can access training on equal terms and therefore have the opportunity to develop during every stage of their professional career.

Due to the coronavirus pandemic, many in-person training courses planned for 2020, including conferences and seminars, had to be cancelled. Due to this, the average number of training hours dropped in comparison to 2019, however, interest in online courses surged. Furthermore, employees had access to numerous training courses due to the expanded range of available online courses, including those provided by reputable foreign schools. Certification training in 2020 was also moved online.

2020 is of key importance in terms of new opportunities that go beyond standard training courses. Employees of Energa Group are able to learn English using an online learning platform.

Furthermore, 2020 saw extremely intensive use of Energa Group's existing IT infrastructure for internal video and telephone conferences. The inability to organise in-person meetings mobilised employees to more extensively use IT tools in their everyday work.

Moreover, additional employees of Energa Group were able to undergo training on preventing mobbing and discrimination in the workplace in 2020 thanks to a dedicated training course that was made available to all employees and associates on the online learning platform. Training courses in Information Security or Personal Protection Data for new employees were also moved online.

Average number of training hours per employee by employee category and gender in 2020

| | Employees in management and higher positions | | Employees in positions lower than management | |
|----------------------------|--|-----------|--|-----------|
| | Women | Men | Women | Men |
| Services and Other | 28 | 39 | 19 | 11 |
| Distribution Business Line | 20 | 11 | 7 | 13 |
| Sales Business Line | 49 | 52 | 17 | 15 |
| Generation Business Line | 27 | 11 | 10 | 11 |
| Energa Group | 29 | 17 | 13 | 12 |

5.1.2.7. Health promotion campaigns for employees

Additional healthcare services

Apart from contributions paid to the National Health Fund, employees have access to healthcare in addition to standard occupational medicine services. In 2020, the Group commenced collaboration with a new healthcare operator providing occupational medicine services and offering a wide range of medical services packages for employees and their families (children, domestic partners, as well as parents and in laws). The operator ensures the provision of medical care on the save level for all employees of ORLEN Group.

Employees are able to choose a medical services package tailored to their needs. They have access to medical consultations, diagnostic tests, outpatient procedures, rehabilitation, home visits and some dental procedures.

As part of health promotion initiatives, the operator offers the organisation of health-oriented disease prevention programs, first aid training, access to occupational rehabilitation, as well as educational and disease prevention campaigns, with particular attention to prevention of cancer and recommendations of correct diagnostic and medical interventions. Furthermore, employees have access to vaccinations against flu and tetanus as part of their health services package.

Energ(y/a) for Health

In 2020, Energa Operator continued its actions as part of the *Energ(y/a) for Health* campaign. During each edition of the initiative, employees are supplied with fruit and participate in training courses aimed at promoting a healthy diet and disease prevention. Due to the pandemic, the format of these actions was changed and certain educational objectives were achieved by means of on-line activities.



As part of this health-oriented initiative, the following activities were completed:

1. Deliveries of healthy food (honey and fit products).
2. Christmas packages with fit products.
3. Online workshops on healthy eating in the time of pandemic.
4. Cancer prevention webinars.
5. Workshops on dealing with stressful situations.
6. An online lecture titled *Green Industry – Are We Really Pro-Environmental? SARS-CoV-2/COVID-19 – prevention versus denialists?*, organised in collaboration with GUMed.
7. Preparation of materials to be included in a newsletter dealing with health-oriented campaigns in our region, including initiatives for the prevention of heart disease, cancer, diabetes (with the opportunity to undergo a FINDRISC evaluation), cardiac diseases, lung diseases and smoking-related diseases, with the opportunity to be evaluated based on online tests.
8. The *8 Weeks For Health* initiative in collaboration with the National Health Fund (a series of lectures and daily at-home workouts).
9. Zumba and senior-Zumba classes (online).
10. The *Talk to a Pharmacist* campaign in collaboration with GUMed, aimed at educating participants on arterial hypertension and diabetes.
11. The *Be Aware of What You Eat* campaign in collaboration with the National Centre for Education on Nutrition (free diets and consultations with nutritionists).

5.1.2.8. Occupational health and safety management system

The occupational health and safety area, one of the key areas of our responsibility, is regulated by national regulations, EU regulations and specific standards. Internal statutes include the Work Regulations, which contain regulations concerning occupational health and safety of employees. Aspects related to occupational health and safety are included in collective bargaining agreements, contracts made on the local level in the form of accords and in additional protocols that amend intra-company collective bargaining agreements.

Energa Group's Occupational Health and Safety Policy stipulates basic guidelines for Group entities in respect of actions taken to ensure a high level of safety both for employees and external contractors. All employees of the Group and contractors acting on instructions of Energa Group companies are involved in the implementation of the Policy.

The occupational health and safety services created in Group companies has advisory and supervisory functions and their activities are carried out in accordance with regulations applicable in this area.

Work is organised in accordance with occupational health and safety regulations and principles, in particular by ensuring compliance with regulations and principles and reacting to any needs in this regard. Nonconformities are detected during regular occupational health and safety inspections. Under labour regulations, employees are entitled to refuse to perform work if working conditions are unsafe to their health or life and do not comply with applicable occupational health and safety regulations.

In order to ensure safe and healthy work conditions, the Group identifies risks and assesses occupational risk in each workplace, in accordance with legal requirements and procedures applicable within the company. Occupational risk assessment sheets are updated e.g. after an accident, when changes are made to the workplace, changes are made to regulations or on a regular basis. Furthermore, risks are also identified in connection with monitoring work conditions, as a result of regular work environment measurements or issuing written work orders. Elimination and limitation of risks related to factors present in the workplace takes place e.g. by the correct organisation of workplaces in accordance with the principles of ergonomics, monitoring working conditions and implementing post-inspection recommendations, regular measurement of factors present in the workplace, choosing appropriate protection equipment and organising training courses to improve employee qualifications.

In late 2020, Energa SA implemented *Rules for the Management of Personal and Process Safety Indicators at Energa Group*, developed based on the technical standard applicable within ORLEN Group. The purpose of this regulation is to further improve the protection of health and safety of employees, the natural environment and property within ORLEN Group through a regular analysis and assessment of applicable personal and process safety indicators and actions taken, as well as ensuring uniform rules with regards to data reporting and calculating safety indicator values. The regulation will enter into force with the beginning of 2021.

In connection with the entry into force of the *Regulation of the Minister of Energy of 28 August 2019 on occupational health and safety when operating power devices*, Group companies developed and published new Instructions for the Organisation of Safe Operation of Power Devices. Due to the pandemic, provisions of the new regulation entered into force on 26 October 2020.

Good practice

In 2020, Energa Operator improved the operation of its Occupational Health and Safety Management System and carried out a series of internal occupational health and safety audits, aimed at assessing the efficiency of the implemented elements of the system.

Good practice

The team created in 2019 to develop a uniform list of protective clothing, protective footwear and personal protection equipment for employers operating in the Distribution Business Line continued its activities in 2020. Based on test results, the task force chose products to be included in the list and developed a list of quality requirements for the products, and recommended manufacturers or suppliers that Group companies should collaborate with during future sourcing procedures. As part of additional actions, the team developed a design of a uniform clothing table.

Actions taken in connection with COVID-19

Due to the state of epidemic introduced in the territory of Poland, Energa Group engaged in a number of actions aimed at minimising the danger posed by the SARS-CoV-2 virus, with the safety of both its employees and external contractors in mind. The newly-created COVID-19 Response Team is primarily tasked with coordinating actions, in particular gathering and analysing information from Energa Group on risks related to COVID-19. The purpose of these actions is to ensure safe working conditions and continuity of operations of Energa Group companies in the face of the epidemiological risk. The Team issues recommendations and guidelines concerning the prevention of hazards related to COVID-19. Furthermore, individual Energa Group companies set up emergency teams tasked with managing the situation on an ongoing basis.

Key actions taken in order to protect employees from being infected with the SARS-CoV-2 virus included:

- purchasing and distributing personal protection equipment, as well as other materials necessary to disinfect workplaces and maintain a high level of hygiene and safety,
- developing and distributing information materials for employees (posters and leaflets) containing quick reference guides on safety rules,
- implementing changes to work organisation aimed at reducing direct contact between employees (e.g. working remotely, working in a rotation system, starting work at 15-minute intervals, suspending delegations and limiting in-person meetings, organising online meetings, carrying out inspections in the form of observations with rapid response in crisis situations),
- ensuring particular protection of access to rooms where critical processes ensuring business continuity take place,
- entering into contracts with laboratories to enable testing employees for SARS-CoV-2.

5.1.2.9. Workplace accidents and occupational diseases

Regular tests and measurements of harmful factors are carried out within Energa Group. As part of preventive measures, collective protection equipment is used and employees are given suitable personal protection equipment. All employees are provided with medical care, as part of which they undergo initial, regular and, if needed, follow-up examinations.

Company Energa Elektrownie Ostrołęka SA operates a Work Environment Testing Centre, which supervises workplaces where threshold limit values or permissible exposure levels may be exceeded.

In 2020, there were 45 workplace accidents within Energa Group which directly resulted in the issue of a medical certificate confirming unfitness for work. All the incidents were classified as minor accidents that did not result in grievous or permanent bodily harm. The majority of accidents were related to moving around (walking from place to place, entering and exiting means of transport, driving means of transport), whereas the remaining accidents took place during maintenance operations, upkeep, renovation work, as well as ongoing operation of installation and devices. The Group's TRR rate amounted to 2.67 (per 1,000,000 manhours).

No new reports of suspected occupational diseases were recorded within Energa Group in 2020.

5.1.2.10. Employee participation in consultations and communication on OH&S

Employer Group companies consult with their employees or their representatives on actions related to occupational health and safety. In the companies where this is required under applicable laws, an Occupational Health and Safety Commission is created, acting in an advisory and opinion-giving role to the employer. This body, comprised in equal numbers of representatives of the employer and employees, supports the employer in its activities, aimed at ensuring occupational health and safety in the workplace.

In accordance with applicable regulations of the *Labour Code*, sessions of the Commission took place at least once per quarter, and the Commissions created in Group companies are responsible for regular assessment of the status of occupational health and safety, expressing opinions on the measures taken by the employer to prevent workplace accidents and occupational diseases, as well as collaborating with the employer in connection with the performance of its duties in the area of occupational health and safety.

Apart from participating in the Occupational Health and Safety Commission, employee representatives also form part of bodies such as teams tasked with developing clothing and footwear distribution lists, formulate opinions on development projects in the area of occupational health and safety, participate in consultations concerning workplace meals provided by the employer or identification of risks and assessment of occupational risk.

Information on occupational health and safety are communicated to employees via intranet, bulletin boards, work mail, posters, leaflets and in-person meetings with the management.

5.1.2.11. Training initiatives and information campaigns related to OH&S

In order to ensure the safety of employees of Energa Group and external contractors, each of them is required to complete an obligatory occupational health and safety training course. Recurring training courses for employees are provided free of charge, during working hours.

During training, employees are familiarized with hazards inherent in work processes and methods of protecting against them, procedures in case of an accident and in dangerous situations, location of first aid kits and emergency medical care stations, rules governing the provision of first aid, procedures in case of fire, as well as external and internal occupational health and safety regulations. The purpose of the courses is to increase awareness in respect of potential risks and their consequences.

In 2020, works continued on projects aimed at unifying the model for providing regular occupational health and safety training course in companies from the Distribution Business Line.

Due to the state of pandemic announced in mid-March in Poland, the task force responsible for organizing regular occupational health and safety training courses for manual labourers and management employees was able to only partially complete its planned activities. Despite this fact, the process of preparing and training 26 coaches of internal occupational health and safety courses and preparing training modules for manual labourers was commenced.

Another task force, responsible for preparing a model for regular online occupational health and safety training courses for engineering and technical workers, as well as administrative and office workers, was able to complete the full scope of works scheduled for 2020. Complete training materials in the form of modules were prepared on the company's internal online learning platform. Pilot programs and tests were performed and the internal procedure of organizing regular occupational health and safety training courses was updated to include online training.

Hour for Safety

In order to improve the flow of information in the area of occupational health and safety and improve dialogue between the management and rank-and-file employees, the *Hour for Safety* initiative was continued in 2020. Quarterly meetings of the management with electrical technician groups were dedicated to issues related to occupational health and safety. The meetings were based on training materials prepared by the Occupational Health and Safety Management Bureau. During the meetings, employees were able to submit their remarks and exchange experiences in the area of safe organisation of work.

Proving grounds in Bąkowo

Professional training of both employees and external contractors is essential to ensuring occupational health and safety. We are able to provide such training at the proving grounds in Bąkowo, where power energy experts have been honing their skills for years now.

The proving grounds in Bąkowo are owned by company Energa operator and constitute a training unit where specialised training is provided both to employees of the Group, as well as external contractors from the power industry. The proving grounds specialise in providing training in live work on low- and medium-voltage power lines. In 2020, priority was given to the training program under the name *Live Work on Overhead and Underground Power Lines and Switchgear up to 1 kV for Electrical Technicians*. Other training courses covered such topics as live disconnection and connection of earthing wires from and to overhead power lines up to 20 kV for electrical technicians, live inspection of power devices up to 30 kV for electrical technicians, measurement of earthing wires and anti-shock protection. 501 employees received training 2020, of which 27 were employees of external companies. The reduced number of individuals who received training in 2020 in comparison to the preceding year was related to the ongoing risk of contracting SARS-CoV-2.

Live electrical work is extremely important due to the significant focus on employee safety. Awareness of potential hazard, use of insulating equipment, and particular attention to occupational health and safety protect the workers from possible risks during live work.

A high quality of training courses provided at the proving grounds is ensured by the training staff, who have received extensive instruction in live work, as well as adequate equipment available at the training centre. This guarantees that live work will be performed based on uniform standards, reducing the risk of an accident to a minimum.

5.2. Respect for human rights

Energa Group objects to any form of violating human rights. The Group operates within a legal framework that prohibits any human rights violations. The Group has also implemented the internal *Energa Group's Code of Ethics*, which obligates every employee to comply with the law, act with integrity, respect others, communicate in an open and considerate way, ensure a friendly and safe work environment, collaborate with business partners in an honest manner, refrain from abusing the Group's resources and remain neutral in terms of their worldview and political opinions. The Code regulates ethics-related matters concerning the operation of the Group of Companies and its employees, and in consequence regulates rules governing our conduct in relations with the external environment and within the Group. We create a culture of respect for the diversity among our employees and foster an atmosphere of dignity and mutual respect in the workplace. Every employee is a source of inspiration for improvement and development. We also ensure that our organisation is free of any irregularities in the form of any discrimination, mobbing or harassment.

5.2.1. Diversity and equal opportunity

In accordance with provisions of *Energa Group's Code of Ethics and HR Policy*, all employees are guaranteed equal treatment irrespective of their gender, age, disability, race, religion, nationality, political opinions, membership in trade unions, ethnic or religious background, sexual orientation and whether they are employed pursuant to a fixed-term or indefinite term agreement or on a full-time or part-time basis.

We implement comprehensive actions aimed at ensuring equal and fair access to the following resources and activities for all employees:

- non-salary benefits,
- development and improvement of professional qualifications,
- free communication and exchange of knowledge,
- rest and work-life balance,
- freedom of association,
- social activities.

We support initiatives that ensure a work-life balance. To enable employees to combine their professional and parental duties, they are able to work based on an individual schedule or work remotely. Employees may take advantage of rights afforded to parents under generally applicable laws, i.e. maternity leave, parental leave, paternity leave or time off to care for a sick child. Group companies also subsidise private healthcare for the entire family and vacations, reimburse costs of purchasing school handbooks and offer prepaid debit cards for the purchase of children's supplies.

On 15th May of each year, Energa Group celebrates the International Day of Families. On this day, employers shorten the workday by 2 hours, as part of the 2 Hours for the Family initiative, encouraging their employees to spend time with their loved ones.

Composition of supervisory bodies by gender and age. Number of members of the supervisory board

| | Women | | | Men | | |
|----------------------------|-----------|------------|-----------|-----------|------------|-----------|
| | Aged < 30 | Aged 30–50 | Aged > 50 | Aged < 30 | Aged 30–50 | Aged > 50 |
| Services and Other | 0 | 3 | 2 | 0 | 2 | 1 |
| Distribution Business Line | 0 | 2 | 1 | 0 | 1 | 1 |
| Sales Business Line | 0 | 2 | 0 | 0 | 2 | 3 |
| Generation Business Line | 0 | 3 | 1 | 0 | 7 | 10 |
| Energa Group | 0 | 10 | 4 | 0 | 12 | 15 |
| of which foreign citizens | 0 | 0 | 0 | 0 | 0 | 0 |

Composition of the board of directors by gender and age. Number of members of the board

| | Women | | | Men | | |
|----------------------------|-----------|------------|-----------|-----------|------------|-----------|
| | Aged < 30 | Aged 30–50 | Aged > 50 | Aged < 30 | Aged 30–50 | Aged > 50 |
| Services and Other | 0 | 4 | 2 | 0 | 13 | 2 |
| Distribution Business Line | 0 | 0 | 1 | 0 | 2 | 2 |
| Sales Business Line | 0 | 2 | 1 | 0 | 6 | 0 |
| Generation Business Line | 0 | 0 | 1 | 0 | 8 | 7 |
| Energa Group | 0 | 6 | 5 | 0 | 29 | 11 |
| of which foreign citizens | 0 | 0 | 0 | 0 | 0 | 0 |

5.2.2. Counteracting mobbing and discrimination

We take effort to ensure appropriate relations between employees and a culture of ethics in our organisation. We continuously strive to prevent, detect and react to any reports of unwanted behaviours among our employees, including of a discriminatory nature that might constitute mobbing and harassment.

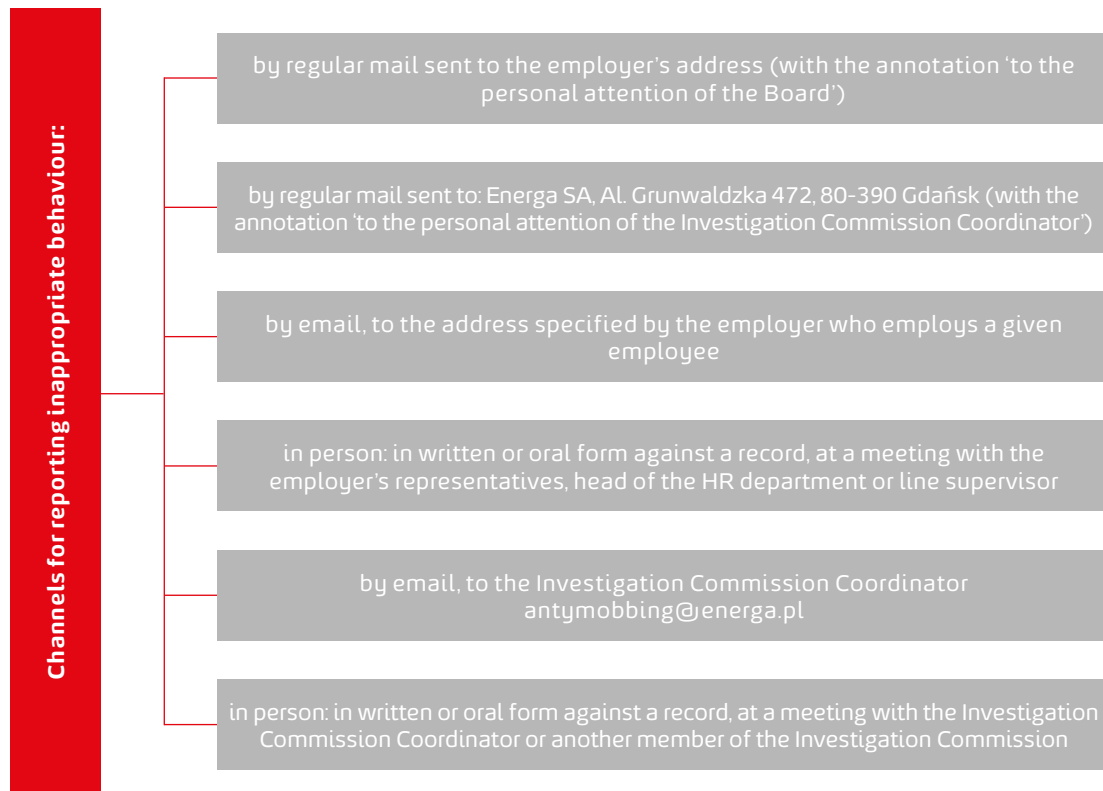
The mobbing and discrimination prevention program implemented by Energa Group is comprised of the following components:

1. Internal regulation applicable to all Group companies, specifying uniform rules and standards of conduct with regards to preventing, identifying and handling any reports of negative incidents in this area;
2. Organisational structure that ensures appropriate coordination and supervision of ongoing activities, accounting for the diversity of Energa Group companies, including the Council for the Prevention of Mobbing and Discrimination and Investigation Commission at Energa SA and Quick Response Teams in Group companies.
3. A channel for reporting any inappropriate behaviours, enabling employees to send their concerns directly to their employees (Group companies) or the Investigation Commission at Energa SA (i.e. the Group's parent company), in person or anonymously – by email, regular mail or telephone.
4. Training activities aimed at raising awareness among employees on appropriate employee relations.

Channels for reporting inappropriate behaviours

Complaint – oral or written statement submitted by an Employee or another individual, concerning potential mobbing, discrimination, other unwanted behaviours or conflict, which may result in the initiation of Quick Response Proceedings or Investigation Proceedings.

Employee – a person employed by an Energa Group entity or organizational unit operating as part of an Energa Group entity pursuant to an employment contract or civil law contract.



Prompt action, confidentiality, impartiality and independence are the guiding principles of the anti-mobbing and discrimination program operated within Energa Group.

We monitor the efficiency of our activities by tracking the number of reports concerning inappropriate behaviour, timeliness and quality of investigations carried out by the Investigation Commission at Energa SA and Quick Response Teams in other Group companies.

Number of complaints in 2020:

Complaints received: 13

Complaints resolved: 9

Complaints under investigation: 4

Complaints upheld: 1

5.3. Description of policies implemented

1. Energa Group's Code of Ethics

Energa Group's Code of Ethics describes behaviours which we wish to pursue in our relations with the external environment and within the Group, in particular in contacts with our stakeholders and internal relations between Group entities. It is our intent that the *Code of Ethics* specify a certain framework for employees of the entire Group and through setting certain values inspire us to an open way of thinking, searching for new solutions and bold action. Values that form the basis of our framework and the cornerstone of our organisation include responsible development, integrity and security, courage and innovation and lasting relations.

We wish to emphasise that our definition of values includes openness to diversity and understanding for various ideas originating from the Group's entities. This means that we fully accept the existence of individual Group entities. These values may not contradict the values of Energa Group.

Due diligence procedures:

- training for new employees,
- unethical behaviours – as defined in *Energa Group's Code of Ethics* – can be reported by email compliance@energa.pl operated by employees of the Compliance Team at the Legal Bureau of Energa SA.

2. Occupational Health and Safety Policy

The area of occupational health and safety is an extremely important area of our responsibility. It is regulated by national laws, EU regulations and specific standards, as well as internal statutes. The Group has implemented *Energa Group's Occupational Health and Safety Policy*, a key tool supporting the safe operation of the organisation. It also constitutes an indispensable part of a responsibly operated business. Its primary goal is to formulate guidelines for Energa Group entities in respect of engaging in actions in the area of occupational health and safety. Employees of Energa Group entities and all business partners acting on instructions given by Group entities are involved in the implementation of activities resulting from the *Occupational Health and Safety Policy*.

Energa Group's Occupational Health and Safety Policy, which is an overriding document, is a collection of guidelines in the area of occupational health and safety and touches upon such issues as roles and duties in the occupational health and safety management process, identification of legal requirements, occupational risk assessment, supervision of documentation, occupational health and safety training, monitoring, response to accident and malfunction, organisation of highly hazardous works, communication in the occupational health and safety area and public consultations. In accordance with applicable laws, internal regulations are developed while taking into account the specific nature of operations of each company.

Due diligence procedures:

- Occupational Health and Safety Council of Energa Group,
- Compliance Management System.

3. Energa Group's Mobbing and Discrimination Prevention Policy

The policy creates tools that support the employer in activities aimed at resolving conflicts, preventing mobbing, discrimination and other unwanted behaviour, including harassment or sexual harassment. The policy stipulates rules of preventing and responding to conflicts, as well as mobbing, discrimination or other unwanted behaviour – both in the workplace and during business trips or in any other work-related locations.

Procedures stipulated in the Policy do not prevent our employees from defending their rights using other procedures provided for by generally applicable laws. The use of such recourse by employees is not necessarily preceded by the exercise of procedures stipulated in the Policy.

In order to provide professional support to employers in resolving conflicts and preventing unwanted behaviours, including mobbing and discrimination, the following bodies were created within Energa Group:

- Council for the Prevention of Mobbing and Discrimination in Energa Group,
- Investigation Commission.

4. Energa Group's Abuse and Conflict of Interest Prevention Policy

Energa Group undertakes to operate in a fair manner, in compliance with applicable laws and *Energa Group's Code of Ethics*. Employees of Energa Group are also required to perform their duties based on the principles of integrity, impartiality, neutrality and transparency, and safeguard Energa Group's interests while complying with applicable laws, internal regulations and ethical standards. Any form of abuse or conflict of interest will not be tolerated. Procedures provided for in this Policy are aimed both at preventing abuse and conflict of interest, as well as ensuring due diligence when resolving any doubts and suspicions as to the correctness of actions of Energa Group companies. Should abuse or conflict of interest be confirmed, perpetrators of these acts will be met with consequences, depending on the type and scale of irregularities. Persons who report such behaviours are entitled to confidentiality of their identities, as well as protection from retaliatory measures caused by their disclosure of the irregularities.

All employees of Energa Group are required to apply this Policy and react to any violations of applicable laws, internal regulations and other principles and standards, in particular behaviours which may be classified as corruption, fraud, other forms of abuse or conflict of interest.

5. Policy for Managing the Potential of Employees of ORLEN Group of Companies

ORLEN Group's strategy in the HR area focuses on supporting the implementation of the Corporation's strategy and achievement of business goals in the area of human resource management, based on 4 primary pillars:

- partnership between HR and business areas in pursuing the Corporation's strategy,
- involving leadership,
- attitudes and competences of employees: commitment, search for inspirations, learning organisation,
- modern HR solutions and effective processes adapted to the needs of the business.

The purpose of implementing the HR strategy is to provide support in the implementation of the Corporation's strategy through reinforcing segment-based management, partnership and flexibility in collaboration with business in the implementation of strategy, as well as fostering adequate change within the organisation depending on the needs of individual segments and business areas.

The HR area builds competitive advantage by managing the potential of the Corporation's employees, appropriate management of internal resources (including unique knowledge), ensuring skill advantages and developing leadership. It supports the implementation of partial strategies in individual business areas through efficient and effective action and flexibility of implemented solutions, adapting to the needs of the business, partnership in collaboration and advisory in the HR area.

6. Energa Group's Age Management Policy

Energa Group is aware of the impact of current and future demographic changes on the effective model of business operation in the market. Factors such as population ageing, reducing number of working age individuals, increasing competition for skilled employees and projected shortage of specific skills/specialisation are predictors of defining competitiveness as dependant on the efficiency of employee potential management strategies implemented by the Group and its relations with the job market. Given the above considerations, Energa Group companies, as responsible employers who wish to foster their development strategies and competitiveness in the market, consciously implement age management solutions/programs, which constitute a way of counteracting the negative consequences of the imbalanced proportions of the age structure of the business's employees.

The Age Management Policy applies in all Energa Group companies and is aimed at maintaining continuity and efficiency of business processes through preventing skill gaps and ensuring the transfer of knowledge and skills.

The Age Management Policy is comprised of several areas and includes actions related to human resources and association actions, such as organisation of manufacture, work cycles, shift system or working time.

List of disclosures presented in this chapter:

| | |
|--|---|
| GRI 102-8 | Information on employees and other workers |
| GRI 102-41 | Employees covered by collective bargaining agreements |
| GRI 103-1 GRI 103-2 GRI 103-3 | Management approach |
| GRI 401-1 | New employee hires and employee turnover |
| GRI 401-2 | Benefits provided to full-time employees that are not provided to temporary or part-time employees |
| GRI 403-1 | Occupational health and safety management system |
| GRI 403-2 | Hazard identification, risk assessment, and incident investigation |
| GRI 403-3 | Occupational health services |
| GRI 403-4 | Worker participation, consultation, and communication on occupational health and safety |
| GRI 403-5 | Worker training on occupational health and safety |
| GRI 403-6 | Promotion of worker health |
| GRI 403-7 | Prevention and mitigation of occupational health and safety impacts directly linked by business relationships |
| GRI 403-9 | Work-related injuries |
| GRI 403-10 | Work-related ill health |
| GRI 404-1 | Average hours of training per year per employee, by gender and employment category |
| GRI 405-1 | Diversity of governance bodies and employees by gender, age group and other diversity categories |
| GRI 406-1 | Incidents of discrimination and corrective actions taken |

6. Ethics and anti-corruption

Energa Group places great emphasis on building and maintaining a culture of ethics within the organisation. We are certain that compliance of the actions, decisions, attitudes and behaviours of all employees with requirements derived from ethical values is of fundamental importance for the fulfilment of the company's mission and vision, its continuous development and growth and achievement of its business objectives. The above requirements are also related to applicable laws, guidelines of supervisory bodies, internal regulations and other regulations, which Energa Group entities are required to comply with.

6.1. Key non-financial performance indicators

6.1.1. Values of the organization and norms of conduct

Energa Group's Code of Ethics is the organisation's basic regulation in the area of ethics and compliance. It regulates ethical matters related to the operation of the group of companies and its employees, and in consequence – rules to be followed in relations with the external environment and within the Group. Its provisions closely follow strategic values of the organisation: responsible development, integrity and security, courage and innovation and lasting relations. All employees are required to familiarise themselves with the rules and standards included in the *Code of Ethics* and confirm doing so by signing a declaration included in their personal file. New employees are familiarised with the document during the onboarding process. In any regulation is updated, including the *Code of Ethics*, employees are promptly notified of this fact using available internal communication channels, such as email or intranet. These overarching values are described in detail in the *Code of Ethics*.

Energa Group's strategic values:

| | | | |
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| <p>Responsible development</p> <ul style="list-style-type: none"> • setting business goals and striving to achieve them while striking a balance in regard to identified risk, with awareness of the consequences and responsibility to actions and decisions taken, • being aware of the needs and expectations of stakeholders, ensuring a balance between them and taking them into account in planned and implemented actions. | <p>Integrity and safety</p> <ul style="list-style-type: none"> • seeing the development of the organisation from the long-term perspective, while striking a balance between business objectives and risk taken on, • ensuring energy security for customers, using modern and reliable technologies and a broad range of products and services. | <p>Courage and innovation</p> <ul style="list-style-type: none"> • thinking about new directions of action and opportunities for development of the organisation, while remaining aware of and thoroughly assessing the risk taken on, • searching for and developing innovative, economically viable solutions that meet the needs and expectations of our customers. | <p>Lasting relations</p> <ul style="list-style-type: none"> • maintaining deep and lasting relations with our customers, • pursuing a customer-oriented business model, • respect, openness and understanding for the expectations of our stakeholders, • willingness to implement these expectations in the organisation's interest. |
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The Code of Ethics defines standards of work and conduct:

- We observe the law.
- We act with integrity.
- We treat others with respect.
- We are transparent, we communicate in an open and considered manner.
- We create a friendly and safe work environment.
- We cooperate with our business partners in an honest manner.
- We remain neutral in terms of beliefs and political opinions while at work.
- We do not abuse Energa Group's resources.

6.1.2. Ethical violations whistleblowing mechanisms

In case of any concerns in matters related to values and ethical principles applicable within Energa Group or in case of any violations of these values or principles, employees may contact the Compliance Unit at Energa SA by sending email to compliance@energa.pl or directly contact their supervisors. The Board of Directors of Energa SA appointed its Representative for Compliance System Management, who acts as the complaint advocate within the organization in matters related to ethics and whose responsibilities include ensuring the compliance of the organisation (and its employees) with standards specified in the *Code of Ethics*.

Employees are notified of mechanisms enabling them to obtain advice as to what constitutes appropriate behaviour in ethical matters by means of publications on the intranet and during dedicated training courses. Potential violations can be anonymously reported by sending an email to compliance@energa.pl from any email address. Each message is kept confidential and the person reporting the issue is protected against any potential retaliation.

Compliance of Energa Group's actions with applicable laws, internal regulations and ethical standards forms the basis of Energa Group's organisational culture and actions and decisions made by its employees. The nature and scale of the corporation's activities, as well as the current legal and regulatory and market environment give rise to the need to operate an efficient Compliance Management System that enables verification and management of compliance. Solutions and mechanisms implemented in this regard help achieve the highest standards in this area.

Energa Group's Compliance Management System in particular includes:

- identifying the areas of operations of Energa Group entities where risk and consequences and consequences of a potential breach of applicable regulations are particularly high,
- assessing and monitoring the organisation's fulfilment of requirements,
- communication and appropriate reporting of compliance status in individual entities,
- activities aimed at improving the level of knowledge and awareness among employees as to the adopted ethical standards and risks associated with non-compliance, including procedures enabling the reduction of this risk and detection of non-compliances,
- advice and support for employees in compliance-related matters.

The Compliance System enables a full picture of Energa Group's compliance with significant requirements (at the level of individual companies or the entire organisation) and allows consolidating the Group's approach to compliance management, which benefits all stakeholders of Energa Group. The Group received the Compliance Award 2020 given by the Compliance Institute for its implementation of the Compliance System and the operation was deemed an exemplary CSR practice in the *2019 Responsible Business in Poland Report*.

6.1.3. Anti-corruption

Energa Group has implemented an *Anti-Corruption and Conflict of Interest Prevention Policy*, which ensures standardisation of requirements in respect of employees with regards to reacting to any violations of applicable laws, internal regulations and other principles and standards, in particular those that can be classified as corruption, fraud or other types of abuse or conflict of interest.

In order to reinforce knowledge of the provisions of this document and applicable procedures that are based on it, the organisation has been implementing information and educational activities addressed to its employees. Online training courses concerning the prevention of abuse and conflict of interest were provided during the reporting period.

Furthermore, in order to reinforce the culture of ethics within the organisation, in particular in the context of ensuring integrity and preventing unfair competition, the Group implemented *Rules of Accepting and Offering Gifts*, a uniform document applicable to all entities of Energa Group.

The abuse reporting mechanism currently in place enables anonymously reporting any violations. Furthermore, reports may be sent in by individuals from outside the organisation (including its business partners or customers). In exceptional cases, depending on the scale and nature of potential abuse (at the informant's discretion), the report may also be addressed to the Board of Directors or Supervisory Board of Energa SA.

In order to safeguard the business security of Energa and ensure due diligence, prospective or existing business partners of Energa Group companies are subjected to verification. Energa Group entities are also required to monitor the operations of their business partners throughout the course of their collaboration and to immediately respond to any circumstances that might adversely affect the collaboration, in particular where a risk exists that the business partner might fail to comply with its obligations.

6.1.4. Counteracting mobbing and discrimination

Rules and procedures governing the reporting by employees of behaviour that might constitute mobbing and discrimination, as well as other unwanted behaviours are stipulated in *Energa Group's Mobbing and Discrimination Prevention Policy*. Additional details on this aspect are available in the *Labour Issues and Human Rights* section.

6.1.5. Anti-competitive activities, anti-monopoly practices

During their operations, Energa Group companies make every effort to comply with competition protection laws, preventing such behaviours and decisions on the part of their employees and activities of and agreements between businesses that might be deemed as contrary to rules and regulations concerning fair competition and as such be harmful to consumers, business partners and competitors.

6.2. Description of policies implemented

Below we present a list of applicable policies and internal organisational statutes that help regulate the area of ethics and anti-corruption practices within Energa Group:

- **Energa Group's Code of Ethics** – the document stipulates standards of ethical behaviour that employees of Energa Group are expected to follow, including values of importance to our organisational culture and rules governing conduct in relations with stakeholders and our environment, as well as internal relations between Group companies and their employees.
- **Energa Group's Mobbing and Discrimination Prevention Policy** – the purpose of this document is to define the concepts of mobbing, discrimination and harassment, prohibit any such behaviours on the part of our employees, as well as specify mechanisms and rules of conduct to be followed in order to counteract, report and respond to any identified instances of unwanted behaviours, with information on channels used to report incidents in this area and rules, procedures and participants in investigations.
- **Energa Group's Abuse and Conflict of Interest Prevention Policy** – the regulation defines the concept of abuse (including fraud, corruption and conflict of interest) and describes rules of conduct and mechanisms used to counteract, identify, investigate and respond to any identified instances of such behaviours. Each report of potential or actual abuse made using the reporting channels stipulated in the document will be subject to an investigation and further action depending on its outcome.
- **Energa Group's Rules of Accepting and Offering Gifts** – the document specifies rules of conduct for employees to be followed when accepting and offering gifts and implements a clear and overarching rule prohibiting employees for accepting or offering gifts where the type of value of a gift or circumstances surrounding the acceptance or offering of a gift would lead to concerns in the context of compliance with legal regulations and ethical standards and might negatively impact Energa Group's interests and image.
- **Energa Group's Compliance Management Policy** – the document regulates compliance management within Energa Group, specifying the organisational structure, participants and rules of operation of the Compliance System, i.e. a set of solutions and mechanisms aimed at reducing the risk of negative consequences of failing to comply with applicable regulations and accepted standards and values. The Compliance Policy in particular includes the following issues: identification of the areas of operation of Energa Group associated with particular risk of non-compliance, register of regulations, assessment of compliance with requirements, as well as communication and reporting on the status of compliance within Energa Group and reporting non-compliances, education and raising awareness among employees in this regard.

6.3. Description of due diligence procedures

Energa Group and Energa SA, as the Group's parent company, take effort to ensure the effective implementation of the above internal regulations at Group companies. This is demonstrated by a number of solutions of a regulatory, organisational and process-related nature, aimed at preventing, detecting, investigating and responding to any incidents or employee behaviours contrary to the standards adopted by the organisation.

The organisation's primary activities in this area include:

- providing training to employees in the area of ethics, preventing abuse, conflict of interest and unwanted behaviours in the field of employee relations (mobbing, discrimination, harassment);
- establishing organisational structures with clearly defined scopes of responsibility in respect of preventing abuse (including corruption) and conflicts of interest, preventing mobbing and discrimination and managing compliance with key requirements;
- applicable rules and process solutions in the area of reporting any violations of regulations in this area – including the specification of a number of reporting channels (including anonymous channels), specification of rules governing the receipt of reports, investigation procedures and further actions depending on the outcome of the investigation, scale and nature of the report. Informants are entitled to confidentiality and Group employees are additionally entitled to protection against any retaliation, discrimination and other unfair treatment. Perpetrators of retaliatory practices will be subject to disciplinary procedures;
- solutions aimed at registering, monitoring and communicating risks and non-compliances in this area (in the form of appropriate reports, statements and publications) in order to ensure effective supervision and review of actions taken by the management and governing bodies of Group companies.

In accordance with guidelines of documents such as *Good Practices for Companies Traded on the Stock Exchange*, Energia SA has also implemented effective internal control, risk management and compliance systems that are subject to review of bodies that include the Company's Supervisory Board, as well as an audit and internal control function. The concurrent operation of these systems and inclusion of issues related to ethics and anti-corruption in their scope contributes to enabling effective oversight and control of the area in question, obligating the organisation to plan, implement and monitor activities that allow it to reduce the level of existing risk.

List of disclosures presented in this chapter:

GRI 102-16 Values, principles, standards, and norms of behaviour

GRI 102-17 Mechanisms for advice and concerns about ethics

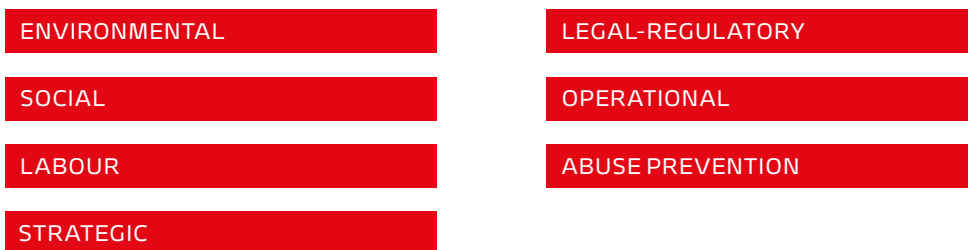
7. Non-financial Risk management

7.1. Risk management at Energa Group

Risk management within Energa Group is a constant process, aimed at identifying potential incidents that might impact the achievement of the organisation's strategy and business objectives. The process is simultaneously oriented towards keeping risk within specified limits. It is based on international standards (ISO, COSO II, FERMA) and applies to all business lines and levels of the organisation. It passes from the level of individual organisational units to top management, from companies of Energa Group to the parent company – Energa SA.

The formal framework of the *Integrated Risk Management System* within the organisation are specified in *Energa Group's Risk Management Policy*, forming part of the Agreement on Collaboration made between Energa Group companies. The regulation's benefits include the application of uniform rules across the entire Energa Group; the policy also specifies individual stages and roles in the risk management process.

As part of its *Risk Management System*, Energa Group identifies major non-financial risks in areas such as:



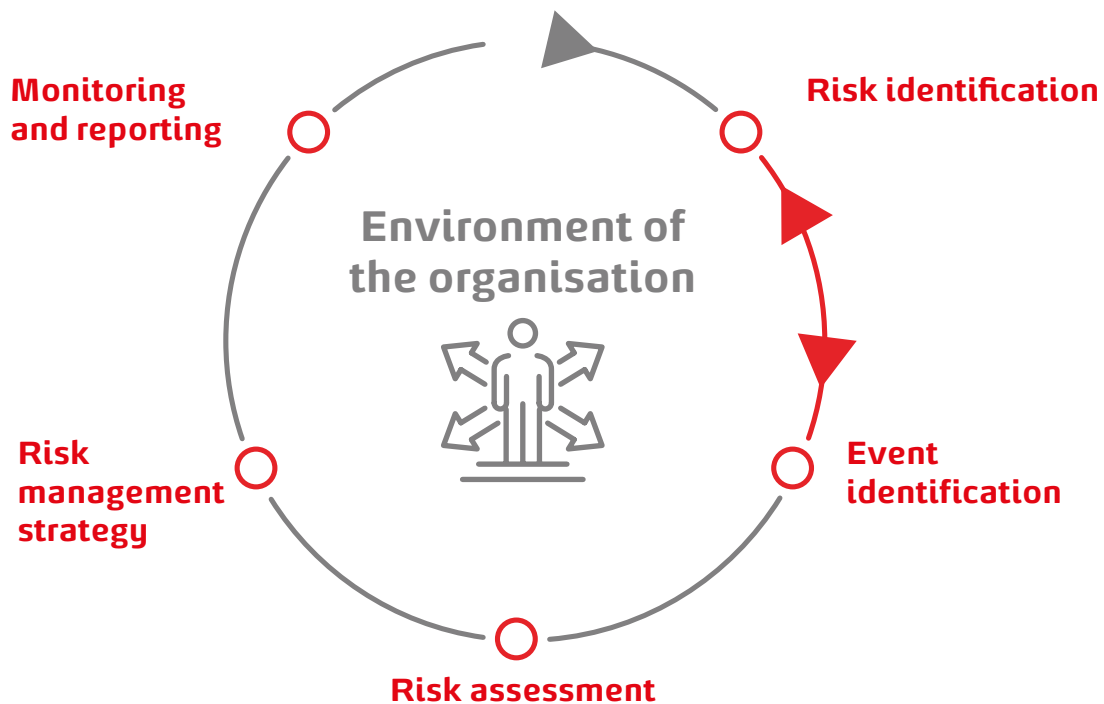
7.1.1. Integrated Risk Management System

The *Risk Management System* operating within Energa Group integrates and accounts for various processes defined for specific risks.

- Integrated Risk Management System within Energa Group**
- Strategy and objective risk management.
 - Environmental risk management (EMAS, ISO 14001).
 - Information safety risk management (ISO 27001).
 - Business continuity interruption risk management (ISO 22301).
 - Personal data protection risk management (DPIA).
 - Cybersecurity risk management (the National Cybersecurity System Act).
 - Compliance risk management (Compliance Management System).
 - Professional risk management.
 - Financial risk management (interest rate risk, exchange rate risk, credit risk, liquidity risk).
 - Project risk management.
 - Trade risk management.
 - IT/OT risk management.

7.1.2. Risk management process

The holistic model of system-based approach to the management of various types of risks within Energa Group is illustrated on the below chart:



The environment of the organisations forms the basis for all other elements of the risk management process. It fosters risk awareness among employees. It includes both the internal and external context of the organisation, taking into account issues such as:

- social, cultural, political, regulatory, economic, technological and environmental aspects,
- stakeholder relations,
- corporate governance, organisational and operational structures,
- strategy and objectives,
- organisational culture,
- regulations, standards and guidelines,
- roles and scopes of responsibility.

Identification of risks ties directly with the ability to identify an event, constitutes an element forming part of interchangeable process sequence. Examples of risk identification methods include SWOT, PEST and BIA analysis, stakeholder analysis or analysis of reports and statements. Full risk identification includes:

- building an initial list of risks, taking into account opportunities and risks and the context of the organisation,
- specification of impact of risks on the company's management objectives,
- risk placement based on the risk model,
- specification of risk owner,
- description of the risk and specification of factors and impacts.

Identification of events forms part of the process which can be interchangeable with or complementary to risk identification. Further actions following the identification of a risk event include:

- reporting the event to the Risk Division by an employee,
- registration of the event in a dedicated system,
- description and analysis of the event, taking into account ongoing updates and plan for dealing with the risk,
- notification of relevant stakeholders of the occurrence of the event.

Risk assessment takes into account risk probability and impact assessment and determines the severity of risk on their basis. The assessment includes:

- inherent risk, i.e. risk prior to the application of control mechanisms,
- residual risk, i.e. risk remaining after the application of control mechanisms,
- expected risks, i.e. risk remaining after the application of risk action plans.

Risk management strategy is determined after performing the analysis and assessment of each identified risk. Depending on the risk assessment, the strategy may involve:

1. **Risk acceptance**, i.e. a situation where:
 - control mechanisms optimally reduce the risk and there is no need for additional actions,
 - control mechanisms do not optimally reduce the risk, but taking additional action to reduce the risk is not feasible or possible.
2. **Risk rejection**, i.e. a situation where the organisation may:
 - avoid the risk,
 - take on or increase the risk to take advantage of an opportunity,
 - remove risk factors or consequences,
 - transfer the risk,
 - strengthen control mechanisms.

Monitoring and reporting includes regular verification and oversight of risk identification, event identification, risk assessment and implementation of risk management strategy. Monitoring and reporting also applies to the management system itself.

The following actions are implemented as part of a system-based approach to risk management:

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| <p>Ongoing risk management</p> <p>Identification and assessment of risk and development of a risk management strategy, including as part of projects, programmes, task forces and ongoing activities, in the context of events inside and outside Energa Group.</p> | <p>Ad-hoc monitoring of key risks</p> <p>Verification of validity of factors and impacts and the status of implementation of action plans affecting the assessment of key risks.</p> | <p>Cyclical risk management</p> <p>Risk reviews involving the identification and assessment of risk and development of a risk management strategy based on a comprehensive approach, on all levels of the organisation and Energa Group (companies, business lines, parent company) on a biannual basis.</p> | <p>Cyclical monitoring of implementation of action plans</p> <p>Action plan reviews involving the update of risk management strategies and verification of actions taken by risk owners to reduce risk, on a quarterly basis.</p> |
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7.1.3. Roles and responsibilities within the Risk Management System

Effective and efficient activities forming part of the risk management system are carried out thanks to a clear division of roles and responsibilities within the system:



Employees
Report information on events and risks.



Risk owner
Manages risk, develops and implements a risk management strategy, monitors risks and keeps it within specific limits.



Risk Division
Coordinates the risk management process, performs risk and risk management strategy reviews, reports to top management.



Management
Exercises oversight and specifies directions of risk management, accepts results of risk reporting and determines risk appetite.



Audit and Control Division
Carries out an independent and objective review of components of the *Risk Management System* and accounts for the results of risk reporting as part of its tasks.



Audit Committee
Monitors the effectiveness of the *Risk Management System*.

7.1.4. Tools supporting the Risk Management System

Systemic risk management is implemented using tools maintained and developed as part of internal competences within Energa Group, such as:

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| Risk sheet | a uniform form used across the Group to describe and assess risk. |
| Event sheet | a uniform form used across the Group to describe and report risk materialisation events. |
| Risk/event register | a list of all risks/events in a company or the entire Group, enabling the preparation of analyses and generation of statistics. |
| Risk map | a graphic representation of the extent of impact and probability and importance of risk assessment. |
| Risk model | a list of main areas and categories of risk, enabling comprehensive risk identification and allowing for the comparison and aggregation of risks across all areas of Energa Group's operations. |
| ERM site | a dedicated area within the Microsoft SharePoint environment, enabling documentation archival and versioning, event reporting and credential management. |

7.2. Environmental risks

Risks with a potential negative environmental impact, are identified and managed by Energa Group companies. They are related to aspects such as the need to strive for carbon neutrality, observe legal regulations, environmental permits, norms and standards, as well as limitations to capital works in special protection areas. The intentions and direction of action of Group companies with regards to the effects of the Group's environmental activities and energy efficiency are specified in Energa Group's Environmental and Energy Policy. The undertaking made by Energa Group's controlling entity, i.e. PKN ORLEN, to achieve carbon neutrality by 2050 is an important criterion governing Energa Group's actions in terms of climate.

To prevent climate change, Energa:

- has incorporated an energy management system into its *Integrated Environmental and Energy Management System* which complies with the requirements of the EMAS Regulation and ISO 14001 and ISO 50001 standards,
- has been reducing its production of energy using emission-producing generating assets,
- has been efficiently increasing the share of zero-emission renewable sources in its energy output,
- has been systematically reducing its consumption of raw materials, water and energy in order to build resilience across the entire value chain of the organisation in the face of dwindling natural resources.

In the energy sector, climate change has impacted processes related to the generation and distribution of electricity and demand for electricity and heat.

Risks related to climate change are physical risks and are primarily derived from fluctuating weather conditions, including extreme conditions and risks related to the transition towards a closed-loop economy, i.e. low-emission economy resistant to climate change.

Short-term physical risk, related to the increase of frequency and strength of winds and temperature fluctuations, causes outages in distribution grids and generates costs related to remedying such outages, as well as reduces energy efficiency. To counteract this risk, Energa Group implements actions aimed at improving grid resilience through the modernisation of distribution lines, as well as by implementing the TETRA digital communication system, which enables the rapid determination of the location and cause of the outage. Actions aimed at improving grid stability and reducing electricity losses in distribution grids (with benefit to the natural environment) also include the project and the construction of energy warehouses.

Long-term physical risk, related to the decline of water levels in rivers and reservoirs, particularly during the summer, reduces the efficiency of generating assets. To counteract this risk, regular modernisation and renovation works are carried out in hydropower plants operated by Energa RES, with the purpose of increasing the energy efficiency of the facilities. Company Energa Elektrownie Ostrołęka has constructed a special-purpose weir that impounds water on the Narew river, a strategic and innovative solution that ensures the adequate level of water to enable its intake for cooling purposes irrespective of weather conditions, e.g. drought or ice jam. This ensures the continuous operation of energy generating units.

Risks related to transitioning towards a closed-loop economy include technological, financial, regulatory and social risks. This transition within Energa Group is made possible by the development of high-performance low- and zero-emission generating systems, storage and distribution of energy, as well as optimisation of water and non-renewable resource management. To reduce technological and financial risks to a minimum, Energa Group is preparing its power system to changing climate conditions, taking into account the winter peak demand period and the energy demand levels in the summer. To this end, the organisation is improving the flexibility of its system with reference to the increasing number of unstable renewable energy sources through building energy storages and improving the efficiency of transmission and distribution grids.

Energa Group reduces social risks by creating initiatives aimed at its stakeholders and designed to mitigate the consequences of climate change and adapt to this change. The Sales Business Line offers comprehensive services to its private and commercial customers, related to the design and installation of photovoltaic panels, in accordance with the prevailing trends in Poland. It has also made the Business Energy Audit product available to its customers, which provides solutions and tools that facilitate the rationalisation and reduction of energy consumption. This helps customers and save on costs and reduce CO₂ emissions due to the decreased demand for energy.

Energa Group also supports the development of dispersed renewable energy sources, in particular micro-generating installations. It allows the connection of more and more prosumers to its distribution grid and mobilises users to improve the efficiency of their energy use.

Adapting the power system to climate change has a positive impact on the Group's financial results (including thanks to reductions in expenses, improved image of the Group among stakeholders or improved credit rating in institutions that support the development of green business).

The Group has reacted to risk related to climate change by engaging in ongoing work on drafting of internal regulations under the name *Energa Group's Climate Policy Until 2030 and Energa Group's Decarbonisation Strategy*.

7.3. Social risks

Risk related to activities carried out by Energa Group that impact the Group's image is identified and managed by Energa SA. Risk is limited by measures that include adapting a centralised marketing model in Energa SA and the application of rules of marketing communication, external communication and internal communication and identity manuals in Energa SA's subsidiaries. The organisation monitors media and its environment for brand presence and carries out customer satisfaction and Energa brand recognition surveys. The Group creates policy in respect of social programmes that is aimed at improving brand equity.

Furthermore, Energa SA identifies and manages risk related to sponsorship activities. Risk reduction is ensured through the application of *Principles of Sponsorship Activity* and performing activity analyses of Energa Group's sponsorship activities. Previous sponsorship activities have been modified and new activities were planned so as to minimise the probability of contracting the SARS-CoV-2 virus.

Risk related to the correct and timely provision of information for the purposes of ratings, rankings and reports in the ESG area, as well as the correct choice of supported stakeholders, is identified and managed by Energa SA. Key risk mitigation mechanisms in this area include the implementation of *Energa Group's Strategy for Sustainable Development and Corporate Social Responsibility* and dialogue with stakeholders.

Risks related to customer service quality and standards within Energa are managed both at the level of Energa SA (oversight) and the sales of distribution company (operations). Energa Group has implemented *Customer Service Process Oversight and Coordination Principles*. The organisation reviews customer service standards and monitors customer indicators on an ongoing basis. Companies publish handbooks for their customers on their websites, which detail the procedure of submitting and handling requests.

Risks related to communication, both with the media and representatives of the capital market are identified and managed at the level of Energa SA. Risks are mitigated by activities such as external communication carried out on behalf of Energa Group by Energa SA's Press Relations Bureau, i.e. media monitoring and responding to events as they unfold, regular contact with journalists, preparing press releases concerning ongoing operations or organising conferences or press briefings on key events and plans. Risk is also mitigated by complying with information obligations resulting from the trading of Energa SA's stocks on the Stock Exchange and provisions *Investor Relations Information Policy*, as well as keeping in contact with analysts on an ongoing basis.

7.4. Labour risks

Risk related to ensuring suitable skills and adequate staff, setting levels of interaction with the labour market or HR and remuneration processes is identified and managed at the level of Energia SA and – on the operational level – individual companies. Primary mechanisms for mitigating this risk include internal regulations implemented by the organisation (including the *Policy for Managing the Potential of Employees of the ORLEN Group of Companies*, *Age Management Policy*, *Mobbing and Discrimination Prevention Policy*, *Code of Ethics*, work regulations, remuneration regulations), monitoring of legal regulations in the area of labour law, monitoring of labour-related indicators (HR controlling), setting objectives for staff and assessing their achievement, regular training courses or initiatives implemented by HR departments.

It also bears noting that other risks managed by Energia include the risk of unethical behaviour, including mobbing and discrimination; the organisation takes effort to ensure the highest standards of transparency and guarantee ethical behaviour and a sense of security among its employees. The Group carries out actions in order to raise awareness among employees, including in the form of training courses. It has also implemented dedicated channels that facilitate reporting any unwanted behaviours. Tasks are implemented by entities such as the Council for the Prevention of Mobbing and Discrimination, Quick Response Teams, Investigation Commission and its Coordinator and are aimed by determining the validity of a complaint, prevent the reoccurrence of unwanted behaviours and ensure protection and support for employees.

Risk related to the coronavirus and its impact on Energia Group, connected with the spread of COVID-19 caused by the SARS-CoV-2 virus, as well as the potential consequences of the virus/disease affecting the operations of Energia's subsidiaries. The risk is mitigated by actions such as the implementation of uniform recommendations of the COVID-19 Hazard Monitoring Team operating at the level of Energia SA, such as analysing information on hazards, recommending switching to remote work, providing protection equipment, ensuring disinfection and monitoring of temperature, ongoing communication with employees. Additional actions were also taken in accordance with the Guidelines and Instructions in case of infection developed by individual companies, taking into account the nature of work in a given company. Each company planned control mechanisms adequate to their needs and capabilities, such as framework agreements with laboratories for the supply of RT-PCR genetic tests or reimbursement of costs of coronavirus tests done by the company's employees and associates.

Occupational health and safety and fire safety risk, concerning workplace accidents and occupational diseases involving persons employed by the organisation, as well as the risk of fire in the premises of Energia Group companies, is identified and managed in all Energia Group companies. Risk is mitigated by measures that include the application of *Energia Group's Occupational Health and Safety Policy*, providing training courses in occupational health and safety and fire safety to employees, as well as tasks implemented by occupational health and safety services in accordance with the *Regulation of the Council of Ministers on the Occupational Health and Safety Service*. The organisation also monitors legal regulations and collaborates with the Social Labour Inspection.

Risk related to dialogue and relations with trade unions concerns dialogue with the social partner, in particular trade unions. Energia Group places particular emphasis on maintaining adequate relations with representatives of the society – a single social dialogue policy is in effect in the entire organisation and information about planned changes are disseminated. Collective bargaining agreements and substantive agreements are in effect in individual companies of Energia Group.

7.5. Other non-financial risk

Strategic area

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| <p>Risk of strategic programmes related to the implementation of Energa Group's Strategy</p> | <p>Managed both at the level of Energa SA and individual companies involved in the implementation of the programmes. Key risks in this area are related to disturbances and significant deviations in respect of KPIs, set for strategic programmes, including in regard to taking advantage of revenue-stabilising regulations, modernisation of grid assets and implementing a new business model, oriented towards customers and development of new areas of operation. The risks are mitigated by actions such as implementing tasks using a programme-based formula (project-based – steering committees, task forces) and constant monitoring of works.</p> |
| <p>Project/capital works risks</p> | <p>Related to capital works projects carried out by Energa of ORLEN Group and its subsidiaries, including the construction of a new power unit in Ostrołęka and Energa's capital engagement in other projects. Risk management involves ongoing control and monitoring of the projects on an operational and strategic level (Committees and Top Management) and constant collaboration with law firms.</p> |
| <p>Market risks related to electricity and fuel trading and property rights</p> | <p>In the context of price fluctuations, liquidity on the forward and SPOT markets, meeting the demands of customers and complying with regulatory and legal requirements. Risks also include a drop in PSE's demand for force-produced energy from the generating assets in Ostrołęka and securing CO₂ emission allowances and are mitigated by measures such as implementing tasks resulting from risk management rules adopted in the main area of Energa Obrót's operations, <i>Portfolio Management Policy</i> and a number of operational instructions, as well as production cost control.</p> |

Legal and regulatory area

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| <p>Regulatory risks related to changes in legislation</p> | <p>Risks affecting the operation of individual business lines of Energa Group. They may result in reduced liquidity, force the modification of capital works plans or increase operating costs. They also constitute an opportunity for adopting legal solutions that will enable obtaining additional funds or will guarantee a system of support for the corporation's assets. In order to limit potential consequences of regulatory risks, Energa implements actions such as monitoring changes in legislation, participating in the legislative process, including by monitoring and issuing opinions on legislative initiatives, as well as participation of Energa's representatives in industry organisations in the power sector.</p> |
| <p>Legal risk related to court and administrative proceedings pursued by or against entities of Energa Group</p> | <p>The risk is identified and managed both at the level of Energa SA and individual companies who are party to such proceedings. In order to mitigate legal risks and limit their impact, the organisation implements actions specified in the <i>Rules of Coordination of Legal Assistance in Energa Group</i> and collaborates with external law firms. A selected group of contracts, i.e. related to sponsorship, CSR, PR and consulting made without a call for tenders, is analysed in terms of compliance. Litigation is also analysed in terms of whether a settlement would be possible.</p> |
| <p>Risk of suspension of the Polish capacity market</p> | <p>The risk relates to the Court of Justice of the European Union granting the complaint lodged by company Tempus Energy and rendering a judgment annulling the decision of the European Commission to approve the Polish capacity market and is identified within Energa Group. Energa SA is monitoring events related to the above risk. Furthermore, one of its subsidiaries participates in the above case as an intervener.</p> |
| <p>Risk of personal data protection</p> | <p>The risk relates to potential breaches of rights or freedoms of individuals in connection with the protection of personal data processed by the organisation and meeting requirements of GDPR, as well as any other external rules and regulations governing the processing of personal data and privacy. Energa Group has implemented the <i>Personal Data Protection Policy</i>, which stipulates, among others, rules governing outsourced processing, handling of data breaches, obtaining consent to process personal data, exercising rights of data subjects or training in personal data protection.</p> |

Operational area

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| <p>Risks related to basic operations of individual Energa group companies:</p> | <p>the risks are identified and managed in accordance with <i>Energa Group's Risk Management Policy</i>. Apart from risks related to core business, the operational area also includes cybersecurity risks, related to incidents that might negatively impact the organisation's operations. The risk primarily applies to information systems used to provide key services. The risk is identified and managed in the context of e.g. the requirements of the <i>National Cybersecurity System Act</i>, in companies deemed to constitute key service operators, as well as in the Group company that provides cybersecurity services.</p> |
| <p>Risk of interruption of business continuity:</p> | <p>the risk is related to the interruption of critical operations and is identified in areas that include distribution and generation. The risk covers issues concerning the availability of assets, their technical condition and efficiency, as well as the impact of weather and water conditions and random events. Risk management involves the performance of regular inspections and assessments of the condition of equipment and machines, implementation of business continuity strategies and plans, emergency and recovery procedures, infrastructure protection plans and rules of conduct in crisis situations.</p> |
| <p>Risk of interruption of continuity of operations, risk of IT/OT systems:</p> | <p>the risk is connected with ensuring availability, integrity and confidentiality of information and telecommunications systems, including associations between them/their integration. Risks related to IT and OT systems are managed in individual companies. The <i>IT Policy</i> applicable within Energa Group specifies the rules of functioning of the IT area and selected issues concerning the OT area.</p> |

Abuse prevention area

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| <p>Risk concerning situations and behaviours related to abuse:</p> | <p>including conflict of interest, corruption and fraud that may potentially be committed by employees of Energa Group companies, is identified and managed both at the level of Energa SA, as well as key Energa Group companies. In order to reduce the potential for corruption and other abuse, <i>Energa Group's Abuse and Conflict of Interest Policy</i> and <i>Energa Group's Rules of Accepting and Offering Gifts</i> have been implemented, for purposes that include preventing unfair competition in relations with business partners and external entities. <i>Energa Group's Code of Ethics</i> was also implemented and specifies values which should be followed by employees and the organisation itself. Online training courses are organised for employees. The organisation also collaborates with law enforcement authorities to prevent any abuse.</p> |
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List of disclosures presented in this chapter:

- GRI 102-11** Whether and how the organization applies the Precautionary Principle or approach
- GRI 102-15** A description of key impacts, risks, and opportunities

GRI table (GRI index)

| Profile disclosures | | | |
|---------------------|--|------------------------------|---|
| Disclosure | Description of disclosure | Name of GRI Standard | Value/location in the statement |
| GRI 102-1 | Name of the organization | GRI 102: GENERAL DISCLOSURES | Information on the statement |
| GRI 102-2 | A description of the organisation's activities, brands, products, and services | GRI 102: GENERAL DISCLOSURES | Key Companies Main products and brands Main generating assets |
| GRI 102-3 | Location of headquarters | GRI 102: GENERAL DISCLOSURES | Location of operations and main generating assets |
| GRI 102-4 | Location of operations | GRI 102: GENERAL DISCLOSURES | Location of operations and main generating assets |
| GRI 102-5 | Ownership and legal form | GRI 102: GENERAL DISCLOSURES | Energa Group's shareholders |
| GRI 102-6 | Markets served | GRI 102: GENERAL DISCLOSURES | Location of operations and main generating assets |
| GRI 102-7 | Scale of the organization | GRI 102: GENERAL DISCLOSURES | About Energa Group Structure of employment at Energa Group |
| GRI 102-8 | Information on employees and other workers | GRI 102: GENERAL DISCLOSURES | Structure of employment at Energa Group |
| GRI 102-9 | Supply chain | GRI 102: GENERAL DISCLOSURES | Group's suppliers |
| GRI 102-10 | Significant changes to the organization and its supply chain | GRI 102: GENERAL DISCLOSURES | Energa Group's shareholders |
| GRI 102-11 | Whether and how the organization applies the Precautionary Principle or approach | GRI 102: GENERAL DISCLOSURES | Non-financial risk management |
| GRI 102-12 | A list of externally-developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes, or which it endorses | GRI 102: GENERAL DISCLOSURES | Increase in activities in support of biodiversity and protection of water sources |
| GRI 102-13 | Membership of associations | GRI 102: GENERAL DISCLOSURES | Industry initiatives and organisations |
| GRI 102-14 | Statement from senior decision-maker | GRI 102: GENERAL DISCLOSURES | Letter from the CEO |
| GRI 102-15 | Key impacts, risks, and opportunities | GRI 102: GENERAL DISCLOSURES | Energa Group's strategy Financial risk management |
| GRI 102-16 | Values, principles, standards, and norms of behaviour | GRI 102: GENERAL DISCLOSURES | Values and norms of behaviour of the organisation |
| GRI 102-17 | Mechanisms for advice and concerns about ethics | GRI 102: GENERAL DISCLOSURES | Mechanisms for reporting irregularities concerning ethical compliance |
| GRI 102-18 | Governance structure of the organization, including committees of the highest governance body, responsible for decision-making on economic, environmental, and social topics | GRI 102: GENERAL DISCLOSURES | Management structure |
| GRI 102-40 | A list of stakeholder groups engaged by the organization, in the form of a chart | GRI 102: GENERAL DISCLOSURES | Group's stakeholders |
| GRI 102-41 | Employees covered by collective bargaining agreements | GRI 102: GENERAL DISCLOSURES | Dialogue with Energa Group Employees and organisations representing employees |
| GRI 102-42 | The basis for identifying and selecting stakeholders with whom to engage | GRI 102: GENERAL DISCLOSURES | Group's stakeholders |
| GRI 102-43 | The organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group | GRI 102: GENERAL DISCLOSURES | Group's stakeholders Dialogue addressed at customers Dialogue addressed at local communities and its results |
| GRI 102-44 | Key topics and concerns raised by stakeholders | GRI 102: GENERAL DISCLOSURES | Groups' stakeholders Meeting the expectations of customers through products and services Key initiatives implemented in local communities |

| Disclosure | Description of disclosure | Name of GRI Standard | Value/location in the statement |
|--|---|---|---|
| GRI 102-45 | Entities included in the consolidated financial statements | GRI 102: GENERAL DISCLOSURES | Groups' stakeholders Meeting the expectations of customers through products and services Key initiatives implemented in local communities |
| GRI 102-46 | Defining report content and topic boundaries | GRI 102: GENERAL DISCLOSURES | Information on the statement |
| GRI 102-47 | List of material topics | GRI 102: GENERAL DISCLOSURES | Information on the statement |
| GRI 102-48 | The effect of any restatements of information given in previous reports, and the reasons for such restatements (e.g. mergers or acquisitions, change of base years or periods, nature of business, measurement methods) | GRI 102: GENERAL DISCLOSURES | Information on the statement |
| GRI 102-49 | Changes in reporting (Significant changes from previous reporting periods in the list of material topics and topic boundaries) | GRI 102: GENERAL DISCLOSURES | Information on the statement |
| GRI 102-50 | Reporting period | GRI 102: GENERAL DISCLOSURES | Information on the statement |
| GRI 102-51 | Date of most recent report | GRI 102: GENERAL DISCLOSURES | Information on the statement |
| GRI 102-52 | Contact point | GRI 102: GENERAL DISCLOSURES | Information on the statement |
| GRI 102-53 | Claims of reporting in accordance with the GRI Standards, either Core or Comprehensive | GRI 102: GENERAL DISCLOSURES | Information on the statement |
| GRI 102-54 | GRI content index | GRI 102: GENERAL DISCLOSURES | Information on the statement |
| GRI 102-55 | GRI index | GRI 102: GENERAL DISCLOSURES | GRI table |
| GRI 102-56 | Policy and current practice with regard to seeking external assurance for the report | GRI 102: GENERAL DISCLOSURES | No external assurance for the report was sought. |
| Detailed disclosures – ECONOMIC RESULTS | | | |
| GRI 103-1 | The management approach and its components | GRI 103: MANAGEMENT APPROACH 2016 | |
| GRI 103-2 | Evaluation of the management approach | GRI 103: MANAGEMENT APPROACH 2016 | Energa Group's strategy |
| GRI 103-3 | Evaluation of the management approach | GRI 103: MANAGEMENT APPROACH 2016 | |
| GRI 203-1 | Infrastructure investments and services supported | GRI 203: INDIRECT ECONOMIC IMPACTS 2016 | Major modernisation projects |
| GRI 203-2 | Significant indirect economic impacts | GRI 203: INDIRECT ECONOMIC IMPACTS 2016 | Indirect economic impact on local communities |
| GRI 204-1 | Proportion of spending on local suppliers | GRI 204: PROCUREMENT PRACTICES 2016 | Amount of budget spent on local suppliers |
| Detailed disclosures – ENVIRONMENTAL AREA | | | |
| GRI 103-1 | Explanation of the material topic | GRI 103: MANAGEMENT APPROACH 2016 | Environmental impact management at Energa Group |
| GRI 103-2 | The management approach and its components | GRI 103: MANAGEMENT APPROACH 2016 | Reduction in consumption of raw materials Reduction in greenhouse gas emissions and carbon footprint |
| GRI 103-3 | Evaluation of the management approach | GRI 103: MANAGEMENT APPROACH 2016 | Reduction in pollutant emissions, including nitrogen and sulphur oxides |
| GRI 301-1 | Materials used by weight or volume | GRI 301: MATERIALS 2016 | Reduction in consumption of raw materials |
| GRI 302-1 | Energy consumption within the organization | GRI 302: ENERGY 2016 | Increase in energy efficiency and reduction in energy consumption |
| GRI 303-3 | Total water withdrawal with a breakdown by sources | GRI 303: WATER AND EFFLUENTS 2018 | Reduction in water withdrawal |

| Disclosure | Description of disclosure | Name of GRI Standard | Value/location in the statement |
|-------------------|--|---|---|
| GRI 304-1 | Location and area of operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas | GRI 304: BIODIVERSITY 2016 | Increase in activities in support of biodiversity and protection of water sources |
| GRI 304-3 | Habitats protected or restored | GRI 304: BIODIVERSITY 2016 | Increase in activities in support of biodiversity and protection of water sources |
| GRI 305-1 | Direct GHG emissions | GRI 305: EMISSIONS 2016 | Reduction in greenhouse gas emissions and carbon footprint |
| GRI 305-2 | Energy indirect GHG emissions | GRI 305: EMISSIONS 2016 | Reduction in greenhouse gas emissions and carbon footprint |
| GRI 305-5 | Reduction of GHG emissions | GRI 305: EMISSIONS 2016 | Environmental impact management at Energa Group |
| GRI 305-7 | Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions | GRI 305: EMISSIONS 2016 | Reduction in pollutant emissions, including nitrogen and sulphur oxides |
| GRI 306-1 | Water discharge by quality and destination | GRI 306: EFFLUENTS AND WASTE 2016 | Reduction in the amount of wastewater produced |
| GRI 306-2 | Waste by type and disposal method | GRI 306: EFFLUENTS AND WASTE 2016 | Reduction in the amount of waste produced |
| GRI 306-3 | Total number and total volume of recorded significant spills | GRI 306: EFFLUENTS AND WASTE 2016 | Reduction in the amount of waste produced |
| GRI G4 EU1 | Installed capacity, broken down by primary energy source | GRI G4 ELECTRIC UTILITIES SECTOR DISCLOSURES 2013 | Installed capacity, broken down by primary energy source |
| GRI G4-EU2 | Net energy output broken down by primary energy source | GRI G4 ELECTRIC UTILITIES SECTOR DISCLOSURES 2015 | Net energy output broken down by primary energy source |
| GRI G4-EU5 | Allocation of CO ₂ emissions allowances | GRI G4 ELECTRIC UTILITIES SECTOR DISCLOSURES 2014 | Allocation of CO ₂ emissions allowances |

Detailed disclosures – SOCIAL AREA

| | | | |
|------------------|--|--|--|
| GRI 103-1 | Explanation of the material topic | GRI 103: MANAGEMENT APPROACH 2016 | Society as the pillar of activities as part of Energa Group's sustainable development |
| GRI 103-2 | The management approach and its components | GRI 103: MANAGEMENT APPROACH 2016 | Dialogue with Energa Group Employees and organisations representing employees Key initiatives implemented in local communities |
| GRI 103-3 | Evaluation of the management approach | GRI 103: MANAGEMENT APPROACH 2016 | Activities of significant actual and potential negative impact on local communities Indirect economic impact on local communities |
| GRI 401-1 | New employee hires and employee turnover | "GRI 401: EMPLOYMENT 2016" | Employee turnover at Energa Group |
| GRI 401-2 | Benefits provided to full-time employees that are not provided to temporary or part-time employees | "GRI 401: EMPLOYMENT 2016" | List of additional employee benefits |
| GRI 403-1 | Occupational health and safety management system | GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018 | Occupational health and safety management system |
| GRI 403-2 | Hazard identification, risk assessment, and incident investigation | GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018 | Occupational health and safety management system |
| GRI 403-3 | Occupational health services | GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018 | Occupational health and safety management system |
| GRI 403-4 | Worker participation, consultation, and communication on occupational health and safety | GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018 | Worker participation, consultation, and communication on occupational health and safety |
| GRI 403-5 | Worker training on occupational health and safety | GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018 | Training initiatives and information campaigns on occupational health and safety |

| Disclosure | Description of disclosure | Name of GRI Standard | Value/location in the statement |
|-------------------|---|---|--|
| GRI 403-6 | Promotion of worker health | GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018 | Promotion of worker health |
| GRI 403-7 | Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018 | Promotion of worker health Training initiatives and information campaigns on occupational health and safety |
| GRI 403-9 | Work-related injuries | GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018 | Work-related injuries and occupational diseases |
| GRI 403-10 | Work-related ill health | GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018 | Work-related injuries and occupational diseases |
| GRI 404-1 | Average hours of training per year per employee, by employee category, gender and age | GRI 404: TRAINING AND EDUCATION 2016 | Development possibilities at Energa Group |
| GRI 405-1 | Diversity of governance bodies and employees, by gender, age and other indicators of diversity | GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016 | Employees of Energa Group by gender, age, employment category, region Diversity and equal opportunity |
| GRI 406-1 | Incidents of discrimination and corrective actions taken | GRI 406: NON-DISCRIMINATION 2016 | Preventing mobbing and discrimination |
| GRI 413-2 | Operations with significant actual and potential negative impacts on local communities | GRI 413: LOCAL COMMUNITIES 2016 | Number of operations with negative impacts on the local community |
| GRI 418-1 | Substantiated complaints concerning breaches of customer privacy and losses of customer data | GRI 418: CUSTOMER PRIVACY 2016 | Ensuring the protection of personal data |
| GRI 419-1 | Non-compliance with laws and regulations in the social and economic area | GRI 419: SOCIOECONOMIC COMPLIANCE 2016 | Complaint handling procedure at Energa |

Detailed disclosures – SECTOR

| | | | |
|----------------|--|---|--|
| G4-EU1 | Installed capacity, broken down by primary energy source | GRI G4 Electric Utilities Sector Disclosures 2013 | Installed capacity, broken down by primary energy source |
| G4-EU2 | Net energy output broken down by primary energy source | GRI G4 Electric Utilities Sector Disclosures 2013 | Net energy output broken down by primary energy source |
| G4-EU3 | Number of residential, industrial, institutional and commercial customer accounts | GRI G4 Electric Utilities Sector Disclosures 2013 | Description of the area of the Customers chapter |
| G4-EU4 | Length of above and underground transmission and distribution lines by regulatory regime | GRI G4 Electric Utilities Sector Disclosures 2013 | Description of the area of the Customers chapter |
| G4-EU5 | Allocation of CO ₂ emissions allowances | GRI G4 ELECTRIC UTILITIES SECTOR DISCLOSURES 2014 | Allocation of CO ₂ emissions allowances |
| G4-EU28 | Power outage frequency | GRI G4 Electric Utilities Sector Disclosures 2013 | Reduction in frequency and duration of power outages |
| G4-EU29 | Average power outage duration | GRI G4 Electric Utilities Sector Disclosures 2013 | Reduction in frequency and duration of power outages |

APPROVAL OF ENERGA GROUP'S 2020 NON-FINANCIAL REPORT

This Non-Financial Report of Energa Group and Energa SA for 2020 has been approved by the Board of Directors of the Parent Company.

Jacek Goliński
CEO, Energa SA

Marek Kasicki
VP of Finance, Energa SA

Adrianna Sikorska
VP of Communication, Energa SA

Dominik Wadecki
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VP of Corporate Affairs, Energa SA