



***ESG Report
of the ENEA Group
for 2021***

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1. About us

GRI 102-14

Letter from President of the Management Board

Dear Stakeholders,

You are welcome to read the ESG Report of the ENEA Group for 2021. It contains information on the policies we have been pursuing and the results we have achieved in the three key areas of our responsibility: environment, society and governance. The report presents sustainability activities undertaken by the Group and its companies and explains how the concept of sustainability organizes our thinking about the various areas of operation of our company.

The most important event in the year described in the report was without a doubt the completion of work on our new strategy and its adoption. The ENEA Group Development Strategy until 2030 with an outlook to 2040 does not only confirm our commitment to the natural environment and the society, but also extends it considerably. The task that we set for ourselves is the “ENEA’s Green Change”, which is a sustainable transformation of the Group that will enable its value growth and achievement of climate neutrality by 2050. For this purpose, we will continue to increase the installed capacity of renewable energy sources. We are also planning to spin off conventional coal-fired power generating assets from the Group and transfer them to the National Energy Security Agency. The Strategy also assumes that new business lines will be developed, including energy storage facilities, which will be critical for ensuring stability of RES and for solidifying Poland’s energy security. Additionally, we will get more involved in the utilization of combustion by-products from the industrial sector, in line with the idea of a circular economy and we will expand our current offer for prosumers.



The process of designing strategic changes in the Group’s operations in the ESG area was accompanied by practical ongoing activities, which are discussed in further chapters of this study: investments in environmental protection, performance of research and development work, pursuit of social engagement projects, implementation of new internal regulations. Our efforts were fruitful, which was confirmed by POLITYKA’s Silver CSR Leaf, which was awarded to us this year. On the other hand, the excellent financial performance, including a 10.1% EBITDA increase y/y from PLN 3.3 billion to PLN 3.6

billion, validates our firm belief that, even in difficult times, a strong emphasis on the non-business dimension of business supports rather than hinders the achievement of business goals.

I would like to invite you to read this year's report and thank you in advance for any comments you may have on its content and format. We want to improve the environmental and social aspects of our operations and the governance in the ENEA Group, but also the ways, in which we are communicating with our stakeholders.

Kind regards,

Paweł Majewski

President of the Management
Board of ENEA S.A.

Business model, value creation and structure of the ENEA Group

GRI 102-7

We supply a comprehensive range of energy products and services to over 2.6 million individual and institutional customers across Poland. As a vice-leader of the electricity production segment, we contribute materially to the strength of Poland's energy security and development of the economy.

We conduct our business in four core areas, tapping into the coordinated collaboration of specialized companies, which are autonomous undertakings in the civil law sense. These areas are as follows:

Tab. 1

GRI 102-6

MINING	GENERATION	DISTRIBUTION	TRADING
EBITDA contribution in 2021:			
PLN 798 million	PLN 1602 million	PLN 1393 million	PLN -125 million
Production of bituminous coal	Electricity generation based on bituminous coal, biomass, gas, wind, water and biogas	Supply of electricity	Retail trading: <ul style="list-style-type: none"> Retail trading in electricity and gaseous fuel Product and service offer adjusted to customers' needs Comprehensive customer service
Sales of bituminous coal	Heat generation	Planning and ensuring expansion of the distribution network, including by connecting new customers	Wholesale trading: <ul style="list-style-type: none"> Optimization of wholesale contracts portfolio for electricity and gaseous fuel Operations on product markets Ensuring access to wholesale markets
Securing the Group's raw material base	Heat transmission and distribution	Operation, maintenance and repairs of the distribution grid	
	Electricity trading	Management of metering data	
Lubelski Węgiel "Bogdanka" S.A. Group	ENEA Elektrownia Połaniec S.A. ENEA Wytwarzanie sp. z o.o. ENEA Ciepło sp. z o.o. ENEA Nowa Energia sp. z o.o. ENEA Bioenergia sp. z o.o. Miejska Energetyka Ciepłna Piła sp. z o.o. Przedsiębiorstwo Energetyki Ciepłej Sp. z o.o.	<u>Distribution of electricity</u> ENEA Operator sp. z o.o. ENEA Pomiary sp. z o.o. ENEA Serwis sp. z o.o. ENEA Logistyka sp. z o.o. <u>Distribution of heat:</u> ENEA Ciepło sp. z o.o. Miejska Energetyka Ciepłna Piła sp. z o.o. Przedsiębiorstwo Energetyki Ciepłej sp. z o.o.	<u>Retail trading</u> ENEA S.A. <u>Wholesale trading</u> ENEA Trading sp. z o.o.

Lubelski Węgiel Bogdanka, a company controlled by the ENEA Group (holding a total of 66% of votes at the company's General Meeting), is a leader on the domestic market of bituminous coal producers, standing out due to its financial performance, mining efficiency and plans to access new deposits. The buyers of the company's products are for the most part entities operating in the power sector, including electricity generation companies of the ENEA Group.

Electricity is generated in the power plants in Kozienice (11 high-efficiency upgraded power units) and Połaniec (7 coal-fired units and the world's largest biomass-fired unit), in the CHP plants in Białystok, Piła and Oborniki, in the wind farms in Bardy, Darżyno and Baczyna, and in 21 hydro power plants and biogas plants in Gorzesław and Liszków.

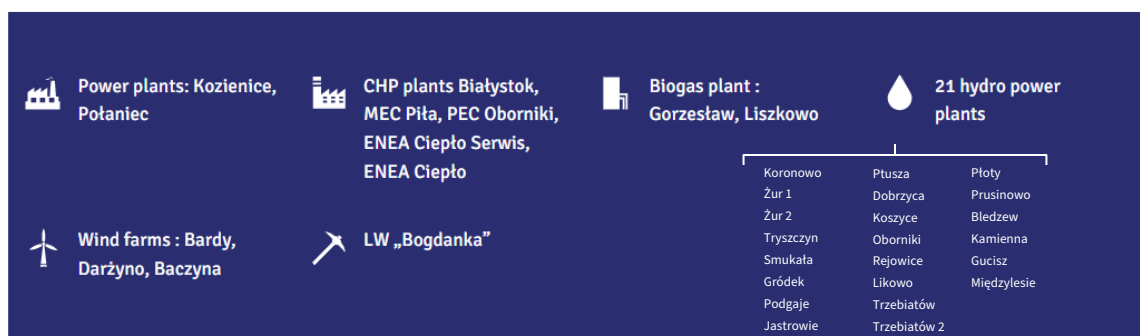
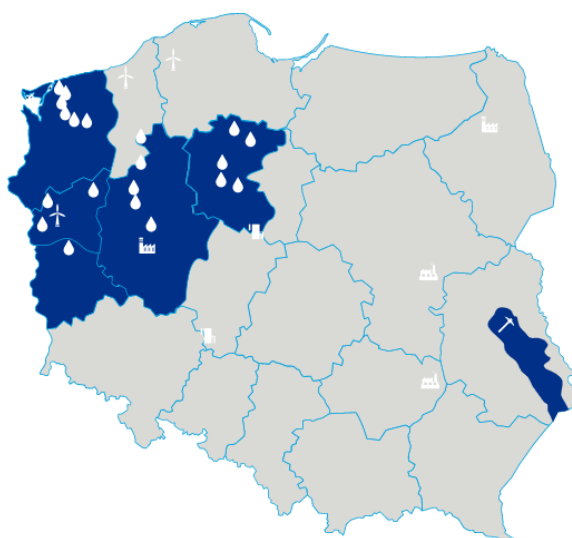
ENEA Operator distributes electricity and expands and maintains related grid infrastructure. The company is a Distribution System Operator and this entails specific statutory obligations related, among others, to the connection of new users, or expansion of the infrastructure in response to increased demand for power.

Retail sales of electricity and gaseous fuel are carried out by ENEA S.A. through Account Managers and trade partners across Poland and through ENEA Centrum on behalf of ENEA S.A., consisting of 31 modern Customer Service Offices (BOK), the Showroom, the mobile Customer Service Office (mBOK) and the Electronic Customer Service Center (eBOK). In total, ENEA S.A. provides products and services to over 2.6 million individual and institutional customers.

Figure 1

GRI 102-4

102-4



Tab. 2

OWN RATIO 1, OWN RATIO 2, GRI 102-7

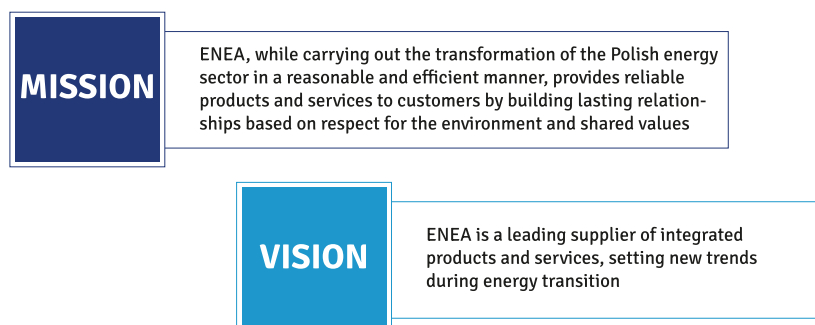
ENEA Group in numbers (2021)

MINING	GENERATION	DISTRIBUTION	TRADING
23.1% share in the steam coal market in Poland	6.3 GW total installed capacity	2.7 million users of distribution services	2.6 million customers
432 million tons of mining potential in 4 mining concession areas	443 MW installed RES capacity	121.3 thousand km distribution lines, including connections	24.5 TWh sales of electricity and gaseous fuel to retail customers
9.9 million tons net coal production	26.4 TWh net energy production	20.3 TWh electricity supplied	32 Customer Service Offices, including one mobile
17.5 k employees			
PLN 21.2 bn of revenue			
PLN 3.6 bn of profit (EBITDA)			

Creation of shareholder value

We are building our market position based on a collection of tangible and intangible benefits offered to its customers. The acquisition of customers and the maintenance of their satisfaction level are pursued, among others, by combining the Group's products and services into attractive bundles and persistently striving to ensure failure-free supplies of energy.

Both the model of increasing the Group's shareholder value and the manner in which the Group creates value for its customers are derived directly from the mission and vision, which were redefined on 15 December 2021 in the Development Strategy of the ENEA Group until 2030 with an outlook to 2040:

Figure. 2


We have decided to pursue sustainable transformation, which will create value for the Group's shareholders. ENEA will develop renewable energy sources. It will specialize in operating energy storage facilities as a technology of key significance for ensuring RES stability and solidifying energy security.

Additional information on the creation of corporate value is included in the New lines of business.

Structure of the ENEA Group

GRI 102-5

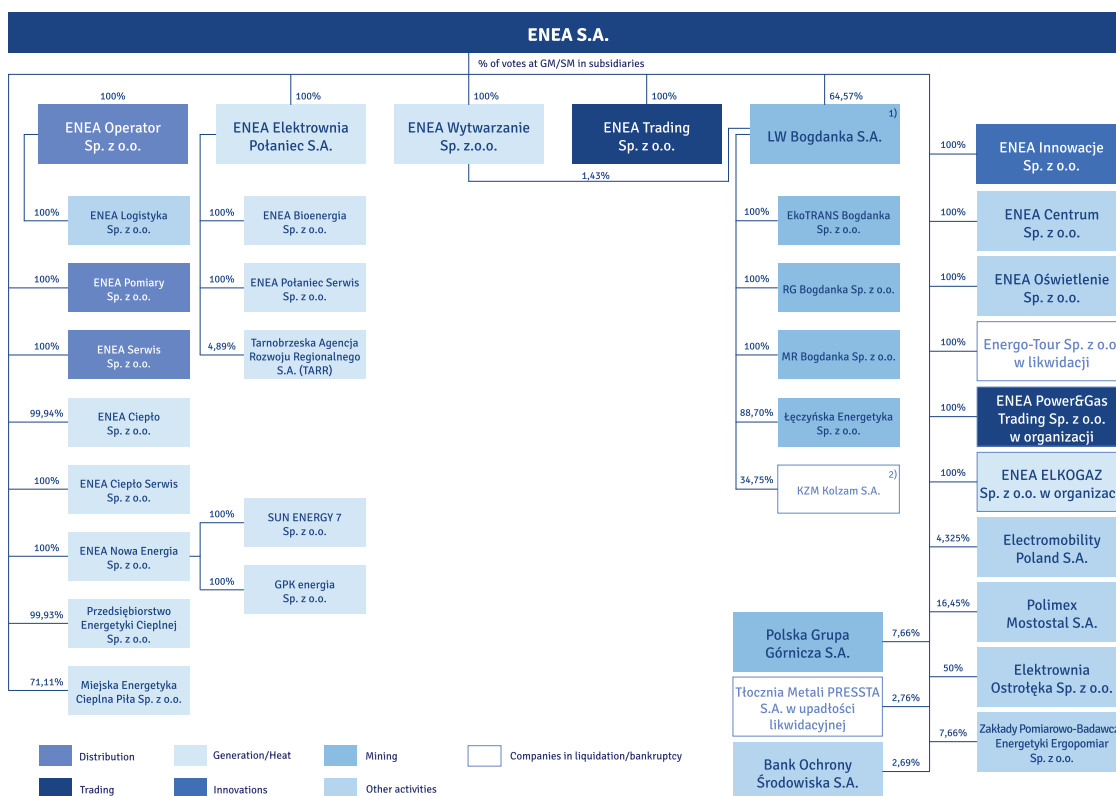
ENEA S.A. is the parent company of the ENEA Group. Its majority shareholder, the State Treasury holds 51.50% in its share capital.

There are 7 leading entities within the Group:

- ENEA S.A. (electricity trading);
- ENEA Operator Sp. z o.o. (electricity distribution);
- ENEA Wytwarzanie Sp. z o.o., ENEA Elektrownia Połaniec S.A. and ENEA Nowa Energia Sp. z o.o. (generation and sales of electricity and heat),
- ENEA Trading Sp. z o.o. (electricity wholesale);
- Lubelski Węgiel "Bogdanka" S.A. (coal mining);

Other companies carry out ancillary activity in relation to the operations of those listed above.

Figure 3



The Group's structure includes also minority interests held by ENEA S.A. and its subsidiaries – as of December 31, 2021.

Major changes in the ENEA Group's structure in 2021

On **1 June**, KRS registered the merger of ENEA Innowacje sp. z o.o. and ENEA Badania i Rozwój sp. z o.o. aimed at optimizing innovative activity of the ENEA Group.

On **14 December**, ENEA Nowa Energia sp. z o.o. purchased a 100% stake in SUN ENERGY 7 and GPK Energia from Solartech by Maybatt sp. z o.o.¹

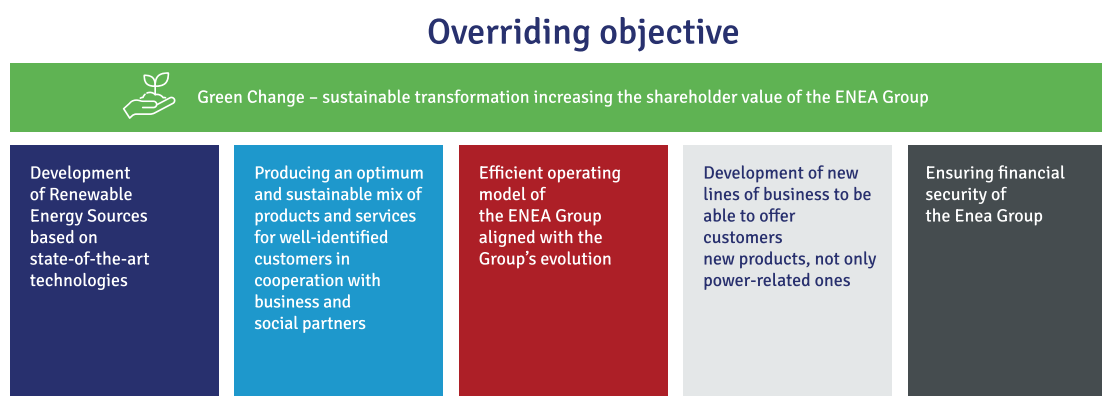
On **16 December**, ENEA S.A. purchased a 99.93% stake in Przedsiębiorstwo Energetyki Ciepłej w Obornikach and a 71.11% stake in Miejska Energetyka Ciepła Piła from ENEA Wytwarzanie sp. z o.o.

New ENEA Group development strategy

Striving to be ready for the challenges faced by Polish power sector companies at present, in 2021 we worked on updating our strategy so that it fully corresponded to the new external conditions and enabled a reliable and effective transition of the organization. Announced in December 2021, the *ENEA Group Development Strategy until 2030 with an outlook to 2040* is well aligned with Poland's energy transition goals.

The primary objective of the document is the *Green Change*, understood as a sustainable transition of the Group leading to an increase in its value, while pursuing a long-term goal of achieving climate neutrality by 2050. More information on the strategy is provided on pages 17-18 of the [Management Board Report on the Activity of ENEA S.A. and the ENEA Group in 2021](#).

Figure 4



We intend to achieve climate neutrality by developing renewable energy sources. The increase in the installed RES capacity will be achieved through acquisitions, the development of own projects and in collaboration with business partners. At the same time, we took action to spin off assets related to electricity generation in conventional coal- and lignite-fired units from the Group structure to the National Energy Security Agency

¹ On 15 April 2022, the Extraordinary General Meetings of SUN Energy 7 and GPK Energia were held on the merger by acquisition with ENEA Nowa Energia (the surviving company). The merger will be complete upon entry of the merger resolutions in the National Court Register.

(NABE), while retaining Lubelski Węgiel Bogdanka S.A. in the organization's structure². Nevertheless, in the initial phase of its efforts aimed at reaching climate neutrality, we intend to use gas as a low-carbon transition fuel in order to maintain energy security. Investments in this area will be confined to the replacement of some generation capacities (approx. 1.9 GW) based on the existing infrastructure. Conventional low-carbon sources will stabilize the developing RES capacity.

Planned evolution of the energy generation structure in the ENEA Group

Figure 5

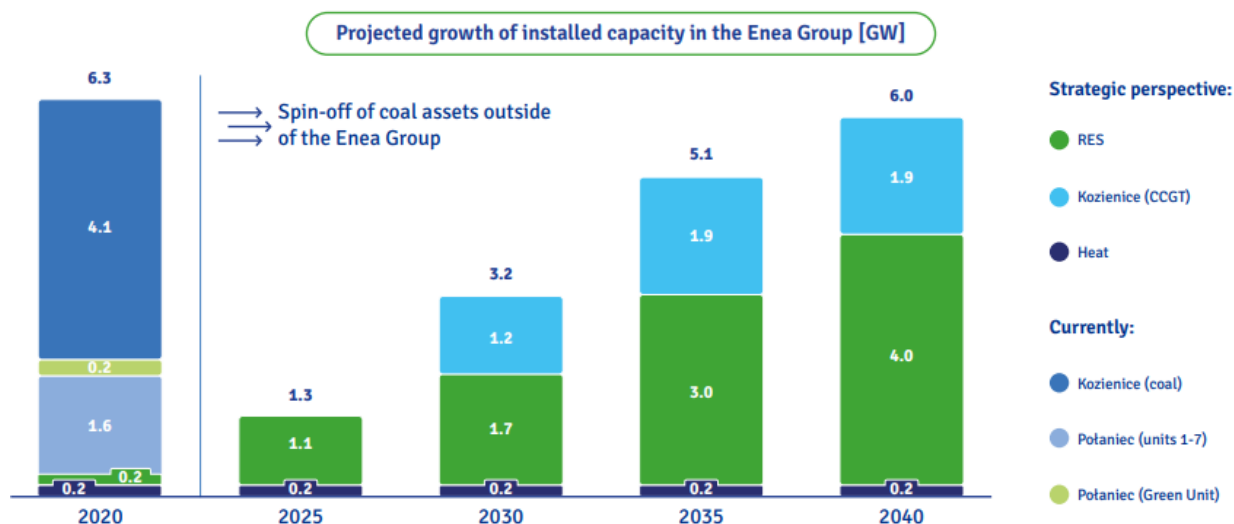
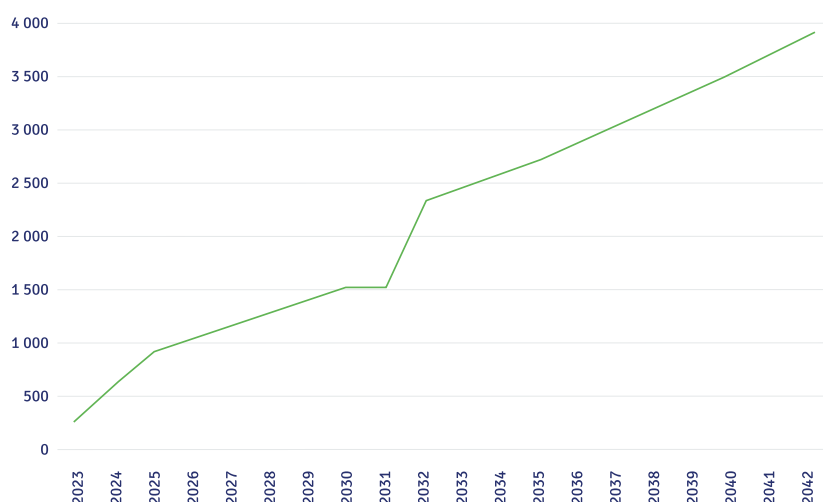


Figure 6

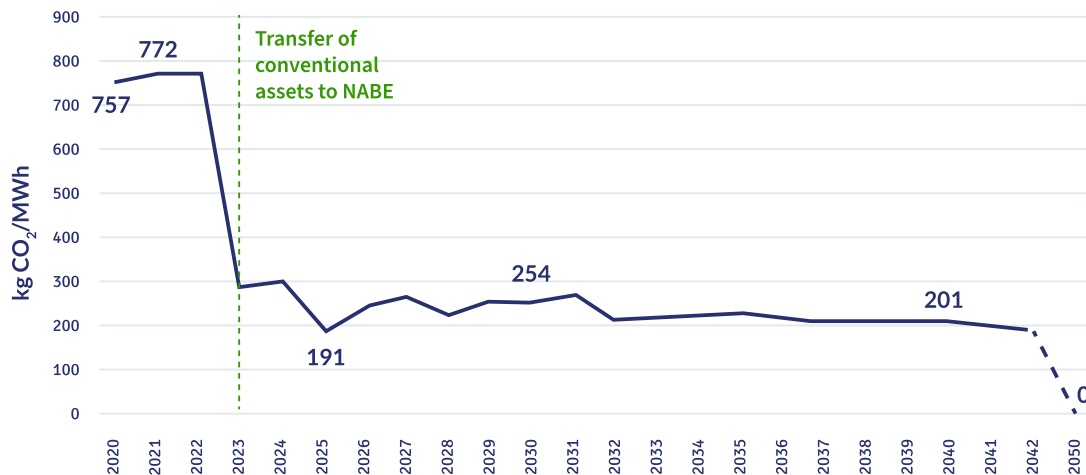


² Pursuant to the agreement signed in July 2021 by the largest energy companies with the State Treasury. The whole process is described in the government's draft titled [Transformation of the power sector in Poland. Spin-off of coal assets from companies with a State Treasury shareholding](#), adopted on 17 February 2022 by the Standing Committee of the Council of Ministers.

Roadmap to climate neutrality

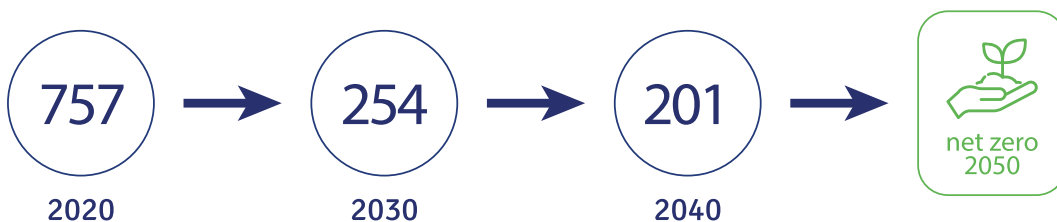
While preparing an update of the development strategy and the business model, the following reduction of CO₂ emission intensity was assumed, taking into account both the planned spin-off of selected bituminous coal based generation assets of the ENEA Group to NABE and the engagement of the Group in new RES installations and investments in combined cycle power units in Kozienice Power Plant:

Figure 7



* Actual values were presented for 2020 and 2021 (CO₂ emissions directly linked to electricity production) and estimates starting from 2022. Wskaźnik jednostkowej emisji CO₂ [kg CO₂/MWh] wynikający ze strategii rozwoju Grupy ENEA:

Figure 8



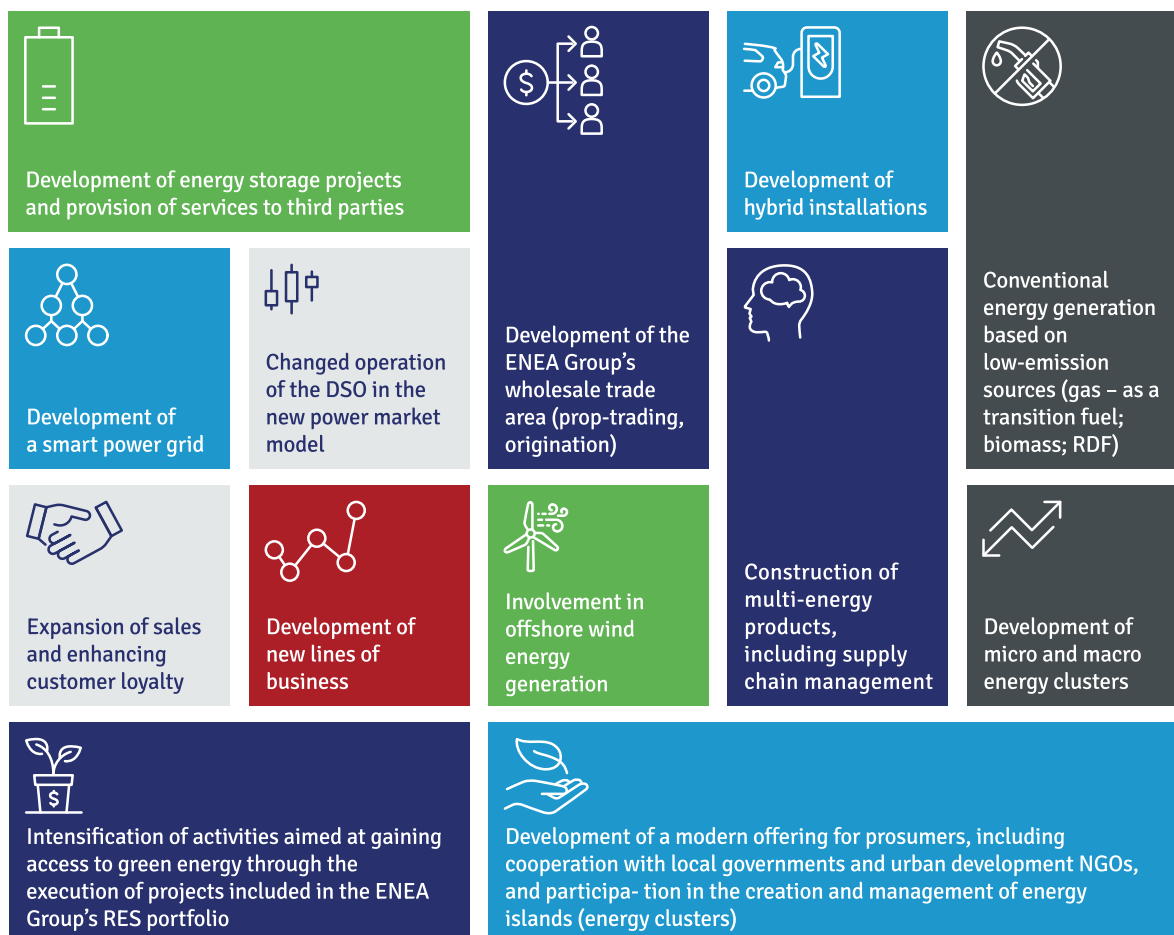
Model of transfer of conventional assets to NABE

The main assumption of the coal-fired asset spin-off program is to transfer coal-fired power plants to NABE, while at the same time retaining within the ENEA Group the district heating and co-generation units, which will be gradually replaced with gas-fired units that are suited to be supplied with zero-emission fuels in the future. A detailed executive concept of the Group reorganization will be prepared in the course of further work.

Key development directions

The Strategy identifies 13 key development directions, which constituted a foundation used to define strategic objectives for the Group.

THE GROUP'S KEY DEVELOPMENT DIRECTIONS:



Our strategy takes into account the objectives and findings stipulated in three sectoral arrangements, which were concluded in 2021 and are aimed to strengthen the national economic, environmental, technological, energy and social benefits from the development of the offshore wind power, hydrogen power and photovoltaic industries.

Key measures of achievement of development strategy objectives

The document contains the objectives that the Group is to achieve in the short- and long-time horizon (up to 2030 and 2040, respectively).

Figure 9

Key measures of strategic objectives



* Counted in relation to 2020, excluding the Green Unit of Połaniec Power Plant and energy storage.

** Counted excluding the bituminous coal fired generation capacities and the Green Unit of Połaniec Power Plant, due to the planned spin-off of coal fired generation assets from the ENEA Group's structure.

New business lines

203-2

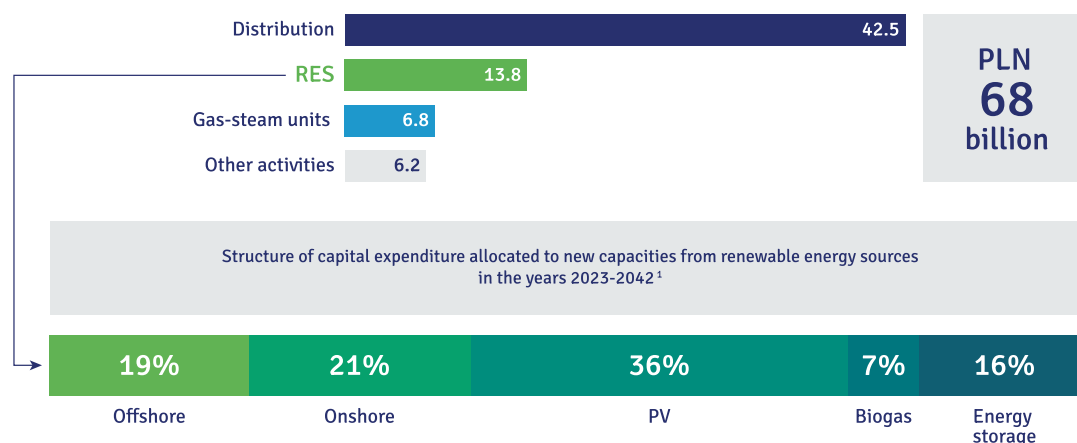
According to the development strategy updated in December 2021, we intend to develop and implement new lines of business, not only based on own resources but also in cooperation with partners from other industries. Actions that will be taken will focus on developing new product and service bundles and on introducing them to the Group's trade offer.

Anna Striżyk, Director of the Group Strategy and Development Management Department

A key new line of business will be energy storage facilities as a necessary technology for ensuring RES stability and solidifying energy security. Subsequent new lines of business will be related to management of components left after worn out RES installations and energy storage facilities. We also intend to become even more involved in management of combustion by-products coming from the industry, including in particular conventional power generation and district heating, both from the ongoing activity and from the existing landfill sites. The plans provide also for creation of a modern offering for prosumers, including cooperation with local governments and urban development NGOs, and participation in the creation and management of energy islands (energy clusters).

Necessary capital expenditures and their financing

Capital expenditures for the period 2023–2042 in all areas of our activity are estimated at more than PLN 68 billion.

Figure 10


* In the structure of capital expenditures for renewable sources, about 0.03% will be designated for hydro power plants; due to rounding error, the capital expenditures for individual technologies may not add up to 100%.

It will be possible to finance the planned investments with both ENEA Group's own funds and with capital raised by the Group companies from external sources, while preserving the safe value of the net debt/EBITDA ratio. Refundable and non-refundable public funds, both from the EU and Poland, will be a significant source of financing:

- Cohesion Policy,
- Recovery and Resilience Facility,
- Just Transition Fund,
- ReactEU,
- funds supporting the energy system transition in Poland, such as Modernization Fund for 2021-2030 and Energy Transition Fund,
- other instruments (e.g. priority programs of the National Fund for Environmental Protection and Water Management and Common Agricultural Policy funds).

Pursuant to the current draft of the European Commission's *Climate, Energy and Environmental State aid guidelines*, public support of natural gas fired generation units with EU and national funds will be possible only in the short term and moreover with a considerable limitation of the scope of costs eligible for subsidy.

The development strategy assumes that about 50% of the RES investments will be financed using the joint venture structures and 50% on ENEA Group's balance sheet (other than offshore projects, which will be implemented entirely in the joint venture formula).

Strategic actions in the distribution area

In line with the updated Group development strategy, ENEA Operator will focus in the coming years in particular on transforming its infrastructure into a smart grid and adjusting the distribution grid to the changes caused by the dynamic increase in the quantity and capacity of distributed sources, in particular by converting the passive (unidirectional) grid to an active (bidirectional) one. This will make it possible to provide new services by the power grid users, including energy sellers, and additionally improve the reliability of supply

thanks to, among others, decentralization of the system and enhanced energy storage and remote grid monitoring capabilities. Important directions of actions will include also development of the distribution grid for the purpose of satisfying the demand for capacity and electricity and connecting new entities to the grid, as well as reduction of network losses.

Human capital management in the context of the ENEA Group transition

One of the key components of the ENEA Group's transition will be preparation and implementation of an end-to-end human resource management program. The aim will be to manage the generation gap and the expertise gap as well as to create such conditions that are beneficial to the development of expertise in the whole organization and increase the employee engagement and alignment with its objectives. The program provides for both support of the development of the present employees by training and retraining and acquisition of new staff, in cooperation with secondary schools and universities.

The whole process of the Group's transition will be carried out in dialog with representatives of the employees, in consideration of interests of both parties.

Impact of climate change on the ENEA Group's development strategy

When working on the new development strategy, we have not conducted a resilience analysis of the existing business model and strategy taking into account various climate-related scenarios.

The key development drivers will consist in switching from coal fired power generation to zero-emission renewable energy sources. This process will be determined not only by economic and technological factors but also to an equal extent by our pursuit of sustainability.

Marcin Pawlicki, Vice-President of the Management Board for Operational Matters at ENEA S.A.

We intend to consciously implement the latest solutions while also showing respect for the opinions of our stakeholders. A special role in the context of development of new generation assets will be played by local communities and rural areas. The pursuit of the strategy is not just a business opportunity for our company, but also a chance to respond to key challenges faced by various facets of society and the economy, such as agriculture, which is an area particularly susceptible to unscheduled interruptions in the supply of electricity and the low quality of air. These activities will stimulate the economic rebound and pave the way for the deployment of the principles of the circular economy, thereby enabling the achievement of the climate goals set forth in [Poland's Energy Policy until 2040](#).

Key pillars of growth of the ENEA Group in the social and climate area:

- reclamation of post-mining areas,
- synergies between new investment areas, in particular photovoltaic farms, and agricultural operators,
- intensification of pro-environmental activities in areas covered by new investment projects,

- development of renewable energy sources underpinned by energy storage solutions,
- development of cooperation with local communities (urban activists and local governments),
- global Sustainable Development Goals supported by the ENEA Group,
- propping up the role of the ENEA Foundation in the context of sustainable development.

Key events in the ENEA Group

In addition to the adoption of the new development strategy in December last year, in 2021 we carried out a number of initiatives that will be of key importance for the Group's sustainable development and its impact on the economy, the society and the environment.

- On 5 January, ENEA S.A., PGE Polska Grupa Energetyczna S.A. and TAURON Polska Energia S.A. executed a letter of intent the purpose of which is to establish a strategic alliance to execute future investment projects in offshore wind energy, to be located within the boundaries of the Polish Exclusive Economic Zone in the Baltic Sea.
- On 11 March, ENEA S.A. signed an agreement with Krakowski Holding Komunalny S.A. for the sales of 424 GWh of electricity from renewable sources.
- On 30 June, ENEA Innowacje signed a master cooperation agreement with NCBR Investment Fund ASI S.A.
- On 23 July, ENEA S.A., PGE Polska Grupa Energetyczna S.A., TAURON Polska Energia S.A., Energa S.A. and the State Treasury entered into a memorandum of understanding on cooperation in a spin-off of coal assets and their integration within the National Energy Security Agency.

Compliance with the EU Taxonomy for sustainable activities

On 18 June 2020, Regulation 2020/852/EU of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment was adopted, followed by the adoption, on 21 April 2021, of the classification of environmentally sustainable activities based on the said Regulation, commonly referred to as the Taxonomy. The Taxonomy defines which categories of economic activity, provided that they fulfill certain additional criteria, including in the technical and social domains, may be considered environmentally friendly. Every company that is required to disclose its non-financial information under Directive 2014/95/EU (Non-Financial Reporting Directive or NFRD) must also disclose in its reports how and to what extent its business involves economic operations that may be classified as environmentally sustainable. The extent of reporting duties in this area will gradually increase, starting with the reports for 2021.

In fulfilling the requirements for a non-financial statement, which is part of the [Management Board Report on the Activity of ENEA S.A. and the ENEA Group in 2021](#), we have identified the business activities carried out by our companies that are eligible for classification as environmentally sustainable. In the next step, the following aspects were analyzed:

- percentage share of revenue generated from products and services related to these lines of business in the total revenue generated by the ENEA Group,
- percentage share of the Group's capital expenditures and operating expenditures corresponding to the assets or processes associated with the aforementioned activities.

As a result, it was ascertained that in 2021:

- 18.7% of the ENEA Group's total revenue was generated in lines of business eligible for the EU classification of sustainable economic activities,
- 53.8% of the Group's capital expenditures (CAPEX) and 48.9% of the Group's operating expenses (OPEX) were eligible for classification as related to such activities.

The calculation of the share of revenue, CAPEX and OPEX eligible for inclusion in the taxonomy was based on the following principles:

- For the revenue ratio, consolidated net revenue from sales was used the basis for the calculation (as the denominator). In turn, the numerator reflects consolidated revenue from all lines of business eligible for the taxonomy.
- For the CAPEX ratio, the basis for the calculation (denominator) is reflected by the consolidated capital expenditures presented in the annual report in the section containing key operating data and indicators in the ENEA Group. The capital expenditures pertaining to activities eligible for the taxonomy are inserted in the numerator.
- The OPEX ratio is based on all expenses incurred in the day-to-day handling of the company's assets and aimed at keeping them in proper working condition. These expenses include: costs of labor related to maintenance and repairs, expenses related to repairs and overhauls of equipment, cleaning expenses, fire protection expenses, media control expenses, building security expenses, expenses related to the legalization of devices, such as fire extinguishers, etc. The ratio numerator reflects the portion of operating expenses related to the activities eligible for the taxonomy.

As regards the revenue and CAPEX ratios, the pertinent identifiable consolidated items referred to in the financial portion of the annual report serve as the basis for calculating the share of activities eligible for the taxonomy. As regards the OPEX ratio, due to its specific definition in the Taxonomy, this action turned out unfeasible. In this context, it should be noted that the denominator of the OPEX ratio for the purposes of the Taxonomy is not equal to the sum of operating expenses incurred by the Group. The OPEX ratio denominator identified for the purposes of the Taxonomy was less than PLN 600 million, while the Group's tax-deductible expenses totaled almost PLN 19 billion, which means that the basis for the OPEX calculation for the purposes of the Taxonomy was only 3.16% of all operating expenses (without taking any other operating business into account).

Taxonomy-compliant revenue

Tab. 3

Item	Taxonomy code	Revenue [PLN 000s]	% share
A. Business eligible for the taxonomy	-	3,964,907	18.7%
Electricity transmission and distribution	4.9.	3,135,374	14.8%
Electricity generation from bioenergy	4.8.	542,108	2.6%
Electricity generation from wind energy	4.3.	57,432	0.3%
Electricity generation from hydro energy	4.5.	49,285	0.2%
Cogeneration of heat/cooling energy and electricity from bioenergy	4.20.	82,412	0.4%
Distribution in heating/cooling systems	4.15.	98,296	0.5%
B. Business not eligible for the taxonomy	-	17,231,764	81.3%
TOTAL (A+B)	-	21,196,671	100%

CAPEX eligible for the taxonomy

Tab. 4

A. Business eligible for the taxonomy	-	1,065,102	53.8%
Electricity generation using photovoltaic technology	4.1.	9,578	0.5%
Distribution in heating/cooling systems	4.15.	44,111	2.2%
Cogeneration of heat/cooling energy and electricity from bioenergy	4.20.	4,768	0.2%
Installation, maintenance and repair of equipment for improving energy efficiency	7.3.	2,959	0.1%
Electricity generation from bioenergy	4.8.	698	0.0%
Electricity generation from hydro energy	4.5.	4,086	0.2%
Electricity transmission and distribution	4.9.	998,903	50.4%
B. CAPEX on business not eligible for the taxonomy	-	915,265	46.2%
TOTAL (A+B)	-	1,980,367	100%
A. Business eligible for the taxonomy	-	1,065,102	53.8%

OPEX eligible for the taxonomy

Tab. 5

Item	Taxonomy code	OPEX [PLN 000s]	% share
A. Business eligible for the taxonomy	-	292,866	48.9%
Electricity transmission and distribution	4.9.	256,897	42.9%
Electricity generation from hydro energy	4.5.	1,843	0.3%
Electricity generation from wind energy	4.3.	6,423	1.1%
Electricity generation from bioenergy	4.8.	17,250	2.9%
Cogeneration of heat/cooling energy and electricity from bioenergy	4.20.	7,879	1.3%
Distribution in heating/cooling systems	4.15.	10	0.0%
Renovation of existing buildings	7.2.	2,564	0.4%
B. OPEX on business not eligible for the taxonomy		306,592	51.1%
TOTAL (A+B)	-	599,459	100%

As required by the Regulation, further disclosures related to sustainable activities will be included in subsequent annual non-financial reports. This concerns, in particular, a review of significant contributions to specific environmental goals defined in the Regulation and efforts made to prevent any harm to the pursuit of other goals as well as a review of compliance with the technical criteria adopted for the Taxonomy and minimum social and labor guarantees.

Key non-financial performance indicators

Tab. 6

201-1

Area	Ratio	2019	2020	2021	Change 2021/2020
Economic	Taxes paid internationally, nationally and locally ³	PLN 765 million	PLN 734 million	PLN 986 million	+34%
	Payments to the state budget by virtue of dividends	0	0	0	-
	Payroll and employee benefits	PLN 1.9 billion	PLN 2.0 billion	PLN 2.1 billion	+5%
	Confirmed incidents of corruption	2	0	0	-
Environmental	Direct greenhouse gas emissions (Scope 1)	22,039,576 tons of CO ₂ ⁴	18,671,299 tons of CO ₂ ⁴	22,415,951 tons of CO ₂ e	-
	Indirect greenhouse gas emissions (Scope 2)	None reported	None reported	292,410 tons of CO ₂ e	-

³ Items from the consolidated statement of comprehensive income: Taxes and charges, Current tax.

⁴ Total emissions related to the generation of energy by the Kozienice Power Plant, the Połaniec Power Plant, the Białystok CHP Plant, the "Zachód" Heat Plant, MEC Piła and PEC.

	Intensity of greenhouse gas emissions ⁵	774 kg/MWh	757 kg/MWh	772 kg/MWh	+2%
	Generation of energy from renewable sources	2,279 GWh	2,392 GWh	2,415 GWh	+1%
	Amount earmarked for investments in the environmental area	PLN 238 million	PLN 272.5 million	PLN 156 million	-43%
	Amount earmarked for investments in the energy efficiency area	None reported	None reported	PLN 49.6 million	-
	Amount of significant penalties imposed on for non-compliance with environmental protection laws or regulations	0	0	0	-
	Total value of cash and in-kind donations ⁶	None reported	None reported	PLN 5.0 million	-
Social	Number of fatalities involving the Group's employees and subcontractors	2	1 ⁷	0 ⁷	-100%
	Number of discriminatory incidents and corrective actions taken	0	0	0	-
Customer-related Area Economic	Trading Segment: number of individual customers (electricity and gaseous fuel consumers) ⁸	2,535 thousand	2,565 thousand	2,615 thousand	+2%
	Ratio	2019	2020	2021	Change 2021/2020
	Taxes paid internationally, nationally and locally ⁹	PLN 765 million	PLN 734 million	PLN 986 million	+34%
	Payments to the state budget by virtue of dividends	0	0	0	-
	Payroll and employee benefits	PLN 1.9 billion	PLN 2.0 billion	PLN 2.1 billion	+5%
	Confirmed incidents of corruption	2	0	0	-

In 2021, the ENEA Group received the [Silver CSR Leaf](#) awarded by the POLITYKA magazine. The magazine grants its awards on the basis of an analysis of companies' activities in areas such as protection of the environment, honesty in business and social engagement; this time it also considered the approach to current sustainable development challenges and the

⁵ Ratio of CO₂ emissions directly related to electricity generation to total gross electricity generation. In the case of the power plants in Koźienice and Połaniec as well as Elektrociepłownia Białystok and MEC Piła, the calculations are based on total CO₂ emissions from electricity and heat generation processes, i.e. for sources that generate electricity only or those that cogenerate electricity and heat. Accordingly, the calculation of the ratio does not take into account any CO₂ emissions from units that generate heat only, because these emissions are not related to electricity generation.

⁶ Total amount of funds provided by Group companies to the ENEA Foundation, the "Solidary Miners" Foundation and directly to other entities.

⁷ No data available for employees of ENEA Serwis' subcontractors.

⁸ As at the end of the reporting period.

⁹ Items from the consolidated statement of comprehensive income: Taxes and charges, Current tax.

degree of implementation of ESG standards. The Silver Leaf, as well as the 16th place in the [Ranking of Responsible Companies](#) is a confirmation that our efforts have measurable effects.

Anna Lutek,
Director of the PR and Communication Department at ENEA S.A.

In 2021, we received a diploma from the Global Compact Foundation recognizing the ambitious actions to respect the labor standards, protection of human rights and ethical standards, which constitute the foundation for the sustainable development of Poland and the world.

2. Environment

Approach to environmental and climate management

102-11

At the ENEA Group, we are fully aware how energy production and distribution affects the state of the environment, including the climate, and therefore also the quality of life. Therefore, in a well-thought-out manner, we implement further solutions allowing for monitoring and minimizing our greenhouse gas emissions and other pollutants and we rationally manage our natural resources. We also make sure that our mining and generation activities do not endanger biodiversity and continuity of environmental processes.

The Group has in place a number of policies and procedures referring to environmental matters. The *ENEA Group Code of Ethics* states, among other things, that the company:

- takes environmental factors into account when developing new services and products,
- invests in solutions satisfying stringent environmental standards,
- works on technological solutions to increase production of energy from renewable sources,
- makes rational use of energy and natural resources and strives to reduce generated waste and pollution,
- initiates and actively participates in educational campaigns for environmental protection and building environmental awareness,
- prevents any breakdowns that may be dangerous for the environment.

Our commitment to sustainable development and natural environment is also embedded in the *Code of Ethics for the LW “Bogdanka” S.A. Group* and the *ENEA Group Compliance Policy*, which, among others, requires us to:

- take actions to minimize pollution emissions and to ensure reasonable management of natural resources,
- undertake initiatives to retain the balance between the Group’s operations and the natural environment,
- carry out capital expenditures using environmentally friendly technologies,– support renewable energy sources,
- cooperate with environmental organizations.

308-1

The *ENEA Group Procurement Policy* contains a rule that, when selecting suppliers of products and services, non-price criteria should be taken into account, including environmental factors such as energy efficiency of the subject of contract. However, bid evaluation criteria are defined individually for each tender procedure and selected environmental aspects are included only when deemed suitable for the subject of contract. At the same time, contracts with all our suppliers contain an undertaking to observe the provisions of the [ENEA Group’s Code of Conduct for Contractors](#), which contains our expectations, among others in respect to environmental protection.

In proceedings conducted by ENEA Operator for the supply of means of transport, CO₂ emission is one of the evaluation criteria. The Company has also adopted a rule that it rules out from proceedings any suppliers who are natural persons legally convicted for crimes against the environment under Article 181-188 of the Criminal Code.

The *ENEA Group Communication Policy* contains provisions stating that the Group's communication is conducted in a manner that promotes environmentally friendly values and that the Group's sponsorship activities will focus, without limitation, on the domain of environmental protection.

The individual companies have and update on an ongoing basis their own policies, procedures, instructions and regulations, which are suitable to their unique character, obligating them to protect the environment and use it in a sustainable way. In addition, some of the principles, e.g. the ones setting out the requirements for handling the waste produced, must be observed by external entities performing work on the sites of and for Group companies. They also apply methodologies for monitoring and documenting specific environmental impacts and effects of their pro-environmental activities.

Tab. 7

Selected due diligence policies, standards and procedures in the area of environmental management in ENEA Group companies

ENEA S.A.	1. <i>ENEA S.A. Environmental Policy</i>
ENEA Wytwarzanie	<ol style="list-style-type: none"> <i>Policy of the Integrated Quality, Environmental and OHS Management System</i> <i>Book of the Integrated Quality, Environmental and OHS Management System based on the requirements of the standards PN-EN ISO 9001:2015, PN-EN ISO 14001:2015 and PN-N-18001:2004/OHSAS 18001:2007</i> <i>Procedure "Supervision over legal and other requirements"</i> <i>Procedure "Identification and evaluation of environmental aspects"</i> <i>Procedure "Environmental monitoring"</i> <i>Procedure "Identification of potential accidents and emergencies and responding to their occurrence at ENEA Wytwarzanie sp. z o.o. at the Świerże Górne site"</i> <i>Rescue plan in case of a threat to life and human health and property or the environment at ENEA Wytwarzanie sp. z o.o. in Świerże Górne (Kozienice Power Plant)</i> <i>Emergency preparedness and response procedure at the Koronowo site</i> <i>Procedure "Goal management"</i> <i>Procedure "Management review, analysis and improvement"</i> Other detailed procedures and instructions governing conduct setting out the principles of performing operations that impact the environment, monitoring, performing measurements and exercising metrological oversight over devices used to monitor the effects of environmental activity
	<ol style="list-style-type: none"> <i>Environmental Management System Policy and the following procedures based on this policy:</i> <ul style="list-style-type: none"> <i>>Supervision over documentation (SZŚ)</i> <i>>Supervision over records (SZŚ)</i> <i>>Process monitoring (SZŚ)</i> <i>>Goal management (SZŚ)</i> <i>>Internal audits (SZŚ)</i> <i>>Handling non-compliance – corrective actions (SZŚ)</i> <i>>Periodic evaluation of compliance with legal and other requirements (SZŚ)</i> <i>>Management review (SZŚ)</i>
ENEA Ciepło, ENEA Ciepło Serwis	<ol style="list-style-type: none"> <i>Procedure PS-4.3-01 "Identification of environmental aspects"</i> <i>Procedure PS-4.4-01 "Responding to danger and failure"</i> <i>Procedure PS-4.4-02 "Waste management"</i> <i>Procedure PS-4.5-01 "System of monitoring and measuring parameters affecting the environment"</i> <i>Quality instruction QI-7.5-11 "Program for prevention of severe industrial accidents relating to the storage and use of hazardous substances and materials at the Zachód Heat Plant"</i> Internal instructions on monitoring and reporting CO₂ emissions: <ul style="list-style-type: none"> <i>> Instruction I-OŚ-01 "Management of records and documentation"</i> <i>> Instruction I-OŚ-02 "Determination of changes affecting the allocation of emission allowances for installations"</i>

- > Instruction I-OŚ-03 "Calculation of CO₂ emissions"
- > Instruction I-OŚ-04 "Quality of the information system used for data flow activities"
- > Instruction I-OŚ-05 "Estimation of fuel consumption during a belt weigher and gas flow meter breakdown"
- > Instruction I-OŚ-06 "Monitoring of outsourced processes"
- > Instruction I-OŚ-07 "Identification of installed devices used to determine data values"
- > Instruction I-OŚ-08 "Staff management for ETS purposes"
- > Instruction I-OŚ-09 "Evaluation of the adequacy of the monitoring methodology plan/Evaluation of the adequacy of the monitoring plan"
- > Instruction I-OŚ-10 "Management of data flow activities"
- > Instruction I-OŚ-11 "Implementing corrections and rectifying measures"
- > Instruction I-OŚ-12 "Supervision over metering equipment for monitoring CO₂"
- > Instruction I-OŚ-13 "Internal reviews and validation of data"
- > Instruction I-OŚ-14 "Uncertainty assessment"
- > Instruction I-OŚ-15 "Analysis of CO₂ emission monitoring risk"
- > Instruction I-OŚ-16 "Analysis of the risk of the PMM monitoring methodology plan"
- > Instruction I-OŚ-17 "Monitoring of basic data and audit activities related to the application for free allocation of CO₂ emission allowances"

<div> <div> <div>ENEA</div> <div>Ciepło</div> <div>–</div> </div> <div> <div>Białystok Division</div> </div> </div>	9.	Biomass purchasing policy
	10.	Sustainable Development Criteria System Book (SDC)
	11.	Environmental Management System Policy and the following procedures based on this policy:
	12.	Supervision over documentation (SZŚ)
	13.	Supervision over records (SZŚ)
	14.	Process monitoring (SZŚ)
	15.	Goal management (SZŚ)
	16.	Internal audits (SZŚ)
	17.	Handling non-compliance – corrective actions (SZŚ)
	18.	Periodic evaluation of compliance with legal and other requirements (SZŚ)
	19.	Management review (SZŚ)
	20.	Procedure "Identification of threats and responses to environmental emergencies at the Białystok CHP Plant"
	21.	Procedure "Prevention and mitigation of emergencies on the environment at the Białystok CHP Plant"
	22.	Procedure "Conduct in the event of environmental emergencies at the Białystok CHP Plant"
	23.	Procedure "Monitoring CO ₂ emissions in the Białystok CHP Plant"
	24.	Instruction on the organization of rescue operations at the site of ENEA Ciepło sp. z o.o. – Białystok CHP Plant Division
	25.	Procedure "Identification of threats and determining how to respond to environmental emergencies at ENEA Ciepło sp. z o.o. – Białystok CHP Plant Division"
	26.	Procedure "Prevention and reduction of the impact of emergencies on the environment at ENEA Ciepło sp. z o.o. – Białystok CHP Plant Division"
	27.	Procedure "Conduct in the event of environmental emergencies at the Białystok CHP Plant"
	28.	Instruction on managing dangerous and hazardous substances and mixtures
	1.	Instruction on handling waste at the Białystok CHP Plant
<div> <div> <div>Miejska Energetyka</div> <div>Ciepła Piła</div> </div> <div> <div>Przedsiębiorstwo Energetyki Ciepłej</div> </div> </div>	2.	Instruction "Waste management"
	1.	Procedures referred to in the CO ₂ emissions monitoring plan
<div> <div> <div>ENEA Operator</div> </div> </div>	1.	Environmental Policy
	2.	Company Environmental Pollution Bank Program SOZAT
	3.	Procedure for fulfillment of obligations towards entities financing the investments of ENEA Operator sp. z o.o.
	4.	Procedure for registering power devices containing at least 6 kg of SF ₆ gas and operations performed on them
<div> <div> <div>ENEA Oświetlenie</div> </div> </div>	1.	Procedure for management of dismantling materials and waste in ENEA Operator sp. z o.o.
	1.	Waste management at ENEA Oświetlenie sp. z o.o.
<div> <div> <div>ENEA</div> <div>Połaniec Power Plant,</div> <div>ENEA Bioenergia</div> </div> </div>	2.	Procedure for identification and evaluation of environmental aspects
	3.	Environmental monitoring procedure
	1.	Environmental management program
<div> <div> <div>Lubelski "Bogdanka"</div> <div>Węgiel</div> </div> </div>	1.	Policy of the Integrated Quality, Environmental and OHS Management System with related environmental procedures

The activities of Group companies are conducted in strict compliance with the accepted internal regulations, general provisions of law as well as the content of the necessary permits and administrative decisions, such as the right to release emissions into air, decisions on environmental conditions of a permit to carry out a project, or water permits. 307-1

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significant non-financial penalties or sanctions imposed on ENEA Group companies for non-compliance with

Climate policy and oversight of climate-related issues

103-1, 103-2, 103-3

At the time of publication of the Report (25 May 2022) works were underway on the preparation of a comprehensive climate policy common for the entire ENEA Group. The document will identify key risks and opportunities associated with climate change, define ways and principles for managing them, and set the company climate goals and indicators for attaining them.

As of 16 February 2021 the person responsible in the ENEA Group for managing its climate impact is the Vice-President of the Management Board for Operational Affairs, Mr. Marcin Pawlicki and as of March 2022 also the Vice-President of the Management Board for Strategy and Development, Mr. Lech Adam Żak. Since 20 April 2021, the unit responsible for this area in ENEA S.A. is the Innovation and Climate Transition Office, which has been established on the basis of the earlier Innovation Department and is part of the Strategy Division at the Group Strategy and Development Management Department.

By the publication date of the Report, the method of oversight of the Supervisory Board over climate matters has not been agreed upon. Also, no committees have been established to monitor and supervise over the progress in the implementation of climate-related goals and tasks. Both of these issues are to be addressed during the work on the Group's climate policy.

The method of managing climate-related risks and opportunities is presented in the section entitled *Management of non-financial risks*. By 25 May 2022, no measures have been defined that are used to manage risks and opportunities. Their list and target levels will be recorded in the ENEA Group Climate Policy, which is currently being developed.

Reduction of CO₂ emissions

103-1, 103-2, 103-3, E-S2

At ENEA Group, we strive to minimize carbon dioxide emissions with a view to achieving climate neutrality in 2050. This way we align our organization with the European Union's climate objectives and social expectations. To this end, we are developing renewable energy sources. We also intend to use gas as a low-carbon transition fuel.

Lech Adam Żak,
Vice-President of the Management Board for Strategy and Development
at ENEA S.A.

Tab. 8

Wskaźnik własny 24

Generation of energy using renewables [GWh]	2019	2020	2021	Change 2021/2020
Total production from renewable energy sources, including:	2,279	2,392	2,415	1.0%
ENEA Nowa Energia: hydro power plants ¹⁰	130	130	114	-12.0%
ENEA Nowa Energia: wind farms ¹⁰	185	183	157	-14.4%
ENEA Nowa Energia: biogas plants ¹⁰	5	9	9	-
ENEA Ciepło: biomass firing	204	255	227	-11.0%
ENEA Połaniec Power Plant: biomass co-firing	314	371	326	-12.2%
ENEA Połaniec Power Plant: biomass firing	1,441	1,442	1,582	9.7%

Information on the planned increase in the installed RES capacity is provided in the chapter entitled *New ENEA Group development strategy*.

In addition to developing our own RES capacity, we are involved in endeavors aimed at ensuring the country's energy transition:

- **by connecting RES to ENEA Operator's grid** – in 2021 the company connected nearly 47 thousand (including micro-installations); as a result, the total number of RES connected by the company was nearly 109 thousand at the end of the year;
- **by providing substantive support to businesses with RES capacity** by – in 2021, ENEA Operator launched the [Generator Portal](#), a free proprietary IT tool that makes it easy to observe the reporting obligations for electricity generation and injection into the grid (in accordance with [SOGL Guidelines](#)).

¹⁰ In previous years: ENEA Wytwarzanie – RES Segment.

Tab. 9
Connected RES sources in the operating area of ENEA Operator in 2016-2021

Number of connected RES sources classified in connection groups II and III, cumulative	Number of connected microinstallations, based on the submitted reports and requests, cumulative	Total capacity of connected RES sources classified in connection groups II and III, cumulative [MW]	Total capacity of connected microinstallations, based on the submitted reports and requests, cumulative [MW]	Number of connected RES sources classified in connection groups II and III, cumulative
350	2,479	1,220	17	350
360	4,302	1,240	31	360
400	6,910	1,280	50	400
493	18,900	1,369	136	493
593	61,990	1,614	435	593
785	108,873	2,066	830	785

On 16 March 2022, ENEA S.A. established a special-purpose vehicle ENEA Elkogaz, which will be responsible for the project entitled “Restoration of the generating capacity of 200 MW coal-fired units in ENEA Wytwarzanie based on the gaseous fuel combustion technology.”

Current carbon dioxide emission levels

The ENEA Group reports direct greenhouse gas emissions (Scope 1)¹¹ and starting from 2021 also its indirect greenhouse gas emissions (Scope 2) calculated using the *location-based* method. Both emission categories are expressed in metric tons of carbon dioxide equivalent.

¹¹ In previous years – only for generating entities – see table CO₂ emissions related to electricity generation

Tab. 10

305-1, 305-2, E-P1

Greenhouse gas emissions in the ENEA Group

Company	Scope 1 [t CO ₂ e]	Scope 2 [t CO ₂ e]
ENEA S.A.	Data not available ¹²	Data not available
ENEA Ciepło – Head Office	18,314	4,040
ENEA Ciepło – Białystok Division	338,100	0
ENEA Elektrownia Połaniec	6,030,838	Data not available
ENEA Bioenergia	Data not available	Data not available
ENEA Nowa Energia	9,235	923
ENEA Wytwarzanie	15,855,536	34,816
PEC Oborniki	Data not available	Data not available
MEC Piła	92,024	Data not available
ENEA Połaniec Serwis	Data not available	Data not available
ENEA Ciepło Serwis	211	64
ENEA Operator	7,580	Data not available
ENEA Trading	Data not available ¹²	Data not available
ENEA Innowacje	Data not available ¹²	Data not available
ENEA Serwis	1,258	Data not available
ENEA Centrum	Data not available ¹²	Data not available
ENEA Pomiary	68	183
ENEA Logistyka	999	505
ENEA Oświetlenie	26	251
Lubelski Węgiel “Bogdanka” Group	61,763	251,628
Total	22,415,951	292,410

Tab. 11

Company	Biogenic CO ₂ emissions [t]
ENEA Połaniec Power Plant	2,148,476
Lubelski Węgiel “Bogdanka” Group	283
Total	2,148,759

As at the publication date of this report (25 May 2022), no management decisions have been made regarding the schedule of implementing the reporting of other indirect emissions created in the company’s supply chain (Scope 3).

¹² The company runs an administration and office business.

CO₂ emissions related to electricity generation

Tab. 12

CO ₂ emissions related to electricity generation [Mg]	2019	2020	2021	Change 2021/2020
Kozienice Power Plant	14,883,264	13,786,235	15,855,535	+15%
Połaniec Power Plant	6,751,791	4,555,879	6,030,838	+32%
Białystok CHP Plant	253,522	174,755	312,696	+79%
“Zachód” Heat Plant (Białystok)	12,254	14,588	18,138	+24%
MEC Piła	80,450	81,089	89,811	+11%
PEC Oborniki	13,597	13,490	15,443	+14%
Łęczyńska Energetyka	44,697	45,263	53,083	+17%
Biogas-fired power plants (ENEA Nowa Energia)	5,647	10,287	9,235	-10%

Free CO₂ emission allowances awarded to the ENEA Group

Tab. 13

EU5 SECTORAL INDICATOR

	CO ₂ emissions [t]	Allocation of free CO ₂ emission allowances [t]	Costs of allowances [PLN 000s]
Kozienice Power Plant			
2020	13,786,235	55,833	1,455,082
2021	15,855,535	2,195	2,229,638
MEC Piła			
2020	81,089	11,827 ¹³	6,670 ¹⁴
2021	89,811	9,083 ¹⁵	16,740 ¹⁴
Białystok – CHP plant			
2020	174,755	70,157	11,525
2021	312,696	45,587	31,741
Białystok – “Zachód” Heat Plant			
2020	14,588	668 ¹³	1,546
2021	18,138	2,487 ¹⁵	1,809
Połaniec Power Plant			
2020	4,555,879	1,241,357 ¹³	398,681
2021	6,030,838	89,956 ¹⁵	598,697
Łęczyńska Energetyka			
2020	45,263	6,535	3,902

¹³ Single allocation of free-of-charge allowances for 2020.

¹⁴ Accounting treatment.

¹⁵ Single allocation of free-of-charge allowances for 2021.

2021	53,083	10,632	9,413
Total 2020	18,657,809	1,386,377	1,877,405
Total 2021	22,360,101	159,940	2,888,038

Tab. 14

305-4, E-S1

Intensity of greenhouse gas emissions from ENEA Group's generation units

Unit CO ₂ emissions related to electricity generation [kg/MWh] ¹⁶	2019	2020	2021
	774	757	772

Information on the planned schedule of the path to climate neutrality is provided in the chapter entitled *New ENEA Group development strategy*.

Management of other gas and dust pollution

Our ambition is to lower as much as possible emissions of pollutants generated during production processes, which is served by further infrastructural investments performed. Due to them, continued progress is possible with limiting emissions of sulfur dioxide, dust and nitrogen oxides.

Tab. 15

305-7

Level of emissions of sulfur dioxide (SO₂), dust and nitrogen oxides (NO_x) generated by companies from the Generation Segment in 2021

Company name	Emission rate [Mg]					
	SO ₂		Pył		SO ₂	
	2020	2021	2020	2021	2020	2021
ENEA Wytwarzanie ¹⁷	10,433.3	ENEA Wytwarzanie ¹⁸	10,433.3	ENEA Wytwarzanie ¹⁹	10,433.3	ENEA Wytwarzanie ²⁰
ENEA Połaniec Power Plant	7,272.5	ENEA Połaniec Power Plant	7,272.5	ENEA Połaniec Power Plant	7,272.5	ENEA Połaniec Power Plant
Białystok CHP Plant	101	Białystok CHP Plant	101	Białystok CHP Plant	101	Białystok CHP Plant

¹⁶ Ratio of CO₂ emissions directly related to electricity generation to total gross electricity generation. In the case of the power plants in Koźienice and Połaniec as well as Elektrociepłownia Białystok and MEC Piła, the calculations are based on total CO₂ emissions from electricity and heat generation processes, i.e. for sources that generate electricity only or those that cogenerate electricity and heat. Accordingly, the calculation of the ratio does not take into account any CO₂ emissions from units that generate heat only, because these emissions are not related to electricity generation.

¹⁷ Including emissions for the start-up boiler house of Unit 11 at the Koźienice Power Plant.

¹⁸ Including emissions for the start-up boiler house of Unit 11 at the Koźienice Power Plant.

¹⁹ Including emissions for the start-up boiler house of Unit 11 at the Koźienice Power Plant.

²⁰ Including emissions for the start-up boiler house of Unit 11 at the Koźienice Power Plant.

"Zachód" Heat Plant (Białystok)	13.6	"Zachód" Heat Plant (Białystok)	13.6	"Zachód" Heat Plant (Białystok)	13.6	"Zachód" Heat Plant (Białystok)
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ENEA Wytwarzanie

On 30 June 2020, the Kozienice Power Plant terminated its participation in the Transitional National Plan (TNP) and, as of 1 July 2020, complies with the emission standards stipulated in the IED, in effect from 1 January 2016. At the same time, the power plant completed a program for adjusting the installations to the BAT conclusions, which came into force on 18 August 2021. The requirements of BAT conclusions were implemented to integrated permits for three power installations for fuel combustion operating in the company – units 1-10, unit 11 and a start-up boiler house. The requirements considerably tightened the acceptable levels of emitted pollutions. No exceedance of the emission standards, threshold emission levels and other formal and legal requirements was found in 2021.

The power plant operates five flue gas desulfurization (FDG) installations, which guarantee the required reduction of SO₂ emissions from flue gases of all units. All units are equipped with highly efficient electrostatic precipitators, which are upgraded on an ongoing basis in order to maintain high dust removal efficiency. All units (excluding unit 3) are also equipped with highly efficient selective catalytic NO_x reduction (SCR) installations.

ENEA Elektrownia Połaniec

ENEA Połaniec Power Plant takes advantage of the derogation arising from the IED – natural derogation of 17,500 hours covering boiler 1.

Until the end of 2021, 15,327 hours were used in total from the limit of 17,500 hours, including 1,755 hours in 2021 (917 hours in Q1, 390 hours in Q2, 234 hours in Q3 and 214 hours in Q4 2021).

ENEA Ciepło

As part of the "Zachód" Heat Plant installation, ENEA Ciepło takes advantage of the heat derogation arising from the IED as regards SO₂, dust and NO_x emissions. In the period of validity of the heat derogation, i.e. from 1 January 2016 to 31 December 2022, emission standards as at 31 December 2015 are applicable.

ENEA Ciepło was awarded PreQurs certificate, class A described as "NE" (NO EMISSION) as well as the NO SMOG quality sign. This confirms that it produces heat in a more environmentally friendly manner than coal-fired home boiler systems.

More information on the emissions of pollutants is provided on pages 79-82 of the [Management Board Report on the Activity of ENEA S.A. and the ENEA Group in 2021](#).

Management of raw materials and consumables

We manage the raw materials and consumables used in our activity in the most efficient and environmentally safe manner. For this purpose, we are striving to continuously improve efficiency of the processes we run. We achieve this by introducing solutions consistent with the circular economy concept that optimize the use of resources and by investing in new technologies, especially plant modernizations. We also ensure appropriate handling of waste and wastewater.

Energy resources

As we produce electricity and heat, we consume significant amounts of energy resources: bituminous coal, gas, biomass and fuel oils. The basic fuel used by us to generate electricity is bituminous coal (fine coal fractions). Biomass fired by us is mainly energy wood chips, energy willow and poplar chips as well as by-products of agricultural production and agricultural product processing industry.

Tab. 16

301-1

Major raw materials used by the Generation Segment

Fuel type	Generation Area			
	2020		2021	
	Quantity [000s of tons]	Cost [PLN million]	Quantity [000s of tons]	Cost [PLN million]
Bituminous coal	8,719	2,143	10,484	2,539
Biomass	1,957	515	2,033	465
(Heavy) fuel oil ²¹	13	16	15	30
(Light) fuel oil ²²	6	15	7	23
Natural gas [thous. m ³] ²³	21,518	25	15,342	20
Total		2,714		3,077

²¹ Light up fuel in Units 1-10 of the Kozienice Power Plant and Units 1-7 of the Połaniec Power Plant.

²² Light up fuel in Unit 11 of the Kozienice Power Plant and Unit 9 of the Połaniec Power Plant.

²³ Used for generation of electricity and heat in MEC Piła and heat in PEC Oborniki and the "Zachód" Heat Plant.

Water

E-S4

Woda jest niezbędna do produkcji energii elektrycznej. Wykorzystujemy ją m.in. w układach chłodzenia elektrowni w Kozienicach i Połaniecu. Stosujemy szereg rozwiązań technologicznych, które pozwalają nam zwracać ją do rzeki Wisły z zachowaniem ilości i jakości.

Tab. 17

303-3, E-S3

Water withdrawal [ML] ^{24,25}	2019	2020	2021
Total water withdrawal by ENEA Group companies:	2,851,675	2,521,563	3,582,082

In respect to water management, our companies develop solutions aligned with the concept of circular economy. Examples of good practices include actions carried implemented in connection with coal mining, such as the use of mine water for firefighting and technological purposes.

Waste

Production of various waste products is a natural consequence of our activities, primarily mining and generating activities. We strive to produce as little waste as possible and each year we manage to reduce the quantities.

Table 18

306-3

Generated waste [Mg] ²⁶	2019	2020	2021
Total mass of waste generated in the ENEA Group:	7,486,683	6,328,559	5,973,746
including hazardous waste ²⁷	5,464	833	976
of which: non-hazardous waste	7,481,219	6,327,726	5,972,769

103-1, 103-2, 103-3, E-S6

We make effort not only to minimize the amount of waste but also to utilize it. For example:

²⁴ Real properties for which there are no detailed data on water consumption (e.g. because the respective companies settle their accounts with administrators on a lump sum basis) have not been taken into account. Data not available for RG "Bogdanka" and MR "Bogdanka".

²⁵ 99% of the water withdrawal by the Kozienice Power Plant and the Połaniec Power Plant is the intake/return of water from the Vistula river for cooling purposes.

²⁶ Real properties for which there are no detailed data on generated waste (e.g. because the respective companies settle their accounts with administrators on a lump sum basis) have not been taken into account. Data not available for RG "Bogdanka" and MR "Bogdanka".

²⁷ This includes waste collected by ENEA Logistyka from other ENEA Group entities and those resulting from the provisions of the Act on worn-out electric and electronic equipment.

- the power plant in Połaniec sells gypsum from flue gas desulfurization as well as ash and gravel which are by-products of combustion,
- Lubelski Węgiel “Bogdanka” uses mining waste for land reinstatement, road and square hardening and for the production of cement, and transfers industrial waste (including wood, scrap, used oils, plastics) to authorized entities for management.

Paper

We are developing measures to reduce paper consumption. The greatest responsibility in this respect rests with ENEA Centrum, which provides other ENEA Group companies with, among others, accounting, HR, customer service, collection, procurement and administration services. The measures implemented by the company include, among others, extending the possibility of electronic signing of contracts, enabling transmission of documents by e-mail, through a chat and the Electronic Customer Service Office (i.e. it is no longer necessary to print them out and send by traditional mail), combining documents (invoices, corrections, interest notes are sent in a single envelope to a contractor with the same correspondence address on several contracts) or e-invoice promotion campaign.

5,113,905

less pages printed out in 2021 because of e-invoices

Energy efficiency measures

103-1, 103-2, 103-3, INTERNAL INDICATOR 8

Our main priority relating to energy efficiency is to reduce electricity losses incurred in the distribution process.

ENEA Operator implements the assumptions of the initiative entitled *Implementation of comprehensive actions contributing to the reduction of balance difference*, which forms part of the Strategy of the ENEA Group’s Distribution Area and implemented the *Balance difference reduction program at ENEA Operator Sp. z o.o.*

At the level of the whole organization, the *ENEA Group Energy Efficiency Policy* has been implemented.

The following energy efficiency initiatives have been planned for 2022-2024:

2. development and update of the knowledge base on the efficiency projects executed or prepared for ENEA Group companies,
3. definition of assumptions for the system of promoting efficiency measures,
4. analysis of feasibility of and the rationale for implementing the Energy and Energy Economy Management System in the Group.

Since 2019, the ENEA Group has had in place the energy efficiency team, which is tasked with coordinating cooperation between individual companies in this respect. The team, among other things:

- provides support in analysing the feasibility and desirability of new energy efficiency measures or initiatives,
- participates in regular updates to the *ENEA Group Energy Efficiency Policy* with appendices,

- contribute to the development and periodic updating of studies resulting from the obligation to provide information laid down in that policy,
- participates in issuing opinions on proposed legislative documents,
- participate in the development of a bonus system for proposed pro-efficiency measures.

INTERNAL INDICATOR 32

PLN 49.6 million²⁸

capital expenditures in the energy efficiency area in 2021

Table 19

302-1, E-P2

Electricity consumption by the ENEA Group

Consumption of electricity [MWh] ²⁹	2019	2020	2021
	2,660,204	2,415,110	2,893,177
		including from renewable sources	76

Additionally, the Group:

- informs the Customers on the principles of rational consumption of energy,
- prepares comprehensive offers for individual and business clients allowing them to increase energy efficiency.

Products and services of the ENEA Group with a positive environmental impact

In 2021, the ENEA Group offered the following products with a positive environmental impact to its individual customers:

5. **Enea Eco** – offering of lower rates for electricity used at night provided it is used for the purpose of ecological heating of the home or charging an electric car;
6. **Mądra Energia [Smart Energy]** – consulting, audit and sale of storage heaters or heat pumps, or a discount on the purchase of air purifiers, or help in analyzing the needs and technical options, audit and installation of photovoltaic panels, along with support with connection to the grid and obtaining government grants and the modernization tax relief;

²⁸ ENEA Centrum, ENEA Trading, MR “Bogdanka” and RG “Bogdanka” are not included, for which data was not available.

²⁹ Real properties for which there are no detailed data on electricity consumption (e.g. because the respective companies settle their accounts with administrators on a lump sum basis) and the network needs of ENEA Operator have not been taken into account. Data not available for RG “Bogdanka” and MR “Bogdanka”.

7. **Photovoltaics for Large Families** – special discount for holders of Large Family Card for purchasing photovoltaic installation from the Group’s partner;
8. **Enea Smart** – electricity as part of the package of solutions which will allow for more effective use of electricity and protection of the home against fire, flooding or burglary.

The offering for business customers included:

9. **ENERGIA+ Professional** – electricity as part of a package with professional consulting services making it possible to optimize its consumption;
10. **Enea Smart Business** – electricity as part of the package of smart devices which will allow for a more efficient use of electricity and additionally secure the company against fire, flooding or burglary.

The following is planned in 2022:

11. introduction of an offer for households and smaller business customers entailing a purchase of guarantees of origin certifying the origin of energy from renewable sources,
12. extension of the Smart Energy product line by adding new devices such as energy storage systems and electric vehicle charging stations, or allowing the customers to purchase the widest possible range of products from a single partner.

Protection of biodiversity and landscape

E-S5

We take care that the activity conducted by us neither disrupts the working of ecosystems nor impoverishes the diversity of plants and animals or values of the landscape. If needed, we restore the right condition of natural habitats and other components of nature.

304-3

We strictly comply with provisions of the Nature Conservation Act and other regulations and administrative decisions imposing on us obligations concerning protection of ecological processes and biodiversity. The activities which follow from the above include:

- continuous ecological supervision in the area of the Kozienice Power Plant and in its vicinity making it possible to, among others, protect confirmed sites of protected species of plants, fungi and animals,
- long-term monitoring of the impact of wind power plants on bird and bat populations,
- building fish ladders on rivers – structures that make free migration of fishes possible.

304-1

Some of our plants are located in protected natural areas. The Kozienice Power Plant is adjacent to two Natura 2000 sites, Mid Vistula Valley and Kozienice Sanctuary as well as the Vistula Landscape Park. Many of our 21 hydro power plants are located in protected areas (e.g. Drawa National Park, landscape parks in the valleys of the Gwda, Wda and Brda rivers). In addition, about 5% of mining areas owned by Lubelski Węgiel “Bogdanka” are protected within the Natura 2000 network (special habitat protection area of Uściwierskie Lakes and special birds’ protection area of Polesie). Due to appropriate ways of management, we do not exert an adverse influence on the nature of any of the above areas.

Environmental impact of the ENEA Group

303-1, 413-2

ENEA Group does not have an environmental impact that is greater than the average use of resources shared with local communities, or an impact on shared resources.

All environmental impacts of the Group are monitored and minimized by the units responsible for environmental protection within companies. They are mitigated also through Circular Economy activities promoting optimization of resource consumption. However, even though all legal requirements are met and due diligence exercised, it is still impossible to completely eliminate the impacts of mining and generation activities on the environment. Where necessary, remediation actions are taken or compensations are paid out. The organization also runs a number of diverse social projects targeted at local communities.

413-2

ENEA Group's operations may expose local communities among other things to the following:

- limitations in access to water,
- destruction of biodiversity in places where mining and generating units are located,
- production of combustion waste (ash, slag),
- production of large quantities of mining waste,
- withdrawal and discharge of considerable quantities of water from the Vistula river for cooling purposes,
- subsidence of land caused by coal mining using the top coal caving method, which may lead to degradation of arable land,
- impact of the mining operations on water management (among others discharge of mineralized mine water to the Świnka river),
- impact of linear construction projects on the landscape of the neighboring agricultural and forest areas
- disruption of the morphological continuity of rivers through the use of damming of water for hydroelectric purposes,
- impact related to the transportation (exhaust fumes, noise, dust).

In the event of a severe failure of power plants in Połaniec or Kozienice, there is a risk of a negative effect on the local community because of the hazardous substances used in these plants. The mitigating measures reducing the probability of failure include mainly: maintenance of the technical infrastructure in good condition and adherence to procedures.

ENEA Group's environmental activities in 2021

Every year, we conduct numerous activities aimed at reducing our negative impact on the environment. They include large capital expenditures and minor changes in daily operations in individual ENEA Group companies. We also strive to increase environmental awareness of our employees and their knowledge about the rational use of the environment. Moreover, we also provide environmental education to the Group's communities and execute projects to actively protect the nature.

Table 20

Internal indicator 7, Internal indicator 8, Internal indicator 22, Internal indicator 25

ENEA Group's environmental investments in 2021

Investment	Actuals 2021 [PLN million]
Adaptation to BAT conclusions (Połaniec Power Plant)	91.6
Construction of a cogeneration source in Piła (MEC Piła)	33.4
Adaptation to BAT conclusions (Kozienice Power Plant)	10.4
Other	20.5
Total environmental investments	155.9

PLN 155.9 million

of capital expenditures for environmental protection in 2021

Environmental investments and organizational changes

Internal indicator 7, Internal indicator 8, Internal indicator 25

ENEA S.A. signed an agreement with PGE Polska Grupa Energetyczna S.A. under which both companies will jointly apply for location permits for the construction of offshore wind farms in the Polish Exclusive Economic Zone in the Baltic Sea. ENEA S.A. has also changed its headquarters to a LEED Platinum-certified building with implemented solutions that reduce energy and water consumption.

ENEA Elektrownia Połaniec modernized absorbers of the flue gas desulfurization installation and extended the monitoring of industrial wastewater from that installation and modernized its wastewater treatment plant as a result of which it satisfied the BAT conclusion requirements. It also modernized electrostatic precipitators in units 2-7 and installed and replaced catalytic layers of its nitrogen oxide reduction system. In addition, studies were initiated on the impact on ichthyofauna of the Vistula River and the impact of the open cooling system on the river's flow in the power plant area. The Company underwent an energy efficiency audit for the modernization of two cooling water pumps and upgraded the lighting of power unit 6, as a result of which it obtained energy efficiency certificates from the President of the Energy Regulatory Office with the values of 805.712 toe and 77.204 toe, respectively. Moreover, in 2021 State Forests made pilot deliveries of energy willow to the Połaniec Power Plant. They were carried out based on transactions concluded through the e-drewno application in keeping with the terms of sales in effect in the State Forests. The cooperation fits within the assumptions of the *Directive of the European Parliament and of the Council no. 2018/2001 on the promotion of the use of energy from renewable sources (REDII)* and *Poland's Energy Policy until 2040*, which envisage development of the local biomass market. The power generation area utilizes only the fuel willow that is not suitable for other industrial sectors.

ENEA Wytwarzanie has completed the project of installing the catalytic flue gas denitrification installation (SCR) for the 500 MW Units 9 and 10, and construction of the ammonia water dosing, unloading and storage station II for Units 9 and 10. As part of the program of adapting the company to the BAT conclusions, 2 electrostatic precipitators of the 200 MW class units 3 and 8 were modernized along with three flue-gas desulfurisation plants (FGD I for the 500 MWe unit 9 and FGD II, FGD IV for 200 MWe units nos. 1-8), while four FGD wastewater treatment plants were automated and optimized (FGD II and FGD IV for 200 MWe Units 1-8), FGD I (500 MW Unit 9), FGD V (1000 MWe Unit 11)) and 5 automatic emergency mercury emission control/reduction systems were installed on FGD I, II, III, IV, V. A closed municipal waste collection system has also been improved and sealed on the company's premises. As part of energy efficiency initiatives, the company modernized its lighting installations (warehouses M1 and M2 of the mazut pumping station No. 2 and ash retention tanks 1, 2, 3) and cooling water pumps PC5-8 of the 200 MW units. These measures will allow it to save approx. 1000.3 toe of final energy per year.

ENEA Ciepło modernized the heat plant's Control and Supervision System by improving control over the combustion process, which will help optimize emissions of pollutants. It also undertook measures to increase energy efficiency in heat transmission and distribution, for example by upgrading duct networks to pre-insulated ducts, modernizing heat distribution hubs, dividing group hubs into individual hubs and installing telemetric devices on heat distribution hubs. At the Białystok CHP Plant, a new System of Sustainability

Criteria was implemented for production of heat and electricity from biomass, described by the standards of the Oil and Gas Institute consistent with the EU RED II Directive requirements, and three air conditioners were replaced at power switching stations C1A and C1B, which is important for reducing the intensity of greenhouse gas emissions.

ENEA Nowa Energia cooperated with the Regional Directorate for Environmental Protection in Szczecin and the Drawa National Park to unblock the Drawa River - a fish ladder was built. Work was performed to ensure correct functioning and correct monitoring of effectiveness of another fish ladder near the "Kamienna" Hydroelectric Plant.

ENEA Operator modernized power lines and changed the cross-sections and configuration of the grid, which allowed it to reduce transmission losses, and replaced transformers with reduced loss models. What is important, the company's grid investments have increased the capacity available for RES investments. The company additionally introduced a procedure for managing materials from dismantling tasks and waste. By reviewing and reusing dismantled materials it will reduce the amounts of generated waste.

MEC Piła finalized the start-up of a new CHP plant based on three gas sources and solar collectors. This cogeneration heat source commissioned in January 2022 will allow the company to reduce coal consumption by 7474 t annually, which will help reduce emissions and combat smog. The company also eliminated old sections of the district heating network, which reduced its heat losses. In order to increase energy efficiency, it also reconstructed and automated the thermo-hydraulic system of the KR-Zachód heat plant and installed energy-efficient equipment and automatic control systems.

ENEA Pomorye purchased two electric cars, replaced light sources with LEDs at its location in Maszewo and carried out thermal modernization of the roof at its Poznań location.

ENEA Trading replaced part of its vehicle fleet, with 2 hybrid cars and 4 gasoline cars taking the place of diesel vehicles.

At ENEA Centrum and Lubelski Węgiel "Bogdanka", lighting sources were gradually replaced with LED light sources.

Łęczyńska Energetyka reduced losses on heat transmission by replacing insulation of the district heating network (overhead and in channels).

Social environmental projects

#BalticForGenerations

ENEA and UN Global Compact Network Poland launched a national education campaign entitled #BalticForGenerations (#BałtykDlaPokoleń) to raise awareness of the threat for the Baltic Sea ecosystem posed by sunken munitions and chemical weapons from World War II, and to build the broadest possible coalition (comprised of national institutions, local governments, NGOs and businesses in Poland and abroad) supporting this initiative. The ultimate goal is to increase effectiveness of appeals to the European Commission for funds to solve this problem. The website of the project: www.baltykdlapokolen.pl

The activities carried out in the #BalticForGenerations campaign are critical for the health and safety of people but also for the economic development of whole seaside regions, not only tourism and fishing, but also for the offshore wind energy developed by the Group.

Joanna Mularczyk,
Manager of the Corporate Social Responsibility Office at ENEA S.A.

304-3

Active nature conservation projects

ENEA Operator installed 65 platforms for stork nests and 7 platforms for osprey nests.

Lubelski Węgiel Bogdanka cooperated with the Polish Society for the Protection of Birds on the conservation of peat ecosystems in the Łęczyńsko-Włodawskie Lake District to restore a suitable habitat for the Aquatic Warbler, a globally threatened species of passerine bird. In this geographic area the company also carried out joint actions with the Foundation for Nature: the project of creating new breeding sites for rare owl species launched in 2020 and the program for protection of cranes (implemented in partnership with the Voivodship Fund for Environmental Protection and Water Management in Lublin, Marshal's Office in Lublin and Polesie National Park). Educational activities were also carried out together with the foundation: lessons on rare owl species for pre-schoolers and children from elementary schools, printing of the album entitled "Rare and disappearing species of animals of Lublin region", contest for children on knowledge of nature and educating participants of the cyclical event "Farewell to the cranes".

Together for Bees

ENEA educated its customers on the importance of bees for humans and inspired them to create meadows for them. As part of the project, packets of seeds of nectar-rich flowers were prepared and supplied to Customer Service Offices in the form of biodegradable leaflets.

Bird lookout

Through cooperation with the State Forests, a bird lookout was built in the Biskupice forest district to enable observation of water and marsh birds. During the opening, a nature photography workshop was conducted by a recognized nature photographer, Hubert Gajda, whose photographs can be admired inside the facility.

Environmental volunteering among employees

As part of the campaign named "We plant the next generation of forest", volunteers from ENEA Elektrownia Połaniec and other Group companies planted one hectare of forest in the Staszów forest district, using 8 thousand oak seedlings. In the Osowo forest district, the Group's volunteers together with representatives of the Lipka forest inspectorate planted around one and a half thousand seedlings of honey-growing species (including linden trees, hawthorns, cherry plums, guelder-roses), which will be beneficial for pollinating insects, as well as birds and some mammal species.

During the celebration of the World Fish Migration Day ENEA Elektrownia Połaniec worked with “Tygodnik Nadwiślański” to conduct an educational campaign, in which it engaged school children from neighboring areas of the plant, while its employees joined in a Vistula fish stocking campaign organized by anglers. For the third year in the row, volunteers from the company took up the task of cleaning up the Czarna River – during a canoing trip they collected waste strewn along the river. On the eve of the Earth Day, they also organized a cleaning campaign for a bank of the Vistula river, in which children from local kindergartens participated. The cleanup was preceded by educational presentations on segregation of waste and protection of the environment. Volunteers from the Połaniec Power Plant also joined the initiative of the Clean Poland Association and the United Nations Global Compact – a great clean-up of Baltic beaches.

Help animals survive through winter

The ENEA Foundation invited schools from Poznań, Staszów, Zielona Góra, Połaniec, Piła and Szczecin to participate in the campaign entitled “Help animals survive through winter”. Pupils learned how to protect and help birds in frosty weather and 30 elementary schools received feeders and nearly one ton of feed. Each school was also provided with educational materials and instruction for feeding birds.

Competitions

In December 2021 a competition on knowledge of Kozienice Power Plant's natural environment was launched. It was organized by the Mazowieckie-Świętokrzyskie Ornithological Society and the ENEA Wytwarzanie Communications Department and held under the following motto: “ENEA Wytwarzanie employees learn about the nature, species, habitats, animals and plants of their workplace”.

In 2021 a “Master of eco-photography” competition was organized for children up to 12 years of age from the counties of: Tarnobrzeg, Sandomierz, Staszów, Opatów, Stalowa Wola, Nisko, Mielec and Kolbuszowa. The children took photographs presenting environmentally-friendly behavior, such as saving water.

ŁęcznaLab

Lubelski Węgiel “Bogdanka” cooperates with the Łęczna township and the Krajobrazy Foundation to carry out activities in the area of sustainability and social participation. In 2021, the project was named *ŁęcznaLab* and in its performance further steps were taken to implement the recommendations from the report on spacial needs in Łęczna on the basis of community interviews. 5 honey meadows were planted in the town, which were subsequently replaced by shrub beds; each meadow had its own patron – a non-government organization. A “Green Room” was opened at the Local Cultural Center in Łęczna, in which various cultural and educational activities, including environmental protection activities, will be organized.

Soil - agricultural space. Sustainable agriculture in LWB’s mining areas

Lubelski Węgiel Bogdanka, together with the Institute of Soil Science and Plant Cultivation – State Research Institute in Puławy, carried out a specialist tests of farming soil in the neighborhood of the company. Based on the outcome of the tests, it organized a consultation and training meeting for local farmers, including those who leased farmland from the Company, for owners of plots within the Company’s area of impact and for

interested employees. The meeting was devoted to the improvement of plant production technology in order to obtain crops of the desired quality in an environmentally-friendly manner, and taking into account the rules of the Common Agricultural Policy and the expected climate changes.

In 2021, our environmental protection activities were widely recognized:

During the Sustainable Economy Summit 2021 conference organized by Executive Club, the **ENEA Group** was awarded a Sustainable Economy Diamond in the category of a Leader of ecology in the power sector. The jury recognized, among other things, our pro-environmental investments, our contribution to the development of renewable energy sources, the policy of rational management of raw materials and our efforts to preserve biodiversity. The Group was also ranked 13th in the Climate Leader Poland 2021 ranking organized by the Forbes magazine.

ENEA Połaniec Power Plant received the Region Leader 2020 award in the Ecology category. The jury appointed by the editorial board of “Echo Dnia” recognized the company for being a leader in low-carbon energy sources.

ENEA Operator was distinguished in the Energy and Industry category of the Innowatory “Wprost” 2021 competition for the project entitled “Innovative energy storage system services to improve quality and capacity”, which will enable a more efficient use of renewable energy sources.

3. Society

Customer relations

The quality and availability of our services are vital for the comfort of life and work of millions of Poles; therefore we adjust our actions to their needs and expectations every year. All the time, we continue to extend the offering and raise the service standards, develop activities for reliability of energy supplies, analyze the level of customers' satisfaction and care for security of their data.

Our offer

102-2 INTERNAL INDICATOR 13

We offer to individual customers both electricity and packages including additional services and products such as assistance of professionals in removing failures at home or innovative devices for smart home management. On the other hand, corporate customers may take advantage of services supporting their businesses, e.g. consulting on optimizing electricity consumption.

Selected products for households

- **Enea Smart** – electricity as part of the package of solutions which will allow for more effective use of electricity and protection of the home against fire, flooding or burglary
- **ENERGIA+ Fachowiec [Repairman]** – electricity with the small household repairs service (electrician, heating and gas equipment repairman, plumber, glazier, household appliance repairman; the range of services depends on the choice of one of the three options),
- **Fachowiec [Repairman]** – the small household repairs service not linked to an electricity sales agreement
- **Mądra Energia [Smart Energy]** – consulting, audit and sale of storage heaters or heat pumps, or a discount on the purchase of air purifiers, or help in analyzing the needs and technical options, audit and installation of photovoltaic panels, along with support with connection to the grid and obtaining government grants and the modernization tax relief
- **Enea Eco** – offering of lower rates for electricity used at night provided it is used for the purpose of ecological heating of the home or charging an electric car,
- **ENERGIA+ Office 365** – electricity together with an annual subscription of Microsoft 365 Family pack and a two-year access to a training platform devoted to using the software,
- **Office 365** – subscription of the Microsoft 365 Family or Personal package for 12 months and access to a training platform for 12 months, not linked to an electricity sales agreement
- **Photovoltaics for Large Families** – special discount for holders of Large Family Card for purchasing photovoltaic installation from our partner,

Selected products for companies

- **ENERGA + Constant price** – guarantee of unchanged electricity prices during the term of the agreement
- **ENERGIA+ Professional** – electricity as part of a package with consulting services making it possible to optimize its consumption

- **Enea Smart Business** – electricity as part of the package of solutions which will allow for more effective use of electricity and protection of the company against fire, flooding or burglary
- **ENERGIA+ Fachowiec PRO [Repairman PRO]** – electricity at a price guaranteed for 36 months with the service of small household repairs
- **Fachowiec PRO [Repairman PRO]** – the small household repairs service not linked to an electricity sales agreement
- **ENERGIA+ Office 365** – electricity together with an annual subscription of Microsoft 365 Business Premium pack and a two-year access to a training platform
- **Office 365** – subscription of the Microsoft 365 Business Standard package for 12 months and access to a training platform for 12 months, not linked to an electricity sales agreement
- **Stała cena GAZ [Sure GAS Price]** – a package including, apart from electricity, also gas at a price guaranteed until the end of 2022.
- **ENEA OPTIMA** – a monthly flat-fee subscription for software, which, through remote transmission of metering data, offers a 24/7 control over and optimization of costs from any online device; in 2021, we extended the functionality of the OPTIMA system by adding the reading of parameters for electricity generated in RES installations and the capacity fee, providing customers with an effective tool to monitor and manage the company's daily power load curve
- **ENERGIA+ Trend** – electricity at prices based on the quotations on the Polish Power Exchange (Towarowa Giełda Energii S.A.), with the possibility of deciding freely about when the purchase is made

New in 2021:

- **ENERGIA+ Spot** – a product in which the customer may affect energy prices not only based on the Day-Ahead Market quotations, but also based on the Property Rights Market quotations; the Customer also receives a guarantee of safe choice – when POLPX prices increase suddenly, the customer may switch to fix price settlements (based on the Forward Power Products Market on POLPX) in a selected period

Our customers have the possibility of registering in the Shopping Zone loyalty program to obtain attractive discounts from our partners. [The detailed offering can be found at strefa.enea.pl](https://strefa.enea.pl).

Responsible sales

We apply the Best Practices of Electricity and Gaseous Fuel Suppliers of the Energy Trading Association, as well as our: Enea S.A. Sales Standards for Business Clients, Code of Best Practices for the processing of personal data in the sales area and the Sustainable Direct Marketing Policy at ENEA S.A., due to which our customers have the guarantee of fair treatment and respecting their rights. We carefully comply with the terms and conditions of agreements signed with them. We analyze in detail complaints and other reports of recipients of our services and based in the analysis, we modify processes and educate employees.

103-1, 103-2, 103-3

ENEA Operator implements the unbundling guidelines of the President of the Energy Regulatory Office for separating distribution and sales activities, inter alia by taking the following measures:

- It does not promote or recommend any companies involved in the generation or sale of electricity to third parties; it does not display promotional or advertising materials of energy companies while performing processes related to customer service.
- It has its own visual identity.
- It uses separate communication channels (website, e-mail address domain, telephone numbers).

417-3

On 18 October 2021, the UOKiK President launched *ex officio* administrative proceedings to determine whether the actions of ENEA S.A. relating to offers for consumers with a fixed electricity price guarantee constitute practices infringing on collective interests of consumers referred to in Article 24.1 and 24.2.3 of the *Competition and Consumer Protection Act* of 16 February 2007, in respect to:

a) ENEA S.A. using provisions in its contract forms that may be deemed unlawful,

b) omission of material information in marketing information.

The Company responded to both letters from the UOKiK President of 18 October 2021, presenting arguments and upholding the stances presented earlier. Regarding the proceedings referred to in item a), the company took action to obtain an obliging decision, which will not entail a fine but will oblige the company to perform certain actions. In light of the circumstances and the explanations presented by the company, a discontinuation of proceedings cannot be ruled out.

206-1

In 2021, there were no pending lawsuits against ENEA Group companies relating to anti-competitive conduct and violations of anti-monopoly regulations.

Continuity of electricity supply

103-1,103-2,103-3, Internal indicator 13

One of our strategic objectives is action for energy security of the country: to ensure continuity of electricity and heat supply and reliable operation of the distribution network.

In order to ensure reliability of energy supply to Clients:

- we introduce state-of-the-art technical standards,
- we operate strictly in accordance with procedures,
- we maintain the required state of the infrastructure,
- we perform preventive diagnostic measurements,
- we invest in the development of production assets,
- we modernize and automate the power grids,
- we continue to improve all the time the qualifications of our team,
- we appropriately plan shutdowns during modernization works,
- we analyze the causes of breakdowns.

The regulations of activities to improve reliability of energy supply are in effect in ENEA Operator include the following:

1. The *Business Continuity Plan*, on which emergency procedures are based
2. *Procedure for planning and requesting work on the HV, MV and LV network for investing and operating purposes and for operational management of the network in ENEA Operator sp. z o.o.*
3. *Procedure for live-line working with power devices in ENEA Operator sp. z o.o.*
4. *Procedure for live-line working on 15 and 20 KV overhead grids in ENEA Operator Sp. z o.o.*
5. *Procedure for recording work performed in the live-line working technology and calculating electricity supplied to users during live-line working in ENEA Operator sp. z o.o.*
6. *Procedure of exchanging information and reporting events in the electric power grid by the ENEA Operator sp. z o.o.'s maintenance services and cooperation with crisis management teams in case of extensive failures*
7. *Procedure for managing the removal of trees and bushes within the zones under ENEA Operator sp. z o.o.'s power lines*
8. *Catalog of standard operating activities for HV, MV and LV grids in ENEA Operator sp. z o.o.*
9. *Procedure for eliminating collisions*
10. detailed regulations on correct operation of power installations
11. *Standards for the application of measurement and diagnostic equipment for medium voltage cable lines as well as measurement and diagnostics of high and medium voltage cable lines*
12. standards for technical solutions used for building power lines and power installations

As part of the measures applied to improve the reliability of grid operation, especially of the MV grid, which has the greatest influence on the indicators of duration and frequency of interruptions in electricity supply, the following program and supporting activities are carried out, among others:

- adjusting the needs of own substations to ensure 24-hour power backup,
- adjustment of automation of AFO (automatic load-shedding),
- implementation of the MV Grid Development Concept, which takes into account development of automated solutions within the grid,
- cables of MV grids passing through forest areas,
- removal of equipment constraints,
- implementation of the FDIR (Fault Detection, Isolation & Restoration) function in selected MV line sections,
- liquidation of the 6 kV grid in the Poznań urban area,
- activities in respect to measurements and diagnostics of medium voltage cable lines,
- systemic measures related to the removal of trees and bushes within the zones under power lines.

ENEA Operator makes all efforts to limit the consequences of failures and restore power supply to customers as quickly as possible. For this purpose, if technically feasible, it supplies energy to a separate electric power grid using electricity generators and cooperates with other distribution systems and transmission system operators. In order to limit interruptions in power supply to users to the minimum, the company also regularly increases the scope of work performed in the live-line working technology (MV and LV) and carries out preventive diagnostic measurements. The work on locating damage in the grid, making the necessary switching and repairs to restore power supply to the consumers is undertaken immediately after the failure occurs, by ENEA Operator employees or by external contractors. For each failure, a cause analysis is conducted as an element of the assessment of the technical condition and forms the basis for devising the scope of an upgrade/replacement of devices under the modernization and capital expenditure programs implemented by the company or its operating decisions.

The safety of electricity supply to customers is also significantly improved by introducing standards for any materials used and works performed on the company's distribution network. The use of standardized network equipment enables a faster removal of failures. During the process aimed at developing such standards, each solution is subjected to an in-depth analysis and technological tests. All standards are then subjected to annual analyses enabling their detailed formulation and updating in a manner that makes the requirements and guidelines contained therein reflect the changing needs of the power grid operation. Additionally, every year tests of the correctness and speed of response to a mass failure are conducted in selected business units of the company.

We conduct a campaign to increase awareness of construction companies regarding the correct course of action when cables are damaged. As a result, they have been reporting such events much more frequently, identifying the exact location. This allows us to reach the place of damage and repair it faster.

Jarosław Ziobrowski,
Director of the Grid Assets Management Department at ENEA Operator sp. z o.o.

In 2021, ENEA Operator continued its efforts aimed at improving the operational reliability of the distribution grid. To this end, it primarily carried out planned diagnostics of MV cable lines and ongoing modernization of power facilities and equipment in line with the existing modernization programs. It also maintained the regular strengthening of the support infrastructure for distribution activities, i.e. purchase of specialist equipment (including vehicles) and construction and modernization of support facilities.

Overall, in 2021 the company allocated more than PLN 1 billion for investments that directly or indirectly increased the reliability of electricity supply.

Internal indicator 33

More than PLN 1 billion³⁰

allocated by ENEA Operator in 2021 for investments that directly or indirectly increased the reliability of electricity supply.

Grid reliability indicators

The pace of improvement of the electricity supply reliability indicators is a result of a consistent implementation of extensive efforts in the areas of capital expenditures, operation and work organization.

Table 21

EU28 sectoral indicator, EU29 sectoral indicator

³⁰ Total amount of ENEA Operator's capital expenditures in 2021. The investment projects resulted not only in improved reliability of electricity supply, but also, among other things, a change of the grid structure to bidirectional.

	2019	2020	2021	target for 2030 ³¹	target for 2040 ³¹
SAIDI – System Average Interruption Duration Index ³²	98 min.	77 min.	77 min.	74.59 min.	70 min.
SAIFI – System Average Interruption Frequency Index ³²	2.43	2.06	1.94	2.02	1.93

Service quality

High quality of services for our customers is guaranteed by detailed internal regulations. These include:

- *Standards of Customer Service in Customer Service Offices,*
- *Standard of Telephone Service in the Distribution Contact Center,*
- *Book of Complaint Process and Key Quality Guidelines for employees of Post-sale Service Divisions.*

The direction of further standard raising in the above regard are defined by the *Strategy of the Customer Service Area* for 2020-2024 performed by ENEA Centrum.

Customer data security

103-1, 103-2, 103-2, Internal indicator 10, G-S1

We respect the privacy of our customers and protect the security of stored data, guided by the applicable laws and internal procedures in this area. In the area of personal data security, the Group relies on ENEA Centrum, which ensures comprehensive support for the IT processes, among others it verifies updates security tools and systems.

ENEA Group companies comply with the requirements of the GDPR and the *Act on the National Cybersecurity System*. The organization has deployed advanced IT solutions enabling quick and efficient responding to cybersecurity incidents and counteracting risks in this area, with particular emphasis on the newest threats resulting from the need to adapt the security of systems to operation in a pandemic period ((among others, orientation cybersecurity training, which includes the principles of safe remote work; each employee was additionally provided with company computer equipment with tools necessary for safe work). Furthermore, pursuant to the GDPR requirements, Data Protection Officers have been appointed in Group companies. They monitor compliance with personal data protection regulations and are contact persons for any matters in that area, also for customers.

The following internal regulations ensure the correct protection of Customer data:

- *ENEA Group Information Security Policy,*
- *Personal Data Protection Policy in the ENEA Group,*
- *ICT Security Principles in the ENEA Group,*
- *Information Processing Principles in the ENEA Group,*
- *Personal Data Processing Principles in the ENEA Group,*
- *Risk Management Methodology for Cybersecurity of Key Services in the ENEA Group,*
- *Personal Data Processing Risk Methodology in the ENEA Group.*

³¹ Set in the updated Group Development Strategy.

³² Reflects scheduled and unscheduled interruptions in electricity supply for high and medium voltages.

The Group has also developed:

- *The Code of Best Practices for the processing of personal data in the sales area* – it is a set of practical rules pertaining to direct marketing, personal data processing and the fulfillment of obligations under the GDPR, the Telecommunications Law and the Act on the Provision of Electronic Services. It was created in collaboration with the Inspector for Personal Data Protection and is applicable to all sellers.
- *The Sustainable Direct Marketing Policy at ENEA S.A.* is a form of a public declaration regarding its compliance with the laws governing the protection of personal data and the privacy of customers. It provides for the exercise of due diligence on the part of ENEA S.A. in its marketing activities targeted at customers.

Additionally, Group companies adopt their own regulations, an example of which is the *Information Security Policy for ICT Systems at Lubelski Węgiel “Bogdanka” S.A.*

Both employees and external entities cooperating with the Group companies sign non-disclosure agreements (or confidentiality clauses) and personal data processing agreements. Employees’ access to customers’ personal data is limited to a necessary extent resulting from the discharged functions; physical access to rooms where documents with personal data are stored is also restricted. Documents which include personal data sent by electronic mail are password-protected and in the case of traditional mail, they are sent by registered letter with receipt confirmation. IT systems processing personal data operate only in internal networks such as intranet (without access to the Internet) and have necessary safeguards to protect the data.

Security of IT systems is subject to regular internal and external audits, which also cover identification and mitigation of risk connected with keeping the data confidential. In the companies, training courses are conducted on personal data protection and information security – for employees, trainees and people cooperating with the companies based on civil law agreements.

ENEA Group carried out an effective transformation in terms of changing the mode of work, which was forced by the epidemic threat (SARS-CoV-2). Multi-factor authentication has been implemented, and the possibility of electronic signing of internal documents using your own certification authority has been introduced. ENEA Capital Group constantly monitors good practices in the field of cybersecurity and proactively implements new security measures.

Jacek Kij, Director of the Group Safety Department

418-1

In the reporting period, no financial or non-financial sanctions were imposed on Group companies in connection with breaching protection of customers’ personal data. At the beginning of 2021, the President of the Personal Data Protection Authority (PUODO) issued a decision to impose a penalty of approx. PLN 136 thousand on ENEA S.A. in connection with suspicion of an incident where personal data protection was violated. The company filed an appeal against the decision to the court, in compliance with law. By the publication date of this Report, the case has not been formally resolved and the penalty has not been paid.

Table 22

Incidents of customer privacy breaches	2021
Total number of breaches not eligible for reporting to the President of the Personal Data Protection Authority ³³	274
Total number of breaches eligible ³⁴ for reporting to the President of the Personal Data Protection Authority pursuant to Article 33 GDPR	3
Total number of identified customer privacy breaches	277

Selected activities in 2021

INTERNAL INDICATOR 10

An internal audit of personal data protection was conducted in individual organizational units of ENEA S.A. in order to examine whether the processing of personal data in the company conforms to the rules set forth in GDPR.

In ENEA Ciepto, an audit was conducted to verify compliance of the process of contracting with heat consumers with the EU Data Protection Regulation; the resulting plan of corrective action has already been implemented.

ENEA Serwis conducted a refresher e-learning training on personal data protection for all employees that have access to enea.pl domain. It also carried out a remote audit of compliance with data processing agreements with processors included on the company's list of qualified contractors.

ENEA Bioenergia and ENEA Połaniec Serwis implemented two new instructions: one regulating the issuance and update of personal data processing authorizations and one focusing on the reporting and handling of data protection breaches.

Communication and satisfaction surveys

Customers may contact us, among others, via:

- Customer Service Offices and Sales Offices,
- our commercial partners and account managers,
- eBOK,
- chat with a consultant,

³³ Lower level breaches that, due to their scope or mitigating measures taken by the company, are not eligible for reporting to the President of the Personal Data Protection Authority.

³⁴ Breaches that are more than unlikely to result in a risk to the rights or freedoms of natural persons.

- information line (+48 611 11 11 11),
- email address: kontakt@enea.pl,
- social media (Facebook, YouTube, LinkedIn, Twitter, Instagram).

We continue to modernize the technical facilities for our hotline and adjust it to our customers' expectations and changes to the business environment.

Internal indicator 11

Some of the events in 2021 included:

- a pilot launch of the first Mobile Customer Service Office, which is to reach smaller towns that have no stationary Customer Service Office in order to facilitate personal contact for the customers who prefer such communication channel. During the pilot, mBOK visited 5 towns: Gostyń, Wągrowiec, Środa Wielkopolska, Śrem and Rawicz;
- launch of the first Showroom at the Malta Shopping Center in Poznań. This is a sales outlet equipped with a modern Digital Signage system, in which clients, in addition to standard customer services, may learn about the Group's entire offer. In the Eco Zone, they can find out about the benefits offered by photovoltaics and how a charging station works and in the Shopping Zone they can easily access our Internet store;
- implementation of the SMS dispatch tool through the Contact Center Platform (collection and sales text messages) in order to improve the dispatch of notices to clients;
- modification of WWW contact forms and improvement of the handling of notifications sent through those forms (priorities, improved case search);
- adding new functionalities to the self-service IVR – adding information on microinstallations, contracting procedure;
- establishment of a competence center for servicing prosumers in order to increase efficiency of service;
- introduction of an additional functionality facilitating payments within eBOK, i.e. a deferred payment option for paying an invoice (Payka) through the Blue Media operator;
- implementation of an option to open an account in eBOK and activate e-invoices in Customer Service Offices and in Post-Sale Service Divisions;
- launch of the Virtual Advisor initiative, in which instructional videos with information on key customer service issues are prepared and posted on enea.pl and on social media.

INTERNAL INDICATOR 12

To continuously improve the quality of our services, we survey customer satisfaction with services provided by Customer Service Offices and the Contact Center. 17% of customers contacting the company by phone on a given day and all customers visiting a Customer Service Office³⁵ receive an automatic survey request by telephone to evaluate their satisfaction with how the case was handled and how engaged the consultant was. Satisfaction index is the number of persons satisfied from the service compared to all the customers who filled out all the survey correctly. The surveys are usually carried out continuously and their results are aggregated on a monthly basis.

³⁵ By 31 March 2021, only to those customers, whose visit was registered in the system.

74.1%

Customers satisfied with the service of consultants in 2021

In 2021, we conducted another edition of the customer satisfaction survey (CSI).

75.8%

Customers satisfied with our offer and cooperation

The following entities also carried out satisfaction surveys among their customers:

Lubelski Węgiel “Bogdanka” – via direct telephone interview with representatives of clients (i.e. authorized coal sellers) based on a questionnaire. The survey confirmed that clients are satisfied with the customer service level and with how the sales are transacted.

ENEA Pomiary – a questionnaire survey measuring the level of satisfaction of ENEA Operator’s coordinators with their cooperation with ENEA Pomiary, which showed that it is generally assessed as positive.

ENEA Oświetlenie – telephone customer satisfaction survey for 2020. Customer satisfaction was surveyed primarily for the company’s main product, i.e. operation of lighting. The customer satisfaction level in this respect was 81.7%.

Community relations

Communication with stakeholders

102-43

We strive to ensure that our key decisions take into account the needs and expectations of our socio-economic environment. For this purpose, we engage in continuous communication with our stakeholders, adapting the communication channels and language to each group. We not only inform about our activities, but also gather opinions and conduct an open dialog.

Key stakeholders of the ENEA Group

102-40

Figure 11



Selected communication channels of the ENEA Group and its subsidiaries

Employees

- surveys, including satisfaction surveys,
- corporate Intranet and Intranet sites of the specific companies,
- “ENEA News” and “ENEA Flash” newsletters (from March 2020 as a web platform),
- company newspapers,
- radio station,
- mailings,
- meetings (also with the management boards),
- tele- and videoconferences,
- employee evaluations,
- training and workshops, including online,
- cooperation with trade unions and employee councils,
- e-mail box for submission of ideas to improve work and processes (inicjatywy@enea.pl),
- e-mail box for questions on employee matters (HRnapiszdonas@enea.pl),
- meetings and newsletters addressed to managers,
- [sustainability/ESG reports](#).

Customers

- satisfaction surveys;
- Customer Service Offices and Sales Offices,
- trade partners and account managers,
- product training;
- [Electronic Customer Service Office \(eBOK\)](#),
- [chat with a consultant](#),
- customer information line (+48 611 11 11 11),
- social media ([Facebook](#), [YouTube](#), [LinkedIn](#), [Twitter](#), [Instagram](#)),
- information inserts sent together with invoices,
- [sustainability/ESG reports](#).

Suppliers

- [procurement platform](#) and tenders,
- meetings and other forms of direct communication with selected employees,
- trade meetings, fairs,
- [ENEA Group's annual activity reports](#),
- [sustainability/ESG reports](#).

Investors, shareholders, analysts

- Investor Relations Department,
- [website for investors of the ENEA GROUP](#) and [a website for investors of LW "Bogdanka"](#),
- Electronic Information Transmission System (ESPI) and Electronic Information Database (EBI),
- direct meetings, e.g. held as part of the Investor Days,
- performance meetings, during which questions are also answered,
- newsletter for investors with a personalization option,
- newsletter for analysts and fund managers (from the end of 2020),
- General Meetings,
- [current and periodic reports](#),
- [sustainability/ESG reports](#).

Local communities, general public

- contacts and cooperation with the ENEA Foundation,
- employee volunteerism,
- direct meetings and cooperation with representatives of local communities,
- communication in the national and local media,
- social media ([Facebook](#), [YouTube](#), [LinkedIn](#), [Twitter](#), [Instagram](#)),
- participation in industry and social responsibility events,
- [sustainability/ESG reports](#),
- non-financial statements.

Public administration

- statements and reports for the specific institutions,
- [ENEA Group's annual activity reports](#),

- [sustainability/ESG reports](#),
- direct communication,
- conferences.

Industry organizations

- membership, participation in working groups and bodies,
- direct meetings,
- fairs and conferences,
- [ENEA Group's annual activity reports](#),
- [sustainability/ESG reports](#).

Local Authorities

- direct meetings, participation in local events,
- conferences,
- [sustainability/ESG reports](#),
- non-financial statements.

Social partners and beneficiaries

- contacts and cooperation with the ENEA Foundation,
- [request form for beneficiaries](#),
- direct contacts, individual meetings,
- [sustainability/ESG reports](#).

Natural environment

- statements and reports sent to administration bodies,
- [sustainability/ESG reports](#),
- non-financial statements.

Media

- press office and ongoing communication,
- correspondence via biuro.prasowe@enea.pl,
- live broadcasts via our [YouTube channel](#),
- media.enea.pl website,
- press conferences,
- [sustainability/ESG reports](#),
- non-financial statements.

Because of the COVID-19 epidemic, in 2021 communication with stakeholders was carried out mainly using remote channels (tele- and videoconferencing, websites, social media, etc.). Direct meetings, occurring in keeping with the sanitary regime, were organized only when strictly necessary.

Our annual activity report, starting with the 2021 report, are prepared in the [European Single Electronic Format \(ESEF\)](#), which increases the availability of the content presented.

Supply chain

The power plants in Kozienice and Połaniec, the CHP plant in Białystok and heat production plants in Piła and Oborniki lie at the heart of production processes in the ENEA Group. The generation units mentioned above use bituminous coal, biomass, gas and fuel oils.

Purchase of raw materials

The Group's demand for bituminous coal is covered, for the most part, by Lubelski Węgiel "Bogdanka" (while the use of other sources increases the safety of supply and is a natural business practice) and other materials are purchased from external suppliers. In 2021, our generation companies used coal from Polish suppliers only.

ENEA Nowa Energia, for the needs of the Liszków biogas plant, purchases silage, pulp and fruit and vegetable waste that is not suitable for consumption or processing.

In 2021, bituminous coal was supplied to the Generation Segment solely by Polish companies.

Table 23

Main coal suppliers

	Kozienice Power Plant	Połaniec Power Plant	ENEA Ciepło
Main coal suppliers in 2021	LW Bogdanka (93%) PGG (5%)	LW Bogdanka (43%) PGG (53%)	LW Bogdanka (92%) PGG (8%)

Raw material supply

Coal from the Bogdanka mine is delivered to the power plants in Kozienice and Połaniec by trains and to the Białystok CHP Plant and the "Zachód" Heat Plant in Białystok by trains and by road. The Połaniec Power Plant and the Białystok CHP Plant in their production processes also use biomass, which is supplied by road and by rail. Deliveries of fuel oil (light-up fuel) to the Połaniec power plant are effected by rail and road transport. The "Zachód" Heat Plant in Białystok owned by ENEA Ciepło, in addition to 4 coal-fired boilers, also has a K1 boiler, in which heat is produced based on grid-supplied gaseous fuel.

PEC produces heat using coal. The coal is supplied by rail from the mine to the Oborniki railway station and then by road in Oborniki to boiler houses K1 and K4.

MEC Piła produces heat from coal and electricity and heat through combustion of natural gas and heat in gas engines. Coal is delivered by rail, and then by road transport. The gas is supplied through a gas pipeline.

The components to the Liszków biogas plant are supplied by road.

Table 24

Main operators effecting coal deliveries

	Kozienice Power Plant	Potaniec Power Plant	ENEA Ciepło
Main operator effecting deliveries in 2021	PKP Cargo (approx. 100%)	Kolprem (approx. 14%) PKP Cargo (approx. 65%)	LW Bogdanka (approx. 92%) CTL Logistics sp. z o.o. (approx. 8%)

Rules of cooperation with suppliers

414-1

The publicly available [ENEA Group Code of Conduct for Contractors](#) sets out our basic requirements from suppliers, regarding their compliance with the law and market and ethical standards in respect to human rights and work safety, protection of the natural environment, prevention of corruption and conflict of interest and compliance with the rules of fair competition. The code transfers the values and rules of conduct set out in other documents to the area of broadly-defined cooperation with suppliers. Suppliers acknowledge and agree to apply its provisions in the contracts they sign.

In the *ENEA Group Procurement Policy*, one of the rules for structuring procurement processes is to use criteria other than price, with special consideration for social aspects (including professional and social integration of the unemployed, the youth and the disabled), environmental aspects (including energy efficiency of the subject of contract) and innovativeness. The offer evaluation criteria are determined on the basis of procurement regulations, for each procurement process individually. In each procurement process, the same criteria are applied to all contractors.

In 2021, a new derivative act named *Rules for evaluating contractors in the General Purchasing Procurement Area in the ENEA Group*. It should unify the rules for evaluating cooperation with contractors in the specified area.

Participation in initiatives and membership in organizations

102-12

We support initiatives promoting broadly-understood sustainability and corporate social responsibility:

- [United Nations Global Compact](#)
- [Declaration on sustainable development in the power industry in Poland](#)
- [Sustainable Development Declaration of the Polish Business](#)
- [Partnership for achieving Sustainable Development Goals in Poland](#)

- [Responsible Business Forum](#) (where ENEA S.A. and Lubelski Węgiel „Bogdanka” have the status of strategic partners)
- [GÓRNIC TWO OK Joint Social Initiative Group](#)
- [Economic Security of Poland Consortium](#)

The UN Sustainable Development Goals (SDGs) are an important reference for our activity. We support the implementation of nine SDGs:



Ensure healthy lives and promote well-being for all at all ages

Target 3.9 By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination.



Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

Target 4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.



Ensure access to affordable, reliable, sustainable and modern energy for all

Target 7.1 By 2030, ensure universal access to affordable, reliable and modern energy services.

Target 7.2 By 2030, increase substantially the share of renewable energy in the global energy mix.



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Target 8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labor-intensive sectors.

Target 8.8 Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.



Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

Target 9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and trans-border infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.

Target 9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.

Target 9.5 Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending.



Make cities and human settlements inclusive, safe, resilient and sustainable

Target 11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management.



Ensure sustainable consumption and production patterns

Target 12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.



Conserve and sustainably use the oceans, seas and marine resources for sustainable development

Target 14.1 By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution.



Strengthen the means of implementation and revitalize the global partnership for sustainable development

Target 17.16 Enhance the global partnership for sustainable development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources, to support the achievement of the sustainable development goals in all countries, in particular developing countries.

The ENEA Group identifies with, adheres to and implements in its activities the 10 Global Compact principles, which are embedded in the management of our organization, in its organizational culture and relations with stakeholders. The principles are as follows:

- Principle 1. Support and respect the protection of internationally proclaimed human rights.
- Principle 2. Eliminate any instances of being complicit in human rights abuses.
- Principle 3. Uphold the freedom of association.
- Principle 4. Eliminate all forms of forced and compulsory labor.
- Principle 5. Abolish child labor.
- Principle 6. Effectively prevent discrimination in respect of employment and occupation.
- Principle 7. Support a precautionary approach to environmental challenges.
- Principle 8. Undertake initiatives to promote greater environmental responsibility.
- Principle 9. Apply and encourage the diffusion of environmentally friendly technologies.
- Principle 10. Work against corruption in all its forms, including extortion and bribery.

Membership in organizations

102-13

ENEA Group companies are active members of various organizations for which activities promoting sustainable development constitute an important statutory objective. These include:

- Polish Chamber of Power Industry and Environmental Protection
- Polish Power Plants Association
- Association of Polish Power Sector Employers
- Energy Trading Association
- Polish Heating Sector Chamber of Commerce

- Polish Association of Commercial Combined Heat and Power Plants
- Polish Mining Chamber of Industry and Commerce
- Association of Polish Committee of the World Mining Congress
- Polish Electricity Committee
- Polish Committee of the World Energy Council
- Polish Association for Electricity Transmission and Distribution
- Association of Polish Electrical Engineers
- POLLAB Polish Research Laboratory Club
- STELEN Association of Producers of Power Structures and Devices
- Association for Energy Development of Lubuskie Voivodeship
- Wielkopolska Chamber of Industry and Commerce
- Employers of Poland
- Polish Association of Listed Companies
- United Nations Global Compact Network Poland
- Nature Conservation Association

We also take part in the works of international organizations:

- European Energy Forum
- The Union of the Electricity Industry (Eurelectric)
- European Biomass Association (AEBIOM)
- European Distribution System Operators for Smart Grids
- European Federation of Energy Traders
- Coal Industry Advisory Board
- EURACOAL

Our companies actively join the initiatives undertaken by industry organizations. Among other things, they participate in consultations on draft legislation, take part in preparing analyses and publications and co-organize events. They also willingly share their experience, including with respect to sustainable development.

Łukasz Nowakowski, manager of the External Relations Office at ENEA S.A.

Contribution to the society

203-1

Our contribution to the lives of Poles significantly exceeds the services provided by us. We are a large employer, a significant payer of taxes and charges to the state budget and local budgets as well as the creator of technological innovations. Through the ENEA Foundation and employee volunteerism programs, we undertake initiatives responsible for important social problems. We provide financial support for Polish sport and national culture.

Significance of the ENEA Group for the economy

103-1, 103-2, 103-3, 203-2

Our contribution to the Polish economy is multi-dimensional:

- we deliver electricity and heat and provide innovative services,
- we employ people,
- we generate jobs in the value chain,
- we pay taxes and charges,
- we expand regional and local infrastructure,
- we develop new technologies,
- we support education of future staff, especially engineers.

201-1

Our contribution to the economy in 2021

PLN 986 million

taxes³⁶ paid in 2021

PLN 2.1 billion

spent this year on payroll and employee benefits

Creating innovation

The ENEA Group Development Strategy until 2030 with an outlook to 2040 envisages the following initiatives focused on innovation:

- development of energy storage projects and provision of services to third parties;
- development of hybrid installations;
- development of conventional power generation based on low-emissions sources;
- development of a smart power grid;
- development of electromobility;
- digitization, automation and development of new technologies;
- innovative services for customers;
- contemporary communication with customers and modern cooperation models.

³⁶ Items from the consolidated statement of comprehensive income: Taxes and charges, Current tax.

Ecosystem of innovation in the ENEA Group

- The structure of our ecosystem of innovation is based on the *ENEA Group Innovation Policy*. ENEA Innowacje is a Group company that executes projects with high technological and business risk.
- ENEA Innowacje adopted the *Procedure for Evaluating Innovative Projects* and a [submission form](#) posted on the company's website may be used by innovators to propose their projects online.
- Before launching projects, initiatives are selected and assessed, among others, from a technical and economic perspective.
- Those involved in the management of the ecosystem of innovation are employees of the ENEA S.A. Strategy and Development Management Department, employees of ENEA Innowacje, research and development sections and innovation offices of the other companies, engineers, constructors and technologists.
- Developing innovation, we cooperate, among others, with the government of the Republic of Poland (especially the Ministry of State Assets), its agencies (e.g. the Polish Development Fund), industry associations, higher education institutions and technical high schools, local self-government, accelerators, start-ups and inventors.

On 1 June 2021, KRS registered the merger of ENEA Innowacje sp. z o.o. and ENEA Badania i Rozwój sp. z o.o. aimed at optimizing innovative activity of the ENEA Group. In the same year, the Group Strategy and Development Management Department launched the pilot of the *Procedure for assessing high-risk projects in the ENEA Group*. Its results will form grounds for a decision on further proceeding/possible adoption by the ENEA S.A. Management Board. The pilot was carried out by ENEA Innowacje and its goal was to test that the procedure works correctly in the course of implementation of high-risk projects that are technological or business innovations, new businesses or venture capital equity investments. The Company has submitted amendment proposals for the regulation, in particular the amendments that require corporate approvals above certain financial thresholds. Currently ENEA Innowacje is working with the Investment Process Change Team to develop a separate path for obtaining approvals for the execution and financing of high-risk projects.

203-1, 203-2

In 2021, we performed, among others, the following research and development programs that were potentially significant for the economy:

- **H2eBuffer** – a scientific research project aimed at developing a system to store energy and stabilize the power grid, making use of green hydrogen produced in RES installations. The initiative is run by ENEA Operator, West Pomeranian University of Technology in Szczecin and the University of Szczecin;
- **DRES2Market** – a project designed to prepare a comprehensive and cost-efficient approach to facilitate the effective participation of distributed generation based on renewable energy in electricity markets and to enable the provision of balancing and storage services in accordance with market criteria. The initiative is conducted by ENEA Operator, the Institute of Power Engineering in Warsaw and international entities.
- **eNeuron – greEN Energy hUBs for local integRAted energy cOMmunities optimization** – this European program is aimed at developing innovative tools for optimizing the design and operation of local energy systems integrating dispersed energy resources and multiple energy carriers. The initiative is conducted by ENEA Operator, the Gdańsk Branch of the Institute of Power Engineering and international entities.

Innovation awards received in 2021

ENEA Operator was distinguished in the Energy and Industry category of the Innowatory “Wprost” competition for the project entitled “Innovative energy storage system services to improve quality and capacity”, which will enable a more efficient use of renewable energy sources.

Lubelski Węgiel “Bogdanka” received the Innovation prize in the Mining Success of the Year competition organized by the Polish Mining Chamber of Industry and Commerce, which recognized the project entitled “Technical and organizational optimization of operation of longwall with a 7100 m strike.”

Significance of the ENEA Group for regional and local development

103-1, 103-2, 103-3, 203-1

Increasing connection capacity by us makes it possible for regions and local communities to develop, among others, facilitating the acquisition of investors by local governments. Expansion and modernization of electrical grids makes it possible to improve the spatial development of cities, towns, townships and regions, allows for connecting RES installations and develop energy clusters. We also exert influence on the life of local communities by creating jobs and paying taxes and charges to local government’s budgets. On the other hand, connecting new clients to our CHP plants improves the living conditions of local communities by improving the microclimate.

Internal indicator 29

Jobs, traineeships and apprenticeships created for the youth

We are cooperating with local vocational and technical schools, including schools preparing for work in power industry, in our endorsed schools program, as well as ensure practical education to students in cooperation with their universities (dual studies). We conduct paid traineeships and unpaid or paid apprenticeships for students under the “Get Installed at ENEA” program.

Within the framework of cooperation with endorsed schools, the company funds scholarships for the most talented students, co-finances equipment for classrooms and organizes trips and contests. The students are obliged to have mandatory apprenticeships in Group companies.

Industry schools with which the ENEA Group cooperates:

- Power Engineering Technical School in Poznań
- Technical School Complex – Vocational and Adult Education Center in Leszno
- Electrical and Power Engineering Technical School in Bydgoszcz
- Electrical School Complex in Gorzów Wielkopolski
- Electrician Vocational and Adult Education Center in Nowa Sól
- Vocational Education Center in Chodzież
- Secondary and Vocational School Complex in Sulęcín
- Electrical and Electronic Engineering School Complex in Szczecin
- Vocational and Adult Education Center in Złotów
- School Complex in Połaniec
- School Complex No. 4 in Szczecin
- Senior Secondary School Complex No. 2 in Gniezno
- Electrical Engineering School Complex No. 2 in Poznań
- School Complex No. 1 in Kozienice

- Mining School Complex in Łęczna
- School Complex in Ostrów Lubelski
- Power Engineering and Transportation School Complex in Chełm
- School Complex in Pionki

In 2021, in connection with the COVID-19 epidemic, cooperation with the schools was limited. The company did not sign any patronage agreements, but it continued its activities to support the establishments in professional development and promotion of the electrical engineering profession. We also organized the [“Power to Start”](#) contest, in which 10 for students of the endorsed schools received scholarships.

Tertiary education institutions collaborating with the ENEA Group in the field of vocational training:

- University of Lodz,
- Maria Curie-Skłodowska University in Lublin,
- University of Warsaw,
- Warsaw University of Life Sciences,
- Wrocław University of Science and Technology,
- University of Technology and Humanities in Radom,
- War Studies University,
- Kielce University of Technology,
- Kazimierz Wielki University in Bydgoszcz,
- AGH University of Science and Technology,
- Military University of Technology,
- Warsaw University of Technology,
- Cardinal Stefan Wyszyński University in Warsaw,
- Adam Mickiewicz University in Poznań,
- West Pomeranian University of Technology in Szczecin,
- Białystok University of Technology.

Due to the epidemic, apprenticeships and traineeships for students were suspended in some Group companies.

Social projects and employee volunteerism

103-1, 103-2, 103-3

The ENEA Group pursues various initiatives in response to the needs and expectations of its stakeholders, locally, regionally and nationally.

The key documents regulating the rules of the Group’s social involvement include:

- *Rules for handling applications for support in the community engagement area in the ENEA Group,*
- *Rules for conducting public relations activities and social partnership activities in the ENEA Group,*
- *Rules and Regulations of Employee Volunteerism in the ENEA Group,*
- *Lubelski Węgiel Bogdanka S.A. Social Engagement Policy (updated in 2022).*

Social involvement is coordinated by the Corporate Social Responsibility Office, which is part of the Group’s PR and Communication Department. The ENEA Foundation, which is a public benefit organization, is the competence center for the Group’s social initiatives; it provides financial support for social objectives using donations received from Group companies.

Its goals and principles of operation are defined by:

- *The Charter of the ENEA Foundation,*

- *Organizational Rules and Regulations of the ENEA Foundation,*
- *Rules and Regulations on granting support by the ENEA Foundation.*

The ENEA Foundation implements the ENEA Group's corporate social responsibility policy by conducting activities that have lasting social effects. For this purpose, it organizes well thought-out and innovative projects in areas such as safety, education for children and youth, protection of the environment, assistance for the needy and sports, culture and art. In emergencies, such as epidemics or natural disasters, the Foundation provides direct support to the victims and to health care establishments. Apart from conducting its own activities, the ENEA Foundation supports socially beneficial initiatives pursued by other parties and supports current and former employees.

Another entity conducting active social involvement activities is the "Solidarni Górnicy" [Solidary Miners] Foundation established by Lubelski Węgiel "Bogdanka" S.A. Its objective is to support financially employees of LWB Group companies and their families, victims of accidents, people suffering from illnesses or those in a difficult financial situation. The organization also supports talents, cultural, environmental and health promotion initiatives.

Group companies hold various charitable campaigns and educational projects in areas that include the promotion of a healthy lifestyle or the dissemination of knowledge about the nature. The Group's employees are also involved in the life of local communities and the Group supports their activities undertaken, among others, in the form of employee volunteerism.

Social engagement of the ENEA Group in 2021

Due to the epidemic situation in 2021, ENEA Foundation donated funds mainly for health protection and promotion projects: post-COVID-19 rehabilitation, hospital retrofitting, psychological assistance following long-term isolation, and promotion of vaccination. In the reporting period, ENEA Foundation donated nearly PLN 1.9 million for combating COVID-19 and for rehabilitation after the disease.

Piotr Ludwiczak, Member of the Management Board of the ENEA Foundation

Another important area of support continued to be initiatives addressed to employees, such as health prevention programs and financing of grassroots activities by employee groups. The Foundation also supported, among others, integration and professional and social integration and reintegration of people at risk of social exclusion, physical exercise and sports (including Paralympic and amateur sports), as well as historical and environmental education.

The "Solidary Miners" Foundation also focused on social problems caused by the epidemic: financing the purchase of necessary medical and rehabilitation equipment for people in a difficult life situation, and providing organizational, material and financial support to health care, educational and nursing institutions, for example in the purchase of medical equipment and medicines, or renovations.

nearly PLN 5 million

the total value of cash and in-kind donations made by the ENEA Group in 2021

Table 25

INTERNAL INDICATOR 30

Cash and in-kind donations [PLN 000s]	2021
Total value of cash and in-kind donations made by the ENEA Group:	4986.2
of which funds transferred by Group companies to the ENEA Foundation	3956.6
of which funds transferred by Group companies to the "Solidary Miners" Foundation	251.5
of which funds transferred by Group companies directly to other entities	778.1

Selected social projects implemented by the ENEA Group in 2021

INTERNAL INDICATOR 31

Together let's rush to the table

This campaign encouraged selected local communities in the area of the Group's activity to take care of physical fitness. Its participants recorded physical activity such as walking, running, sightseeing tours, Nordic walking, cycling, scooter riding. Five local governments, which recorded the largest numbers of kilometers, received two professional table tennis tables, which will be available to the public, and more than one hundred most active residents received individual prizes related to sports, including electric scooters and table tennis sets. Overall, more than 1600 people took part in the challenge, covering in total 429,173 kilometers.

Mission: Prevention. Health begins in your head

The ENEA Foundation has become the partner of the 13th edition of the campaign entitled "Faces of depression. I don't judge. I accept". As part of the campaign, through financial support of the Foundation, free remote psychological assistance was provided to those who needed it in the area of operation of the ENEA Group, for nearly 100 days. The project also included prophylactic activities for employees, including a webinar on the treatment of depression, a meeting with a psychologist and stress management workshops attended by more than 230 Group employees.

#OgarnijHejt Campaign

ENEA S.A. teamed up with the Stanisław Lem Poland of the Future Institute to carry out educational activities on how to use the Internet safely and how to prevent cyberbullying, i.e. how to handle problems that have become increasingly common in the lives of teenagers and that intensified during the remote learning period. During the #OgarnijHejt campaign, students, parents and teachers in 30 schools, which qualified for the program, participated in free workshops, learning how to use the Internet and the social media safely and responsibly.

ENEA for women

A part of this campaign, a social initiative was carried out, which was aimed at minimizing adverse effects of the coronavirus epidemic on women, since according to research, it is them who suffer the consequences of the pandemic more acutely than men and in multiple dimensions. Due to the support of the ENEA Foundation and the organized collection, from 8 to 31 March 2021, women were able to take advantage of psychological care free of charge. The aid was used by 51 women and psychologists provided telephone support for 68 hours. The initiative was accompanied by a charity concert organized in cooperation with the Development Ladder Foundation.

A cytomammobus of the Holy Cross Cancer Center parked in front of the Potaniec Power Plant to offer its female employees cytology and mammography and all employees initial qualification for preventive head, neck and lung cancer screening. The examinations in the cytomammobus were taken by around 100 women.

Support for the Chief Sanitary Inspectorate

Between January and August 2021, ENEA Centrum supported the Chief Sanitary Inspectorate by seconding a group of consultants from the Contact Center for the operation of the hotline dedicated to the COVID-19 epidemic and vaccination. The consultants were on duty from Monday to Friday between 8 a.m. and 4 p.m., ready to manage the increased hotline traffic. The effects of the support included, among others, effective registration of more than 22 thousand people for vaccination.

Historical education

ENEA S.A. cooperated with the Educational Project Society Foundation to execute a historical and educational project about the Greater Poland Uprising titled "From Greater Poland to Independent Poland. The youth speaks about 27 December 1918". As part of the project, educational materials (for teachers and students respectively) and teaching aids necessary to conduct lessons on the uprising as well as a [website dedicated to the campaign](#) were developed.

Additionally, two historical and teaching conferences, a knowledge contest with awards and a large-format exhibition for schools were organized. ENEA Wytwarzanie, in turn, in cooperation with the Koźmienie Association of Historical Reconstructions, conducted a local history knowledge contest among its employees.

Exempt From Theory

For the second time, ENEA S.A. joined the partners of the nationwide contest for students called "Exempt from theory". In 2021, the projects supported by the company as part of the Energy in Education cycle, attracted 315 participants, who implemented 33 projects, supporting 752 thousand beneficiaries. The projects included, among others, initiatives in the area of health prevention, educational activities relating to mental disorders and the fight against obesity and excess weight, or a project supporting the unemployed on the job market. The company's representatives sat on the Jury and took part in meetings with students and last-year high-school students telling them about their work for the ENEA Group.

Cooperation with the United Nations Association – Poland (UNAP)

ENEA S.A. established cooperation with the United Nations Association – Poland (UNAP), an association which supports and popularizes the knowledge of the United Nations. As part of the partnership, the company will engage in actions for education in the area of global Sustainable Development Goals. One of them is the Sustainable Development Ambassador program, which was joined by the company as a strategic partner. As part of the project, high-school students prepare projects related to education and promotion of the Goals.

Education for safety

Volunteers taught preschoolers how to handle electricity safely, how to alert rescue service if necessary, etc. They also ran a preventive lesson in road safety.

Positive ENERGY is flowing in us

ENEA Wytwarzanie and Stefan Czarniecki High School No. 1 in Kozienice executed a project for homeless pets, addressed to educational establishments, public agencies and work establishments from Kozienice county. It consisted in a pet food collection and educational actions promoting pet adoption and their proper treatment.

Projects for the natural environment are described in section entitled *ENEA Group's environmental activities in 2021*.

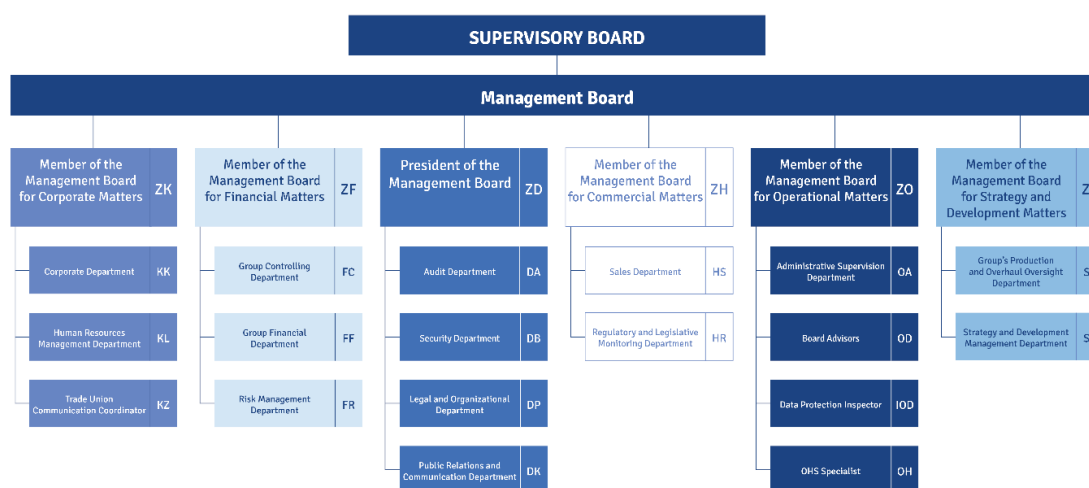
4. Corporate governance

Corporate governance is a system used to govern the ENEA Group, including the rules for making decisions in the Group, based on the *ENEA Group Code* accepted by the companies. The above document defines the creation, organization and operation of companies owned by the Group. One of the key assumptions of the corporate governance in the Group, reflected in the provisions of agreements and articles of association of companies, is the assumption that the purpose of the company is to carry out activities to pursue the ENEA Group's mission and strategy, which determine the interests of the ENEA Group.

Governing bodies of the ENEA Group

The activity of the ENEA Group is managed by the Management Board of ENEA S.A., i.e. the parent company. The highest supervisory body in the company is the ENEA S.A. Supervisory Board

Figure 12
Organizational structure of ENEA S.A. as at 31 December 2021



The internal relations established in ENEA S.A, including the company's organizational structure and the allocation of tasks, responsibilities and powers, are formally stipulated in the *Organizational Rules and Regulations* and the *Rules and Regulations of Organizational Units of ENEA S.A.*

Organizational changes in 2021:

1. Combination of the Strategic Management Department with the Development Management Department, which has allowed ENEA S.A. to create structures that can be comprehensively responsible for tasks related to analysis, strategic planning and the implementation of ENEA Group's strategy.

2. Liquidation of the Group's ICT Department and transfer of the functions performed by that department to other units, which has enabled costs optimization;
3. Establishment of the Group's Regulation and Legislation Monitoring Department responsible for coordinating the Group's activities in this area.

Moreover, on 12 November 2021, the ENEA S.A. Supervisory Board adopted a resolution regarding the size of the company's Management Board. As a result, the size of the ENEA S.A. Management Board was increased by adding the Management Board Member responsible for Strategy and Development. Along with this change, the company reviewed the responsibilities of its individual organizational units, adapting their assigned tasks to the powers of the respective Management Board Members.

102-8, 405-1, S-P1

Management Board of ENEA S.A. as at 25 May 2022

Paweł Majewski

President of the Management Board

Tomasz Siwak

Vice-President of the Management Board for Commercial Matters

Tomasz Szczepielniak

Vice-President of the Management Board for Corporate Matters

Marcin Pawlicki

Vice-President of the Management Board for Operational Matters

Rafał Marek Mucha

Vice-President of the Management Board for Financial Matters

Lech Adam Żak

Vice-President of the Management Board for Strategy and Development

Supervisory Board of ENEA S.A. as at 25 May 2022

- Rafał Włodarski – Supervisory Board Chairman
- Roman Stryjski – Supervisory Board Deputy Chairman
- Michał Jaciubek – Supervisory Board Secretary
- Paweł Korobłowski – Supervisory Board Member
- Maciej Mazur – Supervisory Board Member
- Piotr Mirkowski – Supervisory Board Member
- Mariusz Pliszka – Supervisory Board Member
- Dorota Szymanek – Supervisory Board Member
- Tomasz Lis – Supervisory Board Member
- Radosław Kwaśnicki – Supervisory Board Member

The composition of the Management Board and Supervisory Board of ENEA S.A. is valid as at the date of publication of this report, i.e. 25 May 2022. More information on the changes to their composition in 2021 and from 1 January to 23 March 2022 is provided on page 65 of the [*Management Board Report on the Activity of ENEA S.A. and the ENEA Group in 2021*](#). Moreover, changes in the composition of the Management Board occurred after the report was published. As of 10 April, President Paweł Szczeszek tendered his resignation and his duties were assumed by Vice-President of the Management Board for Financial Matters Rafał Marek Mucha. On 25 April, Paweł Majewski was appointed President.

G-P1

Details on the credentials and skills of individual Management Board and Supervisory Board Members are provided [here](#).

102-18

In accordance with the provisions of the Rules and Regulations of the Supervisory Board, the following standing committees operate within the Supervisory Board:

- the Audit Committee,
- the Nominations and Remuneration Committee,
- the Strategy and Investment Committee.

The Committee is composed of at least three members appointed and dismissed by the Supervisory Board from among its members for the period equal to its term of office. The committee members elect from among their number a chairman who directs and supervises its work, in particular the organization and conduct of its meetings.

The appointment of ENEA S.A.'s governing bodies and key managers is each time conducted pursuant to the generally applicable provisions of law and preceded by a thorough analysis of the experience, competence and skills of each candidate, without regard for other non-substantive criteria, such as, in particular, sex or age.

ENEA Group Committees

ENEA Group Committees are standing, internal teams of the Group, which support the Management Board of ENEA S.A. in making decisions in accordance with the powers given to them in rules and regulations. The powers of the committees include making decisions or recommending decision to the Management Board of ENEA S.A. There are five committees functioning in the Group:

1. the Investment Committee,
2. the Risk Committee,
3. the Finance and IT Committee,
4. the Commerce and Promotion Committee,
5. the Risk Committee.

According to Resolution adopted by the ENEA S.A. Management Board on 16 November 2021, the ENEA Group Compliance Committee was liquidated effective as of 31 December 2021.

Management divisions

A management division is a formal communication channel between each department of ENEA S.A. and corresponding units in the subsidiaries. Through a division, a department at ENEA S.A. oversees and manages a specific area of the Group based on the formalized standards of cooperation with the specified units.

There are five management divisions operating in the ENEA Group:

1. Communication Management Division (managed by the Group PR and Communication Department),
2. Safety Management Division (managed by the Group Safety Department),
3. Compliance and Legal Support Management Division (managed by the Group Legal and Organizational Management Department),
4. Procurement Management Division (managed by the Group Administrative Supervision Department),
5. HR Management Division (managed by the Group Human Resources Management Department).

Organizational culture

102-16

We have been building our organizational culture on shared values, account being taken of stakeholders' expectations. It is based on compliance with the law and internal regulations, mutual trust, respect for beliefs and diversity of our employees, equal treatment and preventing any malpractice.

ENEA Group's values

G-P2

The ENEA Group has in place the *Code of Ethics* which defines the values that should guide the Employees, selected by them in a study, and indicating the model conduct for all employees, and introduces standards for relations with customers, business partners, shareholders, local communities and associates.

Figure 13

Our day-to-day work values

6. **integrity:**
conduct in line with ethical rules, the law and internal procedures, mutual respect and openness in expressing views and opinions,
7. **responsibility:**
acting in compliance with our declarations with respect to quality, timeliness and reliability of services, performing employee obligations and performing the obligations set forth in social contracts,
8. **safety:**
sharing knowledge and continuous upskilling, enabling employees to gain new experience,
9. **competence:**
taking preventive and corrective actions in order to ensure a safe working environment, protection of the natural environment and protection of sensitive data, personal data and protected information.

Lubelski Węgiel "Bogdanka" S.A. has an internal [Code of Ethics for LW "Bogdanka" S.A. Group](#) which is consistent with the principles adopted for the entire Group.

Up until 6 January 2022, the ENEA Group had in place the Ethics Committee, which resolved any ethical concerns reported by employees and ensured objective investigation of suspected violations of the Code of Ethics. The Committee operated on the basis of its rules and regulations, which define, among others, the procedures for reporting concerns and violations, as well as the handling of investigations. As of 7 January 2022, the Ethics Committee was liquidated; its powers and responsibilities were taken over by the ENEA Group Compliance Committee operating as of 15 July 2021 – a dedicated team reviewing reports on violations of generally applicable law, internal acts of the ENEA Group and ethical standards.

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reports to the Ethics Committee in 2021

Supporting diversity

103-1, 103-2, 103-3, 102-16

We consider diversity of our staff as value in itself but also as a driver of the organization's development. Our diversity policy has not been adopted as a separate document (Lubelski Węgiel "Bogdanka" S.A. is the only company with such a policy), but for years we have made efforts to ensure that diversity among employees, e.g. diversity of experience, knowledge or interests, is taken into account in our practices.

The diversity issues are addressed in various documents, such as the *ENEA Group Code of Ethics*, internal collective bargaining agreements, *Policy against mobbing, discrimination and other unacceptable conduct* and the *ENEA Group Compliance Policy*.

Currently, there are no women on the ENEA S.A.'s Management Board, while the ENEA S.A. Supervisory Board is comprised of both women and men. The current gender mix in the Company's corporate bodies does not ensure differentiation at a level of at least 30%, which is recommended by the [Code of Best Practice for WSE Listed Companies 2021](#). However, it should be emphasized that the election of members of the company's corporate bodies is based on the generally applicable provisions of law and the company's statute, based on the pertinent recruitment documents received. Members of the Management and Supervisory Boards are selected on the basis of various criteria, including gender, education, age and professional experience. Recruitment activities are carried out by the company's bodies authorized to appoint such individuals.

So far, no diversity figures have been reported to the management boards and supervisory boards of the companies.

In 2020, ENEA S.A., ENEA Operator, ENEA Centrum, ENEA Wytwarzanie and ENEA Elektrownia Połaniec signed cooperation agreements with the State Fund for the Rehabilitation of the Disabled as part of the "Work – Integration" pilot program. It aims to increase its ratio of employment of people with disabilities on the open labor market. Within this initiative, the above companies declared their readiness to take action aimed at hiring the disabled and maintaining their employment. Up until the publication date of this report, Group companies have hired 4 people as part of this initiative.

ShEO Awards are granted to female leaders of business, social and cultural life by the editorial team of the "Wprost" weekly. In 2021, during the second edition of the event, the ENEA Group received a special award for CSR projects and activities benefiting women. We were recognized for consistently building and

organizing spaces for women, for activating them in the Polish energy sector and for implementing programs and initiatives which help appreciate the indisputable role of women in social life. We were recognized for our efforts to develop women's competences, but also for our preventive health care activities, involvement in the promotion of a healthy lifestyle through the ENEA Team program, for the aid we extend to women (material and in-kind) and our involvement in mental health care initiatives.

In the sports stars category, the award was received by Natalia Partyka, Paralympic Games medalist and the ambassador of the ENEA brand.

Preventing mobbing, discrimination and other human rights violations

103-1, 103-2, 103-3, S-P5, S-P6, G-P4

We have adopted the following priorities in the human rights area:

- strict observance of the principle of equal treatment irrespective of gender, age, origin, social status, health, sexual orientation or beliefs,
- implementation of the uniform mobbing prevention policy,
- providing all support to employees who feel they suffer from mobbing to clarify the case objectively and applying corrective measures if the allegations are confirmed,
- promoting the right attitudes in the organization and identifying prohibited conduct.

Group companies also try to guarantee the observance of civil rights (such as the right to freedom of expression or the right to privacy) and social rights (basic employee rights, the right to social protection and health protection).

From the point of view of human rights, the following regulations are of particular importance:

- *ENEA Group Code of Ethics*, which emphasized among others the need for equal treatment and respect for human dignity;
- *Code of Ethics for LW "Bogdanka" S.A. Group*;
- *ENEA Group Compliance Policy*, which emphasizes, among others, the need for building a friendly working environment and showing respect for the employees' personal lives and free time;
- *Policy against mobbing, discrimination and other unacceptable conduct*, which identifies unacceptable conduct, the procedures for reporting it and handling the reports, as well as preventive measures in this area and the obligations of the employer and employees;
- *Policy for reporting breaches and protecting whistleblowers in the ENEA Group*, whose main goal is to ensure that any reports received by the organization about violations, i.e. actions or omissions contrary to generally applicable laws, the law of the European Union, acts adopted by the ENEA Group and ethical principles, are accepted, thoroughly analyzed, identified in terms of potential violations, assessed from the risk standpoint and properly managed, and the person who reports them trusting in their veracity is protected against potential retaliation for reporting the violation.

The [ENEA Group Breach Reporting Form](#) enables notification of all irregularities, also anonymously and confidentially.

The following units are responsible for the implementation of and supervision over the foregoing regulations:

- in the field of counteracting mobbing and compliance with the ethical principles included in the *ENEA Group Code of Ethics* – the Group’s Human Resources Management Department;
- in the field of execution of the *Policy for reporting breaches and protecting whistleblowers in the ENEA Group* – the Group’s Legal and Organizational Management Department, whose director also serves as the ENEA Group Compliance Officer;
- in the field of the *Code of Ethics for LW “Bogdanka” S.A. Group* – the Ethics Officer, who is also responsible for ethical education of employees, and the CSR Inspector.

All employees are also obligated to monitor their surroundings in the context of the applicable standards.

Any reports on human rights violations will be examined by the Compliance Committee. Additionally, most Group companies have in place their own special teams to prevent mobbing, discrimination and other unacceptable conduct. Their task is to provide fair and impartial investigation of all the circumstances of the allegations reported by employees and to issue recommendations regarding the above occurrences.

406-1

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confirmed cases of discrimination in the ENEA Group in 2021

The representatives of our organisation take part, as audience, in the meetings organized by the Global Compact Poland foundation as part of the UN Global Compact Network Poland, devoted to best practices in breach reporting systems.

Selected human rights activities in 2021

In 2021, the Group companies were adopting the *Policy against mobbing, discrimination and other unacceptable conduct* updated at the end of 2020 and on 1 January 2021, adapting it to their own unique circumstances. The amendments to this document included, among others:

- the obligation to observe its provisions for the individuals working for the Group’s companies under civil law contracts,
- allowing not only the person suffering from the unacceptable conduct, but also any other employee witnessing such conduct, to provide any information on a suspicion of mobbing, discrimination or other unacceptable conduct to the ENEA S.A. Team on preventing mobbing, discrimination and other unacceptable conduct,
- ensuring that various channels are open for confidential and anonymous reports, which at the same time automatically transmit such information to the authorities of the companies,
- emphasizing that it is unacceptable to take any retaliatory action against an Employee who makes a report in good faith, or against Employees participating in the investigation procedure in good faith.

ENEA S.A. has undergone an external audit of the functioning of the Anti-Mobbing System SPM MOB 2.0, as a result of which the company was awarded, for the third time, the “Company without mobbing” certificate, which confirms the high level of protection of Employees against all forms of psychological violence and discrimination, as well as the correctness of prevention, information and education activities. Newly hired

employees were obliged to undergo an e-learning training entitled “Building a friendly working environment for ENEA S.A. employees”, which was delivered to all employees in 2020.

Members of the anti-mobbing team at ENEA Trading participated in a training course on “Counteracting mobbing and discrimination” and members of similar teams in selected Group companies³⁷ – in a training course devoted to mediation.

Prevention of corruption

G-P3, 103-1, 103-2, 103-3

Issues related to counteracting corruption have also been standardized in the *ENEA Group Compliance Policy* and the *ENEA Group Code of Ethics* and also in the corresponding documents in place in the LW Bogdanka S.A. Group.

We do not tolerate any form of corruption and do not make decisions on the basis of such actions. Employees of the ENEA Group companies as a matter of principle do not give or accept gifts from colleagues, business partners, social partners, potential customers or contractors.

The giving and acceptance of financial and personal benefits by ENEA Group employees is governed by the *Rules for Offering and Receiving Gifts in the ENEA Group*. These rules specify the circumstances under which a gift may be given or accepted and the possible steps, which must be taken in order to give and accept it. Each instance, in which a gift is given or accepted is considered an exception to the general rule and must be carried out in accordance with the procedure set forth in the regulation.

Anti-corruption provisions are contained, among others, in the following documents:

- *Policy for reporting breaches and protecting whistleblowers in the ENEA Group*, whose main goal was to ensure that any violation reports received by the organization are accepted, thoroughly analyzed, identified in terms of potential violations, assessed from the risk standpoint and properly managed, and the person who reports them trusting in their veracity is protected against potential retaliation for reporting the violation;
- *ENEA Group Code of Conduct for Contractors*, defining the fundamental requirements for contractors in terms of their compliance with the law and with ethical and market standards. The terms of cooperation specified in the above document have been made available to contractors in the form of a brochure posted on ENEA Group’s website; the resulting rules have been implemented in detail in the Group’s acts governing in particular the areas of contracting, procurement, giving and receiving gifts and counterparty verification.

A particularly significant component of the anti-corruption system is the building of a proper organizational culture within the ENEA Group, in particular by the ENEA S.A. Compliance Office. This objective is pursued, among other measures, through direct and e-learning training for employees, promoting ethical and lawful behaviors, and through information campaigns aimed at continuous development of knowledge and awareness of ENEA Group’s Employees regarding compliance with legal and market requirements, but also with moral standards.

³⁷ With the exception of: ENEA Połaniec Serwis, ENEA Ciepło, MEC Piła, PEC Oborniki, ENEA Nowa Energia.

Ewelina Kutermankiewicz, Compliance Officer at ENEA Group, Director of Group Legal and Organizational Management Department

The Rules for Offering and Receiving Gifts and endeavors aimed at preventing conflicts of interest and corruption offenses are elements of the mandatory initial training in all Group companies. In addition, training courses on this topic are regularly updated and repeated, especially when a document that governs anti-corruption issues is amended or when a new one comes into life.

The ENEA S.A. Compliance Office actively participates in drafting internal regulations and issuing opinions on them from the compliance perspective, cooperates with the individuals involved in this area in ENEA Group companies and identifies and assesses potential risks of non-compliance, corruption and conflict of interest. The elimination of breaches in this area is also expedited by appropriate provisions of internal acts of ENEA Group companies, such as the rules for awarding contracts (they include a requirement that persons performing activities in a procedure or who may influence its outcome or persons awarding contracts, in particular persons acting as managers of the contracting entity, members of the tender committee and experts, submit statements confirming the absence of any relations on their part with contractors participating in the tenders), the *Rules for evaluating contractors in the General Purchasing Procurement Area* or the work regulations.

The ENEA Group's anti-corruption system is compliant with the [Standards recommended for the compliance management system on counteracting corruption and the whistleblower protection system in companies listed on markets organized by the Warsaw Stock Exchange](#).

Selected anti-corruption activities in 2021

The *ENEA Group Compliance Policy*, which is in effect in all ENEA Group companies, was supplemented with provisions introducing the requirement to observe specific work criteria that applies to employees holding key positions in the company's structure and who have significant influence on its correct functioning, such as directors and managers. These specific work criteria are defined as the obligation to maintain independence, impartiality, neutrality and objectivity in the performance of official duties, which in particular means that they should not take action or should refrain from performing any function that could give rise to a conflict of interest or raise doubts about their freedom to act in the sole and best interest of the company.

Amendments were made to the *Policy for reporting breaches and protecting whistleblowers in the ENEA Group*, which comprehensively regulated the matters associated with reports of violations, including corruption. The ENEA S.A. Management Board also appointed a dedicated team to process whistleblowing reports in the ENEA Group.

ENEA Operator developed a brochure, customized to its specific situation, concerning the *ENEA Group Code of Conduct for Contractors*, and the obligation to observe its provision was added as a clause in the contracting

regulations. The Company also adopted the *Regulations for preventing, identifying, addressing and reporting conflicts of interest involving employees of ENEA Operator sp. z o.o.*, which identified the areas, in which conflict of interest prevention mechanisms had already been implemented and defined the procedure to be followed if a risk of a conflict of interest arises in other instances. Additionally, the Company also introduced an obligation to submit a declaration of absence of conflict of interest for employees carrying out public relations, social partnerships and sponsoring activities, and an obligation to submit a declaration of fairness, impartiality and objectivity for any individuals taking part in the preparation of tender proceedings and the contracting manager, as well as for any employees participating in technical acceptances/guarantee checks.

ENEA Serwis updated, among others, the *Rules and Regulations for conducting proceedings, awarding contracts for construction work, deliveries and services and exercise of functional oversight in ENEA Serwis sp. z o.o.* The amendments to this document, among others:

- introduced an obligation for a contractor to submit, together with the bid, an acknowledgment of the *ENEA Group Code of Conduct for Contractors* and to comply with the rules contained in that document in business relations with the ENEA Group;
- introduced an obligation to exclude from the procedure the members of the tender committee and other persons performing activities related to the procedure if a conflict of interest arises or in case of a final conviction for a crime committed in connection with a procurement procedure;
- introduced a mandatory obligation for members of a tender committee to provide a statement on the existence or non-existence of the circumstances mentioned above;
- introduced an obligation to conduct procedures in IT systems;
- specified when a bidder must be excluded from a tender (e.g. when a bidder has committed a breach of the *ENEA Group Code of Conduct for Contractors*).

ENEA Group has conducted an anti-corruption information campaign among its employees; in 2021 additional companies, i.e. ENEA Elektrownia Połaniec, ENEA Połaniec Serwis and ENEA Centrum, launched an anti-corruption e-learning course for employees.

ENEA Elektrownia Połaniec, ENEA Bioenergia and ENEA Połaniec Serwis developed joint Contracting Regulations, which featured, among others, a prohibition of maintaining direct e-mail correspondence with bidders during the bidding stage. The contractors of ENEA Elektrownia Połaniec and ENEA Połaniec Serwis were informed that the *ENEA Group Code of Conduct for Contractors* was applicable among others by contract clauses or by publishing the code on the company website. ENEA Elektrownia Połaniec additionally introduced a Due Diligence System for biomass purchases. The *Policy for local credit assessment of contractors of ENEA Elektrownia Połaniec S.A.* was updated and renamed as the *Policy for reviewing fuel contractors in ENEA Elektrownia Połaniec S.A.*

ENEA Innowacje introduced instructions establishing formal and legal requirements, which must be satisfied to obtain a positive decision on the implementation or purchase of a service or product.

Table 26

205-3

Number of confirmed cases of corruption in ENEA Group companies	2019	2020	2021
	2	0	0 ³⁸

Management of non-financial risks

We systematically identify non-financial risks related to our operations and manage them properly, ensuring maximum protection against their consequences. We intend to devote special attention to risks related to the advancing climate change.

Paweł Piwowarczyk, Director of Group Risk Management Department

The process of managing enterprise risks in key companies of the ENEA Group is coordinated by the Group Risk Management Department, which is a unit within the ENEA S.A. structure consisting of the teams responsible for financial risk and management of business risk, business continuity and insurance. The companies covered by the ENEA Group's enterprise risk management system have units within their structures that are in charge of this area and cooperate with the Group Risk Management Department.

The enterprise risk management process is augmented by the Group's business continuity management system. Within its confines, the Group's key companies identify critical processes and resources necessary for their deployment and roll out mechanisms and procedures to ensure the continuity of operation of these processes in emergency situations.

The processes applied by the ENEA Group to manage identified risks (including non-financial risks) is governed by the respective policies, procedures and methodologies. The overriding document governing the whole risk management area is the *ENEA Group Enterprise Risk Management Policy*.

The reliability of the enterprise risk management process is ensured by observing the guidelines defined in the policies, procedures and methodologies governing the management of specific risk areas, in particular:

- ongoing identification and assessment of risks at the level of the Group's key companies,
- monitoring of and reporting on existing risks,
- operational management of distinct risks by individual companies within the assigned limits (in terms of financial risks), in line with the terms laid down in the documents approved by the ENEA Group Risk Committee.

³⁸ No data available for ENEA Logistyka.

The cyclical assessment of enterprise risks is carried out in accordance with the requirements of the ENEA Group Enterprise Risk Management Methodology by risk owners in consultation with risk managers. It involves updating the assessment of the likelihood of risk materialization and the potential implications in the financial and reputational dimensions and in terms of health and safety impact, and since 15 November 2021, also in terms of environmental impact.

The estimation of the likelihood of risk materialization and the assessment of potential implications enable the classification of risks as critical, key, medium and low. Risk owners define plans to deal with the distinct risks, which for all risk categories include the taking of mitigating actions aimed at reducing the likelihood of their occurrence and of the effects of risk materialization, and in the case of key and critical risks – also a response plan in the event of risk materialization.

All identified and assessed risks related to the operations of the respective Group company are entered in the so-called Risk Register. Members of the companies' management boards are notified of all new risks, potential operational events related to the identified risks and the current progress in the risk assessment process. Moreover, these management boards and the ENEA S.A. Management Board receive periodic reports on the status of enterprise risks.

More information on the risk management model in the ENEA Group is provided on pages 26-28 of the [*Management Board Report on the Activity of ENEA S.A. and the ENEA Group in 2021*](#).

Non-financial risks

Listed below are non-financial risks for key ENEA Group companies that may exert an adverse impact on the labor, social, environmental, human rights and anti-corruption areas.

Labor area:

- risk of a generation gap,
- risk of a loss of competence,
- risk of social turmoil, deterioration of relations with social partners associated with the pursuit of significant organizational or business changes,
- risk of disputes with employees, groups of employees or trade unions,
- risk of accidents at work or occupational diseases,
- risk of unavailability of employees as a result of an epidemic,
- risk of information leaks by unauthorized employees,
- risk of inflicting personal injury on employees or third parties.

Social area:

- risk of social unrest, additional trade union demands and deterioration of relations with social partners,
- risk of the absence of communication between internal and external customers and/or delays in the provision of necessary documents/information due to e-mail failure,
- risk of improper management of information in a crisis situation (failure to adapt the content of the message and communication channels to stakeholders, provision of false information),
- risk of a breach of stock exchange disclosure obligations,

- risk of delays in issuing or a failure to issue connection decisions that are of crucial importance to customers,
- risk of delays in the completion of key connection investments.

Human rights area:

- risk of breaching personal data protection laws and internal regulations,
- risk of breaching competition and consumer protection laws.

Environmental area:

- risk of failure to adapt the technology to the requirements of environmental legislation (IED),
- risk of unavailability of FGD, SCR and/or electrostatic precipitators due to a failure of these units, which may cause an increase in atmospheric emissions,
- risk of reducing or ceasing the activity due to a failure to obtain valid environmental decisions and permits,
- the risk of non-compliance with the conditions specified in the applicable permissions with regard to:
 - water and sewage management (including the instream flow requirements and the permitted temperature of spent cooling water),
 - waste management, including sludge from flue-gas desulfurization installations,
 - atmospheric emissions, including NO_x, SO₂ and particles,
- risk of causing damage to elements of natural environment in connection with the operation of or execution of investment projects,
- risk of improper management of hazardous waste,
- risk of biomass fire,
- risk of the spontaneous combustion of coal due to oxidation.

Climate-related risks and opportunities

The methodology of identification and assessment of enterprise risks in the ENEA Group is not focused directly on assessing the company's climate impact or the impact of climate on the company's business. Climate-related risks are selected from the pool of enterprise risks that are identified, prioritized and periodically assessed by their owners within the framework of the enterprise risk management process, in compliance with the assumptions of the ENEA Group Enterprise Risk Management Policy in the ENEA Group Enterprise Risk Management Methodology. These risks, like other types of enterprise risks, are subject to ongoing and cyclical monitoring and reporting for the benefit of both the respective company and the ENEA Group as a whole. Mitigating measures are taken for all risk categories.

As at the publication date of this Report, i.e. 25 May 2022, the ENEA Group has not defined any official goals for the purpose of managing climate-related risks and opportunities. A comprehensive review of such opportunities and risks, along with a plan for their proper management, will be conducted as part of the ENEA Group's endeavors devoted to climate policy, which began in 2021. Within the framework of the non-financial reporting process carried out in respect of the said year, the Group updated its preliminary list of risks arising from climate change that have the potential of exerting a major impact on its business, revenues or expenses, which was originally prepared for the 2020 report, and, for the first time, the Group also identified climate-

related opportunities. The reviews covered the short term (until the end of 2023), the medium term (until the end of 2026) and the long term (until the end of 2035).

For the purpose of this Report, climate-related risks at the ENEA Group were assigned to the categorising out of the standards described in the [ESG Reporting Guidelines](#), a guide published in May 2021 by the Warsaw Stock Exchange, which have identified the following types of risk:

- **transition risk** resulting from the transition towards a low-carbon economy, including: legal and regulatory risk (resulting from current or upcoming regulations), technological risk (the need to invest in innovative technologies), market risk (resulting from changing consumer behaviors, increasing prices of raw materials, etc.), reputational risk;
- **physical risk** resulting from the changing climate, including acute risk (from extreme weather phenomena such as droughts, floods and fires) and chronic risk (from long-term processes such as changes in temperature and rising ocean levels).

It should be pointed out that the risk management model described in this Report identifies risk categories other than those specified in the said guidelines.

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Table 27

Business area of the ENEA Group	Climate-related risks	Description of the risk factor	How the risk affects the ENEA Group	Methods applied in risk management
DISTRIBUTION	Risk of catastrophic damage to elements of infrastructure as a result of extreme weather phenomena	An increased frequency of extreme weather phenomena (gusty storms, hurricane winds, icing) may result in catastrophic damage to elements of network infrastructure	Physical damage translating into increased operating expenses	1. Visual inspections, check-ups and operational procedures in compliance with the due dates specified in the annual Maintenance Procedure Plans. 2. Ongoing removal of the effects of failures and damage to power lines and devices. 3. Capital expenditure endeavors related to the restoration of grid assets in compliance with the Capital Expenditure Plan.
	Risk category: physical Perspective: long term.			
GENERATION	Risk of the consolidation of a strong upward trend on the EUA market, with simultaneous disproportionate increases in electricity prices	High prices of CO ₂ emission allowances may result in a low or negative value of the clean dark spread (CDS)	Decline in or loss of profitability in electricity generation	1. Substitution of coal with low-carbon fuels, including a greater share of biomass co-firing.
	Risk category: transition Perspective: short, medium and long term			
	Risks related to extreme weather phenomena	An increased frequency of extreme weather phenomena (droughts, floods affecting the water level on the Vistula River, heavy snowfalls, frosts, icing, hurricanes) may disrupt energy generation	Interruption of business continuity, loss of revenue and significant additional costs	1. Vistula River water level monitoring system. 2. Annual assessment of the technical condition of power plant facilities. 3. Continuous supervision of staff over the operation of the power plant.
	Risk category: physical Perspective: short, medium and long term			

			<p>4. Flood protection system in the event of an increase in the water level on the Vistula River (stoplogs).</p> <p>5. Ongoing supervision of devices and optimal overhaul management.</p>
<p>Risk of construction disasters in hydro power plants</p> <p>Risk category: physical</p> <p>Perspective: medium to long term</p>	<p>Factors such as torrential rains may increase the adverse impact of water on hydrotechnical facilities</p>	<p>Partial or complete damage to hydrotechnical equipment</p>	<p>1. Inspections of the technical condition and safety of buildings in accordance with legal requirements.</p> <p>2. Execution of the required renovation and capital expenditure tasks to ensure that hydrotechnical equipment is kept in at least good technical condition.</p>
<p>Risk of construction disasters on wind farms</p> <p>Risk category: physical</p> <p>Perspective: medium to long term</p>	<p>Extreme weather phenomena, such as strong winds, hurricanes and tornadoes, may pose a threat to selected elements of farm infrastructure</p>	<p>Partial or complete damage to generation facilities</p>	<p>1. Inspections of the technical condition and safety of buildings in accordance with legal requirements.</p>
<p>Risk of construction disasters in cogeneration plants</p> <p>Risk category: physical</p> <p>Perspective: medium to long term</p>	<p>Changing weather conditions throughout the year necessitate the transport of fuel on belt conveyors in cogeneration plants in 'covered' technological facilities (tunnels, galleries, etc.), thereby increasing the risk of an explosion of coal dust or biomass</p>	<p>Partial or complete damage to generation facilities</p>	<p>1. Inspections of the technical condition and safety of buildings in accordance with legal requirements.</p> <p>2. Execution of required maintenance, repairs and capital expenditure tasks to ensure that facilities are kept in at least good technical condition.</p>
<p>Risk related to the uncertainty of the legislative environment</p> <p>Risk category: transition</p> <p>Perspective: medium to long term</p>	<p>Amendments to EU or national regulations may result in the non-recognition of biomass as a zero-emission energy source</p>	<p>Loss of revenue or increased costs related to changing the company's business context</p>	<p>1. Monitoring and participation in legislative work.</p>
<p>Risk of a decline in sales of heat</p> <p>Risk category: physical</p> <p>Perspective: short, medium and long term</p>	<p>The trend of an increase in average temperatures during the heating season may lead to a significant decline in demand for heat</p>	<p>Decline in revenue from sales of heat</p>	<p>1. Diversification of revenue sources through the development of cogeneration.</p>
<p>Risk of an increase in environmental fees, in particular, in the cost of CO₂ emission allowances</p> <p>Risk category: transition</p> <p>Perspective: short term</p>	<p>Due to ongoing climate change, environmental regulations are tightened, resulting in increased fees and penalties</p>	<p>Increase in environmental fees resulting in higher costs of generation processes</p>	<p>1. Ongoing monitoring of regulations.</p> <p>2. Ongoing monitoring of the validity of decisions held, thereby enabling an early preparation of requests for changes.</p> <p>3. Ongoing supervision over the manner of implementation and compliance with the conditions specified in the decisions held.</p>

<p>Risk of suspension of electricity/heat generation as a result of technological misalignment with the requirements of environmental protection regulations</p> <p>Risk category: transition</p> <p>Perspective: short term</p>	<p>Need to adapt generation units to the applicable legal requirements, including the IED</p>	<p>Suspension of electricity/heat generation as a result of technological misalignment</p>	<ol style="list-style-type: none"> 1. Regular upgrades of and investments in: <ul style="list-style-type: none"> – units for generation of energy from renewable sources, – heat accumulation systems, – flue gas heat recovery units, – flue gas desulfurization units, – boilers. 2. Upgrade of transmission infrastructure and heating nodes, gradual extension of the extent of application of telemetric systems. 3. Use of proper cooling systems in electricity and heat generation. 4. Taking care of the proper technical condition of equipment using fluorinated gases.
<p>Risk of non-continuity of fuel supplies</p> <p>Risk category: transition</p> <p>Perspective: short, medium and long term</p>	<ol style="list-style-type: none"> 1. Natural disasters such as hurricanes, floods, droughts or freezing conditions may result in a limited availability or lack of biomass 2. Natural disasters in the mining sector or in the supply process may cause a limited availability or lack of coal 	<p>Interruption or curtailment of the continuity of fuel supplies and the related loss of revenue</p>	<ol style="list-style-type: none"> 1. Optimization of fuel supplies. 2. Diversification of the fuel portfolio. 3. Emergency fuel purchases. 4. Gradual shift of all or part of the fuel shipment process to the supplier. 5. Performance monitoring with deviation analysis and update of plans for the performance of contracts for the supply of generation fuels and logistics services.
<p>Risk of an increase in biogas production expenses</p> <p>Risk category: physical</p> <p>Perspective: medium term</p>	<p>A hydrological drought may potentially affect the availability and prices of corn silage, which is the key input substrate in biogas production</p>	<p>Deterioration of the economic profitability of biogas production from plant-based substrates</p>	<ol style="list-style-type: none"> 1. Adoption of and early preparation for a comprehensive substrate procurement action. 2. Ongoing monitoring of the substrate market.
<p>Risk of an increase in the cost of raising capital and/or property insurance</p> <p>Risk category: transition</p> <p>Perspective: short, medium and long term</p>	<p>Global climate crisis making it increasingly difficult for fossil fuel-based businesses to access finance, insurance undertakings treating the coal-fired energy sector as a high-risk industry</p>	<p>Increase in operating costs associated with higher cost of raising capital and/or property insurance</p>	<ol style="list-style-type: none"> 1. Use of the Group's transformation strategy in consultations with the reinsurance market. 2. Search for new methods of securing assets. 3. Spin-off of coal-fired generation assets from the ENEA Group's structures
<p>Risk related to activities pursued by environmental organizations</p> <p>Risk category: transition</p> <p>Perspective: short, medium and long term</p>	<p>Activities of environmental organizations conducting aggressive campaigns against power plants by:</p> <ul style="list-style-type: none"> – appealing against and demanding the cancellation of integrated permits or environmental decisions held by power plants, 	<p>Operational slowdown or shutdown of power plants due to difficulties in obtaining or maintaining decisions or permits related to environmental protection</p>	<ol style="list-style-type: none"> 1. Cooperation with leading law firms. 2. Cooperation with environmental organizations.

		<p>– referring to the public interest and joining proceedings aimed at amending integrated permits, thereby delaying or preventing the issue of favorable decisions</p>	
	<p>Risk of losses in capacity caused by hydrologic conditions</p> <p>Risk category: physical</p> <p>Perspective: short, medium to long term</p>	<p>The country's unfavorable hydrological or meteorological translates into a deterioration in the hydrological conditions for the operation of power plants</p>	<p>Low surface levels and high water temperatures of the Vistula River may cause power losses due to problems with the provision of the necessary amount of cooling water (resulting from the need to maintain its uninterrupted flow) or abiding by the permissible temperature of the discharged cooling water</p> <p>1. Execution of a project aimed at modernization of the cooling water system in a power plant.</p>
TRADING	<p>Risk of adopting outdated assumptions for long-term financial projections</p> <p>Risk category: transition</p> <p>Perspective: medium to long term</p>	<p>The progressing climate change affecting the climate policy of various countries and organizations may potentially shape the operating principles of the system and the price of CO₂ emission allowances</p>	<p>Unexpected costs caused by outdated assumptions for long-term financial projections</p> <p>1. Periodic updates of price paths.</p>
	<p>Risk of commodity price volatility on the forward market</p> <p>Risk category: transition</p> <p>Perspective: short, medium and long term</p>	<p>If the actual temperatures in the summer and winter seasons are different from the forecasts, this may cause deviations in electricity and gas prices on the Polish Power Exchange compared to the prices contracted in the previous months</p>	<p>Additional costs and/or lower revenue as a result of the volatility in commodity prices on the forward market</p> <p>1. Maintaining and developing risk management competences in the ENEA Group.</p> <p>2. Internal risk optimization procedures.</p> <p>3. Monitoring and analysis of factors affecting prices on the Polish Power Exchange.</p> <p>4. Adjustment of orders placed, both in terms of price and volumes, to the current market situation.</p>
	<p>Risk of commodity price volatility on the spot market</p> <p>Risk category: transition</p> <p>Perspective: short, medium and long term</p>	<p>Meteorological conditions:</p> <ul style="list-style-type: none"> – in the winter season (December-February), monthly average temperatures above the long-term norm, – in the summer season (June-August), monthly average temperatures above the long-term norm, <p>may generate financial losses on open positions</p>	<p>Additional costs and/or lower revenue as a result of the volatility in commodity prices on the spot market</p> <p>1. Maintaining and developing competences in the management of this risk within the company.</p> <p>2. Internal procedures governing optimization on the spot market.</p> <p>3. Ongoing analysis of factors affecting prices.</p> <p>4. Monitoring and forecasting of factors affecting prices.</p> <p>5. Adjustment of orders placed, both in terms of price and volumes, to the current market situation.</p>

MINING

<p>Risk of disturbances/failures in energy generation</p> <p>Risk category: physical</p> <p>Perspective: short, medium and long term</p>	<p>Climate change may cause:</p> <p>a) in the winter season:</p> <ul style="list-style-type: none"> – lower wind generation due to lower wind speeds, – very low photovoltaic generation due to heavy clouds, – lower generation in hydro power plants due to low water levels; <p>b) in the summer season:</p> <ul style="list-style-type: none"> – lower wind generation due to lower wind speeds, – low levels of surface/ground waters resulting in the inability to use them for technological purposes in power plants, – extreme weather phenomena (violent storms, gusty winds, flash floods), resulting in limited access to energy over a large area 	<p>Additional costs associated with disturbance/failure management</p>	<ol style="list-style-type: none"> 1. Maintaining and developing competence within the company to manage this risk. 2. Internal procedures governing optimization on the spot market. 3. Ongoing analysis of factors affecting prices. 4. Monitoring and forecasting of factors affecting prices. 5. Adjustment of orders placed, both in terms of price and volumes, to the current market situation.
<p>Risks related to the need to change the way the company's operations are run</p> <p>Risk category: transition</p> <p>Perspective: medium to long term</p>	<p>Climate change causing an increasingly restrictive EU climate policy, directly and indirectly translating into a number of more stringent environmental standards imposed on mines</p>	<p>Additional costs associated with increasing environmental standards</p>	<ol style="list-style-type: none"> 1. Ongoing supervision over compliance with environmental standards. 2. Continuous monitoring of changes in the EU's climate policy and the resulting amendments to national regulations. 3. Active participation in consultations on new regulations. 4. Continuous search for technical and organizational solutions minimizing the company's impact on the climate, e.g. by energy efficiency improvements.
<p>Risk of a decline in demand for steam coal in Poland and globally</p> <p>Risk category: transition</p> <p>Perspective: medium to long term</p>	<p>Changes in the country's energy mix, including the ENEA Group's energy mix, and from a decrease in demand for electricity generated from coal (e.g. as a result of measures favoring energy efficiency, elimination of retail customers from the portfolio, more frequent switching to own sources of energy and heat generation, higher average atmospheric temperatures in winter) is likely to cause a gradual decrease in demand for the products offered to date</p>	<p>Restricting the possibility to sell mined coal</p>	<ol style="list-style-type: none"> 1. Implementation of a new business strategy, including through diversification of revenues towards the extraction of coking coal, which is a strategic commodity in the EU. 2. Taking into account the forecasts of climate models in determining the scope of contracts with customers.

<p>Risk of an increase in operating costs due to the need to pay greater compensations for losses in grasslands and agricultural land caused by the need to repair of mining damage to the environment</p> <p>Risk category: physical</p> <p>Perspective: short, medium and long term</p>	<p>The conduct of mining activities is associated with the occurrence of mining damage and may lead to the formation of subsidence basins and disruption of local water relations, thus causing occasional local flooding</p>	<p>Increase in operating costs due to the need to pay greater compensations for losses in grasslands and land caused by the need to repair of mining damage to the environment</p>	<ol style="list-style-type: none"> 1. Effective mining damage management policy. Ongoing dialog with local communities. 2. Continuous monitoring of rock mass movements using of modern measurement methods. 3. Monitoring of environmental aspects through the Integrated Quality, Environment and Safety Management System. 4. Ongoing reclamation of areas adversely affected by mining activities.
<p>Risk of an increase in the cost of raising capital and/or property insurance</p> <p>Risk category: transition</p> <p>Perspective: short, medium and long term</p>	<p>Global climate crisis making it increasingly difficult for fossil fuel-based businesses to access finance, insurance undertakings treating the mining sector as a high-risk industry</p>	<p>Increase in operating costs associated with higher cost of raising capital and/or property insurance</p>	<ol style="list-style-type: none"> 1. Use of the Group's transformation strategy in consultations with the reinsurance market. 2. Search for new methods of securing assets - the attitude of banks to providing financing to the company is monitored on an ongoing basis.
<p>Risks associated with the activities of non-governmental environmental organizations</p> <p>Risk category: transition</p> <p>Perspective: medium to long term</p>	<p>The activities of environmental organizations, including potential protests related to investment and development activities, may affect the social acceptance of the company</p>	<p>Obstruction in the progress of various administrative procedures conducted with the participation of environmental organizations</p>	<ol style="list-style-type: none"> 1. Execution of project activities in partnership with environmental organizations. 2. Ongoing communication of activities aimed at improving environmental safety. 3. Increasing the company's environmental efficiency, e.g. through investments. 4. Respecting state-imposed forms of nature protection (e.g. no mining and no future mining plans under the Polesie National Park).
<p>Reputation risk related to the conduct of business in the fossil fuel industry</p> <p>Risk category: transition</p> <p>Perspective: medium to long term</p>	<p>Due to the climate crisis, the EU's policy and the activities of environmental organizations, the mining industry may be perceived as the perpetrator of climate change</p>	<p>Damage to the image</p>	<ol style="list-style-type: none"> 1. Participation in business initiatives. 2. Involvement in local socio-economic development initiatives. 3. Intensive communication activities, focusing chiefly on demonstrating the role played by the company in the Lublin region along with its environmental efficiency and openness to change.

Table 28

Business area of the ENEA Group	Sphere of activity	Source of development opportunity	How the opportunity affects the ENEA Group
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<p>TRADING</p>	<p>Wholesale and retail energy trading</p> <p>Opportunity category: market/technology</p> <p>Perspective: short, medium and long term</p>	<p>Implementation, by the ENEA Group and its environment, of modern technological solutions supporting the fight against climate change</p>	<p>Possibility to trade in "green energy" including in foreign markets.</p> <p>Increased liquidity in the market, with a wide range of generators, prosumers, and virtual asset management players, allowing for optimization of own assets, better hedging of the product portfolio, and generation of more stable and better financial results.</p> <p>Possibility to prepare advanced, low-carbon products and services, including multi-product and customized offers for business or individual customers (e.g. electricity, CO₂, fuels, portfolio management).</p> <p>Possibility to build competitive edge and/or customer loyalty by creating an offer of participation in pro-environmental investments carried out by them, e.g. modernization of industrial CHP plants and expansion and modernization of connections or plant networks.</p> <p>Multidimensional benefits of installing and managing energy storage facilities, e.g. price arbitrage, time-shifting of peaks and valleys of demand, load balancing, balancing market services, contingency power supply and offtake, support and stabilization of a system saturated with RES and prosumers, system reserves, emergency power supply, compensation for losses in power plants and CHP plants, balancing of island grids and energy clusters, support for the use of industrial waste energy.</p> <p>The need to recycle used and damaged photovoltaic panels and used traction batteries from electric cars.</p> <p>The possibility of utilizing the blades of used windmills in new projects, in line with the circular economy concept. They can find application, among others, as parts of power line poles and emergency housing roofs, in the production of polymer fibers and low-cost housing from materials containing polymer granules, and in co-processing cement and making pellets or boards.</p> <p>Developing cooperation with local communities and building modern, comprehensive solutions, e.g. in connection with the implementation of the concept of energy clusters (energy cooperatives, self-sufficient energy communities).</p>
<p>DISTRIBUTION</p>	<p>Distribution of electricity</p> <p>Opportunity category: market/technology</p> <p>Perspective: medium to long term</p>	<p>Implementation, by the ENEA Group and its environment, of modern technological solutions supporting the fight against climate change</p>	<p>Potential approvals by the ERO President (due to development of the prosumer energy sector) for rebuilding low-voltage (LV) lines using safe and reliable insulated conductors or through cabling.</p> <p>Potential approvals of the ERO President (in connection with RES development) for the cabling of medium voltage (MV) grids, which will significantly improve their reliability.</p> <p>Gradual transformation of the passive (unidirectional) network into a more flexible active (bidirectional) one, in order to increase its flexibility to allow for the development of distributed energy and the popularization of prosumer energy and the installation of charging points and energy storage.</p> <p>Potential approvals by the ERO President (in connection with the development of the active network) for intensive implementation of smart grid solutions, including smart meters, control and automatic reconfiguration elements, network operation diagnostic and analysis devices, electricity quality monitoring and management.</p> <p>Development of cooperation between DSOs and TSOs in order to ensure security and reliability of the Polish Power System taking into account distributed generation from RES.</p> <p>Development of cooperation between DSOs and local governments to ensure that the correlation of the expansion and modernization of the power grid with the environmental needs and plans of the townships, e.g. in the energy cluster model for the</p>

			<p>construction of PV farms and energy storage facilities and the production of green hydrogen.</p> <p>Improvement of energy efficiency of substation buildings by installing PV panels on them.</p> <p>Development of energy storage facilities for peak leveling and load leveling, frequency control, voltage control, reactive power compensation, backup power supply, and grid planning support - deferring transmission and distribution grid investments, supporting weak grids, supporting smart grids, relief of transmission congestion.</p>
GENERATION	Production of electricity and heat	Investments in own renewable energy sources	Reduction of energy production costs and ensuring business continuity while reducing greenhouse gas emissions.
	Opportunity category: market/technology		Adaptation of conventional energy sources to blend coal with zero- or low-carbon fuels.
	Perspective: short, medium and long term		<p>Replacement of coal-fired energy sources with gas-fired, alternative fuel and biomass sources.</p> <p>Development of offshore wind energy.</p> <p>Reduction of raw material (e.g. water) consumption, greenhouse gas emissions and waste production.</p> <p>Securing access to land and infrastructure so that the ENEA Group can build gas-steam units or other generation assets not based on coal in place of coal-fired units.</p> <p>The possibility of using waste to produce heat and electricity.</p> <p>Possibility of using combustion by-products (fly ash, FGD gypsum, slag, ash-slag mixture) for road construction and production of construction materials.</p>
MINING	Coal mining	Investments in own renewable energy sources	Securing post-mining sites for future RES development.
	Opportunity category: market/technology		
	Perspective: short, medium and long term		
GENERATION, TRADING, DISTRIBUTION	R&D&I	Implementation, by the ENEA Group and its environment, of modern technological solutions supporting the fight against climate change	Development of energy technologies and R&D investments, including energy storage technologies, smart metering and energy management systems, electromobility, alternative fuels, hydrogen technologies, participation in the development and operation of energy islands.
	Opportunity category: technology		
	Perspective: short, medium and long term		

As at the date of publication of the Report (25 May 2022), no analysis of climate risks and opportunities in the whole supply chain has been performed.

Responsible workplace management

The ENEA Group's staff is competent, diverse and motivated. We are aware that it is because of our staff that we achieve our objectives. This is why our approach to employees highlights equal treatment and application of transparent criteria for hiring, remunerating and promoting, compensation and promotion, supporting

professional and personal growth and commitment to friendly atmosphere fostering cooperation. Health and well-being of our employees is another area of critical importance for us. This is shown in our day-to-day activities and in our response to the challenges associated with the COVID-19 epidemic.

We guarantee our employees that their basic rights will be respected: the right to fair remuneration, the right of association, the right of free speech and privacy.

Group staff

As at 31 December 2021, the companies comprising the ENEA Group employed a total of 17,461 staff under an employment contract.³⁹

Table 29

102-8, 401-1

Employment structure in the ENEA Group

Total number of staff employed under employment contracts	17,461
full-time employees – women	3093
full-time employees – men	14,313
part-time employees – women	26
part-time employees – men	29
persons employed under employment contracts for an indefinite term – women	2,845
persons employed under employment contracts for an indefinite term – men	12,786
including other contract types (probationary period, fixed term, traineeship and replacement contracts) – women	290
including other contract types (probationary period, fixed term, traineeship and replacement contracts) – men	1,540

Additionally, in 445 cases, work was provided to the ENEA Group under a different type of contract than employment contract signed with a Group company (managers under management contracts⁴⁰, persons providing work under civil law agreements, persons hired by work agencies and trainees).

Table 30

³⁹ In this entire section, the number of staff under an employment contract is understood as the number of all employment contracts in the ENEA Group companies as at 31 December 2021, including individuals with a temporary suspension of employment, i.e. on parental leaves, unpaid leaves above 30 days and those receiving rehabilitation benefits. Employees on an unpaid leave in one Group company and at the same time working with another company under employment contracts are calculated twice in the presented statements (there are 19 such persons in the Group).

⁴⁰ Including individuals who are simultaneously on unpaid leaves in the same or another Group company.

405-1

Gender diversity of employees

Gender diversity of groups of positions	Number of employees ⁴¹
senior management – women	22
senior management – men	90
directors – women	40
directors – men	168
junior managers – women ⁴²	244
junior managers – men ⁴²	941
operational staff – women	339
operational staff – men	9,754
administrative staff – women	2,571
administrative staff – men	3,404

Table 31

Men and women under an employment contract, by age group	Number of employees
Employees under 30 – women	392
Employees under 30 – men	1,877
Employees aged 30-50 – women	1,923
Employees aged 30-50 – men	8,321
Employees over 50 – women	804
Employees over 50 – men	4,144

Tab. 32

New Employees

401-1, S-P3

	2020	2021
Total number of new employees hired in 2021 under employment contracts⁴³	1,187	1,010
women	217	219
men	970	791

⁴¹ Includes individuals working under employment contracts and in the case of senior managers, also under management contracts.

⁴² Including head foremen and dispatchers.

⁴³ Number of new employees hired by ENEA Group companies through external as well as internal recruitment.

employees under 30	562	431
employees aged 30-50	524	483
employees over 50	101	96
New staff employment ratio⁴⁴	6.8%	5.8%

Tab. 33

Employee turnover

	2020	2021
Total number of employees working under employment contracts who left in 2021⁴⁵	998	1,019
women	162	204
men	836	815
employees under 30	191	205
employees aged 30-50	332	319
employees over 50	475	496
Employee turnover⁴⁶	5.7%	5.8%

Work rules

Labor issues within the Group level are governed primarily by:

- internal collective bargaining agreements,
- *ENEA Group Code of Ethics* setting out, among others, the Group's values, as well as the *Code of Ethics for LW "Bogdanka" S.A. Group*,
- *ENEA Group Compliance Policy*, a document describing, among others, desired employee behaviors and attitudes, as well as the *Compliance Policy of Lubelski Węgiel Bogdanka S.A.*,
- *Procedure for implementing human capital development activities in the ENEA Group*, which unifies the approach to improvement of professional qualifications of employees,
- *Estimate Budgets of Common Social Activity in the ENEA Group*, setting out the scope and the principles for awarding social benefits to employees for the year,
- *Procedure of the ENEA Group Management Committee on the personnel policy for appointing Management Boards and Supervisory Boards of Companies*.

⁴⁴ The ratio of new employees to all employees.

⁴⁵ The number of employees who left during the year refers to the termination of employment contracts between the ENEA Group companies and their employees.

⁴⁶ The ratio of the number of employees that left to all employees.

Additionally, each company has adopted policies and procedures suitable to their characteristics. They define, among others, the recruitment process, rules of adaptation, rules for awarding bonuses, registration of work time, registration and settlement of business trips or the rules for parting with employees. The accepted internal regulations ensure compliance of the companies with provisions of the Labor Code and other laws relating to employee rights and obligations.

Additionally, every year managers of the organizational units, in consultation with employees, prepare lists defining the need for training improving the competence of the staff.

Table 34

Material internal regulations in the labor area adopted in selected ENEA Group companies	
ENEA S.A.	<ul style="list-style-type: none"> – Multi-Company Collective Bargaining Agreement for Employees of the Utilities Sector – Internal Collective Bargaining Agreement for the Employees of ENEA S.A. and its Subsidiaries listed in the Appendix no. 10 to the Agreement – ENEA S.A.'s Work Rules and Regulations – Policy against mobbing, discrimination and other unacceptable conduct in ENEA S.A. – Rules of Bonuses for the Employees of ENEA S.A. – Rules and Regulations for Awarding Bonuses to ENEA S.A. Employees based on the Management by Objectives System – ENEA S.A. Competence Model – ENEA S.A. Recruitment Procedure – ENEA S.A. Employee Development Procedure – Rules of adaptation in ENEA S.A. – Rules of procedure in connection with termination of employment relationship with Employees in ENEA S.A.
ENEA Operator	<ul style="list-style-type: none"> – Multi-Company Collective Bargaining Agreement for Employees of the Utilities Sector – Internal Collective Bargaining Agreement for the Employees of ENEA S.A. and its Subsidiaries listed in the Appendix no. 10 to the Agreement – Work Rules and Regulations for Employees of ENEA Operator sp. z o.o. – Policy against mobbing, discrimination and other unacceptable conduct at ENEA Operator sp. z o.o. – Recruitment Procedure – Rules and Regulations of the Management-by-Objectives System in ENEA Operator sp. z o.o. – Rules and Regulations for Organizing Business Trips in ENEA Operator sp. z o.o. – Rules and Regulations for Managing Risk of spread of SARS-CoV-2 coronavirus among ENEA Operator sp. z o.o. employees
Lubelski Węgiel "Bogdanka"	<ul style="list-style-type: none"> – Work Rules and Regulations – Internal Collective Bargaining Agreement – Rules and Regulations of the Company Social Benefit Fund – Policy of conduct in the process of employee recruitment and selection at Lubelski Węgiel "Bogdanka" S.A. for production jobs and for managerial and specialist positions – Code of Ethics for LW "Bogdanka" S.A. Group – Compliance Policy of Lubelski Węgiel Bogdanka S.A. – Procedure for Reporting Breaches in Lubelski Węgiel "Bogdanka" S.A. – Policy of access to development programs for LW "Bogdanka" S.A. employees
ENEA Centrum	<ul style="list-style-type: none"> – Multi-Company Collective Bargaining Agreement for Employees of the Utilities Sector – Internal Collective Bargaining Agreement for the Employees of ENEA S.A. and its Subsidiaries listed in the Appendix no. 10 to the Agreement⁴⁷ – Work Rules and Regulations in ENEA Centrum sp. z o.o. – Policy against mobbing, discrimination and other unacceptable conduct at ENEA Centrum sp. z o.o. – Rules and Regulations for Granting Bonuses to Employees of ENEA Centrum sp. z o.o. based on the Management by Objectives System – Rules for parting with Employees in ENEA Centrum sp. z o.o.

⁴⁷ Applicable based on the agreement on the application of the Internal Collective Bargaining Agreement for ENEA S.A. Employees, which means that the company may amend it by itself (though it is bound by its interpretation).

<div> <div>ENEA</div> <div>Potaniec Power Plant</div> </div>	<ul style="list-style-type: none"> – <i>Work Rules and Regulations for ENEA Elektrownia Potaniec S.A. Employees</i> – <i>Internal Collective Bargaining Agreement for ENEA Elektrownia Potaniec S.A. Employees</i> – <i>Rules and Regulations for Compensating Management Staff</i> – <i>Health Protection Program and agreement on its performance</i> – <i>Policy against mobbing, discrimination and other unacceptable conduct in ENEA Elektrownia Potaniec S.A.</i> – <i>Agreement with Trade Unions of 30 December 1999 on principles of cooperation</i> – <i>Agreement on the participation in costs of trade union activities signed with Companies spun-off in the restructuring process</i> – <i>Agreement on the participation in costs related to the conduct of PKZP signed with Companies spun off in the restructuring process</i> – <i>Rules and Regulations of the Company Social Benefit Fund and the Agreement on Common Social Activity</i> – <i>Instruction for employee evaluation</i> – <i>Company agreement regarding the Employee Pension Plan</i> – <i>Rules and Regulations for giving awards and distinctions in ENEA Elektrownia Potaniec S.A.</i>
<div> <div>ENEA</div> <div>Wytwarzanie</div> </div>	<ul style="list-style-type: none"> – <i>Multi-Company Collective Bargaining Agreement for Employees of the Utilities Sector</i> – <i>Internal Collective Bargaining Agreement for Employees of ENEA Wytwarzanie sp. z o.o., Social Agreement for Employees of ENEA Wytwarzanie sp. z o.o.</i> – <i>Work Rules and Regulations for Employees of ENEA Wytwarzanie Sp. z o.o.</i> – <i>Rules and Regulations of the Company Social Benefit Fund</i> – <i>Policy against mobbing, discrimination and other unacceptable conduct in ENEA Wytwarzanie Sp. z o.o.</i> – <i>ENEA Wytwarzanie sp. z o.o. Personnel Management Procedure</i> – <i>Rules and Regulations for Granting Bonuses to Employees of ENEA Wytwarzanie sp. z o.o.</i> – <i>Rules and Regulations for Granting Annual Bonuses to Employees of ENEA Wytwarzanie sp. z o.o.</i> – <i>Recruitment Procedure</i>

For more detailed information on counteracting mobbing and discrimination, see the Section entitled *Preventing mobbing, discrimination and other human rights violations*.

Gender pay gap

For the purposes of the non-financial reporting process for 2021, to address the expectations of its stakeholders, market trends and proposed new regulations, we analyzed for the first time the ratio between salaries paid to women and men. The results of the analysis are presented below.

Table 35

405-2, S-P2

Ratio of average remuneration⁴⁸ of women to men employed in selected ENEA Group companies, by employee category

Employee group	Ratio of average remuneration of women to men				
	ENEA S.A.	ENEA Operator	ENEA Wytwarzanie	ENEA Elektrownia Połaniec	ENEA Trading
Senior management					
Employees under 30	-	-	-	-	-
Employees aged 30-50	115%	106%	119%	0%	0%
Employees over 50	140%	100%	70%	0%	93%
Average	114%	93%	94%	0%	50%
Middle management					
Employees under 30	-	0%	-	-	0%
Employees aged 30-50	91%	96%	88%	96%	73%
Employees over 50	83%	98%	97%	74%	99%
Average	92%	96%	87%	83%	60%
Other employees					
Employees under 30	85%	87%	86%	60%	99%
Employees aged 30-50	85%	86%	80%	94%	88%
Employees over 50	91%	93%	77%	90%	0%
Average	85%	87%	78%	89%	50%

103-1, 103-2, 103-3

Companies in the ENEA Group observe the principle of equal pay for the same job. The differences in average remuneration between men and women reported in the table above are driven mainly by a different employment structure in individual positions, which is caused, among other things, by the specific nature of the energy and mining sector and related professions.

Communication and participation in decision making

People, with their talents, experience, knowledge, know-how and interests are our main value and capital. We value the individualism of all our Employees, since each of them adds

⁴⁸ Basic salary plus additional amounts, such as seniority, bonuses including cash and share-based bonuses, benefit payments, overtime, equivalents, and any additional reimbursements or allowances (e.g., for commuting, child care, housing allowance).

their unique contribution to the organization that allows us to grow and become more professional in all areas of ENEA Group's activity. We are listening carefully to opinions of our Employees, improve their working environment and provide them with the feeling of safety in the organization. We also respect their right to associate in trade unions and to be actively involved in their activities.

Katarzyna Kupidura, Director of Group Human Resources Management Department

Channels of communication with employees

Efficient flow of information to employees is ensured in particular by:

- corporate Intranet (Group news, e.g. "Enea News" and "Enea Flash") and Intranet sites of individual companies,
- Employee Zone in the ENEA Group's Intranet (news, information and documents related to employee matters),
- company newspapers ("Echo Elektrowni" in the Połaniec Power Plant, "Głos Elko" at the Kozienice Power Plant, "Bogdanka", "Information Package of MEC Piła Employees", "Info Express" in ENEA Operator),
- mailing (to selected groups or to all employees),
- screens, noticeboards, leaflets and posters,
- radio station.

We encourage employees to submit questions about employee matters as well as comments, reservations and ideas. The tools promoting dialog in the Group include, among others:

- meetings and videoconference calls,
- discussions between employees and their direct superiors,
- questionnaire surveys (e.g. evaluation of satisfaction with various areas: IT, HR, procurement, etc.; evaluation of individual activities undertaken by companies),
- satisfaction surveys,
- Pomysłodajnia mailbox, inicjatywy@enea.pl initiatives (used by employees to send in their work improvement ideas),
- "HR write to us" mailbox HRnapiszdonas@enea.pl (used by employees to send in questions about labor issues; responses are published in the Employee Zone),
- Mam Pomysł (I Have an Idea!) platform available on the ENEA Group intranet.

In 2021, as well as in the previous year, face-to-face meetings were replaced with remote communication for epidemic reasons to the maximum extent possible.

Impact of Employees on the functioning of the Group

S-P4

We respect the right of its employees to associate in trade unions and to be actively involved in their activities.

Table 36

Trade unions operating in key companies and in companies with the largest headcounts in the ENEA Group

ENEA S.A.	<ul style="list-style-type: none"> – Inter-Company Trade Union Organization of the Trade Union of Engineers and Technicians in ENEA S.A. – Inter-Company Power Engineering Trade Union of ENEA Wytwarzanie Sp. z o.o. – Inter-Company Trade Union of the ENEA Group Employees – “Synergia” Inter-Company Trade Union of the ENEA Group Employees – NSZZ “Solidarność” Inter-Company Organization of ENEA
ENEA Operator	<ul style="list-style-type: none"> – Inter-Company Trade Union Organization of the Trade Union of Engineers and Technicians in ENEA S.A. – Inter-Company Power Engineering Trade Union of ENEA Wytwarzanie Sp. z o.o. – Inter-Company Trade Union of the ENEA Group Employees – Inter-Company Trade Union of Continuous Operation Employees of ENEA S.A. Group – “Synergia” Inter-Company Trade Union of the ENEA Group Employees – NSZZ “Solidarność” Inter-Company Organization of ENEA
ENEA Połaniec Power Plant	<ul style="list-style-type: none"> – “Energetyk” Inter-Company Trade Union Organization in Połaniec – NSZZ “Solidarność” Inter-Company Trade Union of Employees of the Połaniec Power Plant and the Companies – Inter-Company Trade Union of Supervision Employees of the Połaniec Power Plant – Inter-Company Trade Union of Continuous Operation Employees in Połaniec – Inter-Company Trade Union of Supervision Employees of the Połaniec Power Plant in Zawada – “Synergia” Inter-Company Trade Union of the ENEA Group Employees
ENEA Wytwarzanie	<ul style="list-style-type: none"> – NSZZ “Solidarność” Company Commission at ENEA Wytwarzanie sp. z o.o. – Inter-Company Power Engineering Trade Union of ENEA Wytwarzanie Sp. z o.o. – Inter-Company Trade Union of Shift Workers of ENEA Wytwarzanie sp. z o.o.
ENEA Centrum	<ul style="list-style-type: none"> – National Union of Heat Sector Employees, Inter-Company Trade Union Organization at ENEA Ciepło sp. z o.o. in Białystok – Inter-Company Trade Union Organization of the Trade Union of Engineers and Technicians in ENEA S.A. – Inter-Company Power Engineering Trade Union of ENEA Wytwarzanie Sp. z o.o. – Inter-Company Trade Union of Supervision Employees of the Połaniec Power Plant – Inter-Company Trade Union of the ENEA Group Employees – Inter-Company Trade Union of Supervision Employees of the Połaniec Power Plant in Zawada – “Synergia” Inter-Company Trade Union of ENEA Group Employees – NSZZ “Solidarność” Inter-Company Organization of ENEA
Lubelski Węgiel “Bogdanka”	<ul style="list-style-type: none"> – NSZZ “Solidarność” Inter-Company Organization of Lubelski Węgiel „Bogdanka” S.A. – Trade Union of Miners in Poland at Lubelski Węgiel Bogdanka S.A. – “Kadra” Trade Union at Lubelski Węgiel Bogdanka S.A. – “Przeróbka” Trade Union of Employees of Mechanical Coal Processing Plants in Poland at Lubelski Węgiel “Bogdanka” S.A.

The management boards of Group companies are engaged in continuous dialog with trade unions. In 2019, a social contract was signed, which among others set out the rules of stabilization of employment. Additionally, in response to postulates of trade unions in respect to salary growth, annual salary negotiations are conducted, unless the parties agree otherwise. The year 2021 was such a case, when a salary growth agreement was signed for 2021 and 2022. Social stakeholders actively cooperate with employers in amendments to internal labor regulations.

Lubelski Węgiel “Bogdanka” S.A. has appointed a permanent Committee on Amendments to the Internal Collective Bargaining Agreement, through which it conducts the process of the employer’s continuous negotiations with trade unions. In other companies, task forces are appointed when the bargaining agreements need amending.

Table 37

102-41

ENEA Group companies, in which Employees are covered by internal collective bargaining agreements:

Company	% of employees ⁴⁹ covered by collective bargaining agreements
ENEA Operator	99.5%
ENEA Ciepło – Białystok Division	99.5%
ENEA Ciepło Serwis	99.3%
ENEA Wytwarzanie	98.9%
ENEA Połaniec Power Plant	98.9%
ENEA Ciepło – Head Office	98.9%
ENEA Połaniec Serwis	98.6%
Lubelski Węgiel “Bogdanka”	98.0%
ENEA Pomiary	96.4%
ENEA Serwis	95.7%
ENEA Logistyka	94.9%
ENEA S.A.	94.5%
ENEA Oświetlenie	94.2%
PEC Oborniki	93.3%
ENEA Centrum	88.7%
ENEA Nowa Energia	84.0% ⁵⁰
ENEA Trading	67.3% ⁵⁰

Collective bargaining agreements do not cover employees of: ENEA Bioenergia, ENEA Innowacje, MEC Piła, Łęczyńska Energetyka RG “Bogdanka” and MR “Bogdanka”.

ENEA Group employees influence the operation of their companies and the Group also by electing their representatives to supervisory boards (of most of the Group companies⁵¹) and through the possibility of electing employee representatives to employee councils (currently in ENEA Elektrownia Połaniec S.A.).

Selected events and activities taken in the labor area in 2021

ENEA S.A. amended its internal collective bargaining agreement in the part regarding medical packages. The amendments adapted the provisions of the internal collective bargaining agreement to the existing agreement on medical benefits.

In ENEA Ciepło, in June 2021, an additional protocol to the internal collective bargaining agreement introduced a new remuneration component: an annual bonus constituting 1% of the annual salary fund from the previous year. Then, starting in August 2021, a bonus amounting to 15% of basic salary (previously 10%) was introduced.

⁴⁹Persons employed under employment contracts and providing work for a company under a civil law contract or a management contract, as well as persons employed by employment agencies and trainees (as at 31 December 2021).

⁵⁰ Employees who transferred between companies on the basis of 23¹ retained their rights to privileges arising from the collective bargaining agreement of the company from which they transferred.

⁵¹In ENEA S.A. and ENEA Wytwarzanie this right is derived directly from the Act on commercialization and certain employee rights.

In the Białystok CHP Plant Division of ENEA Ciepło, the additional protocol No. 2 to the Collective Bargaining Agreement came in effect by 1 January 2021. It amended the company's salary table and base rates and the provisions governing the payment of jubilee awards.

In ENEA Innowacje, the remuneration regulations were implemented for the first time, setting out the rules for awarding annual bonuses, awards and salary allowances.

ENEA Trading focused on, among others, unifying the remuneration rules for Employees by introducing a uniform Collective Bargaining Agreement. The work will continue in 2022.

In ENEA Serwis, the *Procedure for the Implementation of Development Activities for ENEA Serwis sp. z o.o. Employees* was adopted and the provisions of the internal collective bargaining agreement were amended. Among other things, the amendments related to the employer's obligation to cover the costs of medical check-ups, preventive examinations and other tests ordered by an occupational medicine physician, and the offering of additional medical benefits to Employees.

In RG "Bogdanka", a salary agreement was negotiated and annexes to the remuneration regulations and the regulations of the company social benefits fund were adopted.

Occupational health and safety

103-1, 103-2, 103-3, S-S1, 403-7

As regards occupational health and safety, the ENEA Group operates in accordance the applicable regulations while constantly adjusting its internal policies in this respect to the regulatory environment. Group companies strive to eliminate accidents at work and occupational diseases and to raise awareness of occupational hazards among Employees (among others through training and knowledge contests), as well as to increase their responsibility and involvement in improving safety at work. They also introduce further ergonomic improvements (e.g. equipping workstations with footrests or wrist pads, replacing office chairs with ones with adjustable armrests).

Because of the ongoing epidemic, a Crisis Management Center was established to monitor the COVID-19 situation on an ongoing basis, assesses risks, issues recommendations on work organization and communicates with Employees on the existing hazards through information guides, instructions, and messages. Work in the office was organized in accordance with the sanitary restrictions and the possibility of remote work was provided. All OHS orders, indications and guidelines relating to the ongoing epidemic are drawn up by the COVID-19 prevention, containment and combat staff operating at the level of individual companies. In addition, the risks associated with the disease and protection measures are taken into account in occupational risk assessment processes.

The Group monitors new technical, organizational and human solutions, which affect the level of OHS. Its state is continuously monitored and improved, which is supported by the policies, procedures and instructions that are in place. They require, among others, regular inspection of tools and equipment, ongoing monitoring of working conditions and influencing Employee awareness and conduct.

Wiktoria Kępczyńska, OHS specialist at ENEA S.A.

403-4

Some units have social labor inspectors appointed in accordance with the *Rules and Regulations for appointing Social Labor Inspectors in the ENEA Group*, who inspect the OHS conditions on behalf of employees and put forward improvement proposals. Employee representatives also sit on OHS committees operating in some of the companies.

Table 38

OHS documents in leading ENEA Group companies which are important in this area		
ENEA S.A.	–	<ul style="list-style-type: none"> ENEA S.A.'s Work Rules and Regulations OHS training programs for ENEA S.A. Occupational risk assessment Other instructions (<i>Instruction on occupational risk assessment and documentation</i>; first aid instructions; fire safety instructions)
ENEA Operator	–	<ul style="list-style-type: none"> Procedure of occupational risk assessment and documentation in ENEA Operator Sp. z o.o. Fire safety procedure in ENEA Operator Sp. z o.o. Procedure defining the principles of cooperation in OHS area between ENEA Operator Sp. z o.o. and Contractors Periodic OHS training procedure in ENEA Operator Sp. z o.o. Training procedure for live-line working in ENEA Operator Sp. z o.o. Fall protection procedure for working at height in ENEA Operator Sp. z o.o. Procedure for the organization of safe work with power generators in ENEA Operator sp. z o.o. Procedure of work organization during tree, branch and undergrowth removal in ENEA Operator sp. z o.o. Procedure for granting authorization to issue orders on live working with power devices in ENEA Operator Sp. z o.o. Procedure for record-keeping and inspection of electrical insulation protective equipment and voltage indicating devices in ENEA Operator sp. z o.o. Document circulation procedure for specialist instructions on the fall protection and evacuation rules while working at height in ENEA Operator Sp. z o.o. First Aid Procedure in ENEA Operator Sp. z o.o. Premedical Rescue Organization Procedure in ENEA Operator Sp. z o.o. Rules and Regulations for professional preparation of new Energy Post employees Rules and Regulations for managing risk of spread of SARS-CoV-2 coronavirus among ENEA Operator sp. z o.o. employees Instructions (<i>Instruction on organization of safe work with power devices in ENEA Operator Sp. z o.o.</i>; <i>Instruction on organization of work installing and replacing balancing meters and communication modules in MV/LV transformer stations for the AMI project, operating instructions of power facilities and devices, job instructions</i>) Other instructions (<i>Standard equipment for Energy Posts and vehicles of Energy Posts teams; Methods and rules of fall protection for works at height in ENEA Operator Sp. z o.o.</i>; <i>Notification to the National Labor Inspectorate / District Prosecutor's Office of a fatal, serious, collective accident; Notification of an accident; Standardization – safety tables and signs and rules of their use in ENEA Operator Sp. z o.o.</i>)
ENEA Potaniec Power Plant	–	<ul style="list-style-type: none"> Integrated Management System including the Occupational Health and Safety Management System Instruction on Safe Work Organization in ENEA Elektrownia Potaniec S.A. Instruction on conduct in case of accidents and sudden illnesses and post-accident procedure Instruction on conducting and documenting OHS training Instruction on the assignment of working clothes and footwear, personal protective equipment and cleaning products to employees Fire safety instruction in ENEA Elektrownia Potaniec S.A. Instruction on the tobacco smoking ban, including novel tobacco products and electronic cigarettes Occupational health and safety monitoring procedure Procedure to identify hazards, assess occupational risk and other risks for the OHS management system
ENEA Wytwarzanie	–	<ul style="list-style-type: none"> Policy of Integrated Quality, Environmental and OHS Management System OHS Monitoring Procedure Procedure Identification of hazards and evaluation of OHS risks and opportunities Instructions (<i>Instruction on the assessment of occupational risk at workplace; Instruction on the investigation of accidents at work, occupational diseases and potential occurrences; Instruction on the Safe Work Organization; job and OHS instructions, OHS instructions on the operation of devices</i>) Work Rules and Regulations for Employees of ENEA Wytwarzanie Sp. z o.o. Policy against mobbing, discrimination and other unacceptable conduct in ENEA Wytwarzanie Sp. z o.o. Ordinance on the employer's responsibility for OHS Induction, on-the-job and regular training programs for employees, Rules and Regulations of Organizational Units of ENEA Wytwarzanie Sp. z o.o.

Lubelski Węgiel "Bogdanka"	–	Mine Safety Document
	–	PZ/S/05/01 Accidents at work and near-accident events
	–	PZ/S/05/02 Accidents on the way to or from work
	–	PZ/S/05/03 Management of occupational risk
	–	PZ/S/05/04 Monitoring of OHS area
	–	PZ/S/05/05 Monitoring of legal regulations and standards in OHS area
	–	PZ/S/05/06 Highly hazardous work
	–	PZ/S/05/07 Dealing with suspected occupational diseases
	–	PZ/S/05/08 Plans to improve OHS conditions
	–	PZ/S/05/09 Management of the Safety Document
	–	PZ/S/05/10 Work environment monitoring
	–	Work Rules and Regulations
	–	Guidelines and instructions of the Integrated Quality, Environmental and Safety Management System
	–	Code of Ethics for LW "Bogdanka" S.A. Group
	–	Internal Collective Bargaining Agreement
	–	Ordinance of the Management Board and the Mining Operations Manager.
	–	Orders of the Management Board and the Mining Operations Manager.
ENEA Pomiary	–	Procedure for reporting accidents at work
	–	Warehouse OHS instructions (Instruction on the use of a forklift truck; Instruction on the use of a mobile platform; Instruction on manual transportation activities)
	–	Instruction on the operation and maintenance of shelving racks
	–	Instruction on the use of a pneumatic table sealer
	–	Instruction on spraying electricity meters with a spray gun
	–	Fire emergency instruction
	–	Other instructions (Instruction on the use of a computer with a display screen and a printer; Instruction on the use of a shredder)
ENEA Serwis	–	Procedure for reporting accidents at work and accidents while traveling to or from work in ENEA Serwis Sp. z o.o.
	–	Procedure for live-line working
	–	Instructions (Office/administrative job instruction; Wireman job instruction; other job instructions)
ENEA Oświetlenie	–	Work Rules and Regulations for ENEA Oświetlenie Sp. z o.o. Employees
	–	Procedure for live-line working with power devices in ENEA Operator sp. z o.o.
	–	– OHS-related instructions (among others: Instruction on the organization of safe work with power devices in ENEA Oświetlenie sp. z o.o.; Electrical equipment installer job instruction; Non-electrician job instruction; Instruction on the use of lines and road lighting devices in ENEA Oświetlenie sp. z o.o.; Electrical equipment installer job instruction on measurement of power devices of a portable measuring laboratory; instructions on marking of road lane works; OHS instruction on transport, unloading/loading, storage and assembly of lighting poles; OHS instruction on warehousing and storage of materials; OHS instruction on transport works; OHS instruction on the ladder use; OHS instruction on the use of a computer and a printer)
	–	OHS instruction on the use of office equipment (e.g. binder machines, photocopiers) and OHS instruction on the use of other equipment (e.g. drills, circular saws for wood cutting, grinders)
	–	Rules of operation of power devices in ENEA Operator Sp. z o.o.
	–	

OHS issues are also taken into consideration in internal collective bargaining agreements.

403-1, 403-8

In ENEA Bioenergia, ENEA Elektrownia Połaniec, ENEA Wytwarzanie and Lubelski Węgiel “Bogdanka”, OHS management systems conforming to the PN-ISO 45001:2018 standard have been implemented, which cover all Employees and all individuals, whose work or work location is controlled by the company⁵².

Selected activities implemented in 2021 in the OHS area

INTERNAL INDICATOR 14, 403-5, 403-7

In connection with the epidemic situation in the previous year, the Group companies adopted regulations for managing the risk of spreading the SARS-CoV-2 virus, defining the security rules regarding work organization (remote work, work on a rotating basis), rules for movement of people and technical measures reducing the risk of COVID-19. Furthermore, activities commenced in 2020 were continued to protect employers against being infected with SARS-CoV-2. The epidemic situation was monitored and where possible, remote work or rotation system for employees were introduced to prevent them from gathering in large groups. Limits for the number of people in each room were also maintained as well as disinfections of rooms. Employees were continued to be supplied with personal protection equipment (face masks, antibacterial gels and gloves).

Employees were regularly provided with key information on infection prevention methods in and outside the workplace, including vaccinations against COVID-19. Via text messages and internal communication channels, including e-mails, posters and a separate tab on the intranet website, employees were continuously provided with information by the PR and Communication Department about the epidemic situation within the Group, decisions made by crisis centers and new guidelines issued by the government and sanitary inspection services. Employees were encouraged to ask questions about COVID-19 using a dedicated e-mail address.

In January 2022, it was decided to make employees return to offices in accordance with the rules of sanitary regime. But in connection with fast-changing epidemic situation, decisions are made on an ongoing basis. Because of a dramatic increase in infections associated with the fifth wave of infections, remote work was recommended again. At the beginning of March 2022, the outbreak situation improved, so starting on 7 March 2022, employees returned to stationary work while observing the safety regime, i.e. maintaining 1.5m of distance between workstations and using protective masks.

ENEA Bioenergia, in cooperation with the Central Institute for Labor Protection – a State Research Institute, performed quantitative and qualitative tests of harmful microbiological factors in selected sampling points within the plant. The company also conducted a survey among employees concerning various aspects of workplace safety.

ENEA Centrum performed an inspection of working conditions in all units, in which people employed by the company perform work, and purchased lux meters, range finders and decibel meters for the OHS team.

ENEA Nowa Energia adopted OHS procedures used in ENEA Wytwarzanie.

⁵² This means that the system also covers the employees of ENEA Połaniec Serwis as a contractor providing services to the Połaniec Power Plant and at its sites.

ENEA Elektrownia Połaniec developed an OHS improvement program and conducted educational activities (e.g. the “OHS Leader” competition for employees, 23rd edition of the OHS knowledge contest). Training and inspections under the campaign named “We only engage in safe work” was continued to improve the work safety of contractors. Moreover, as part of the National Fire-Fighting and Rescue System exercises, the preparation of rescue services and the power plant for cooperation in emergencies was tested, and a training for employees was delivered by a representative of the Central Institute for Labor Protection, to raise awareness of the hazards, in particular electromagnetic hazards, existing in their work environment.

ENEA Operator carried out an education campaign on risks related to the movement of employees. As part of prevention activities, 12 issues of the monthly “Safe Work Bulletin” were published, of which 6 were related directly to the campaign; information signs were put up along pedestrian routes, and posters warning of the risks mentioned during the training were prepared and put up. Additionally, two medical air purifiers were purchased as part of COVID-19 prevention.

The personnel at ENEA Wytwarzanie was vaccinated with a flu vaccine.

ENEA Oświetlenie improved the ergonomics and comfort of office work (by purchasing new armchairs and upgrading air conditioners), and purchased safety equipment for working at heights.

Lubelski Węgiel “Bogdanka” introduced the obligation for subcontractors to prepare and deliver the so-called “safe work performance instructions” before they commence work. A guide for contractors was also prepared, containing basic information on the required personal protection equipment, existing hazards and instructions on how to move within the facility. The company continued its collaboration with the Medical University of Lublin – the Medical Simulation Center, on specialized first aid and advanced medical assistance training for employees. The company also prepared and displayed, on screens located in places where the crews gathered before entering the lift underground, reconstructions of occupational accidents and how work can be performed properly. It also organized for its employees a COVID-19 voluntary vaccination campaign and an OHS knowledge contest.

Łęczyńska Energetyka updated its *Instruction on safe organization of work at power equipment* and purchased large quantities of equipment, including multi-gas meters and dust suits.

MR “Bogdanka” established a team to improve OHS conditions and organization of work, conducted a training on safe welding methods, which also provided a platform for employees to express their opinion on the personal protection equipment they used. Equipment to improve work safety was also purchased, including an overhead crane radio-controlled from the working level.

RG “Bogdanka” also developed and implemented a safety improvement plan, updated the post-accident procedure and created numerous new instructions (e.g. for inspecting the equipment for working at heights, for the operation of power tools, OHS in electric welding, OHS in gas welding). It also conducted an OHS knowledge contest for employees.

ENEA Połaniec Serwis developed and implemented internal technological instructions and instructions for the safe performance of maintenance and repair work. It also purchased personal protection equipment for working at heights and material handling equipment was purchased (including winches and chain hoists,

assembly cranes, carts, manipulators). 20 employees were trained in first aid and a company OHS knowledge contest was held.

At ENEA Pomiary, occupational risk assessment forms for subcontractors were updated.

At ENEA Trading, audits of offices were carried out with respect to OHS, including the risk of infection with COVID-19.

At ENEA Ciepło, in workshop rooms collective protection equipment was installed in the form of mechanical extractors and ventilators. In work rooms, notices were placed with key information about threats of SARS-CoV-2 virus and security principles.

The Białystok CHP Plant Division of ENEA Ciepło introduced a document entitled *Cardinal OHS Rules at ENEA Ciepło Sp. z o.o., Białystok CHP Plant Division*. It also amended the regulations concerning the safe work organization, investigation of the causes and circumstances of workplace accidents, assessment of professional risk and standards for work clothes and shoes. Numerous organizational initiatives also took place, including assembly of additional guards around conveyors, inclusion of new factors in referrals for medical tests, adding new signs to further workstations/devices informing about failure or shutdown or replacing high temperature warning with new ones.

At ENEA Ciepło Serwis, heavy construction machines were purchased for earthworks. Also, tick-borne encephalitis vaccinations were provided to employees working with biomass and cutting down bushes along the railway siding.

Among employees of ENEA Centrum, a survey was conducted on the basis of which initiatives were prepared and implemented to minimize the sense of isolation for people working remotely.

In 2021, ENEA Elektrownia Połaniec received the Gold Card of a Safe Work Leader and ENEA Bioenergia – the Green Card of a Safe Work Leader – from the Central Institute for Labor Protection – National Research Institute.

Table 39

403-9

Accidents at work in the ENEA Group

Accidents at work in the ENEA Group in 2021						
	Number of fatalities			Number of all the reported accidents		
	2019	2020	2021	2019	2020	2021
Employees	0	1	0	176	163	162
Subcontractors	2	0 ⁵³	053 ⁵³	129	9553 ⁵³	10753

⁵³ No data available for employees of ENEA Serwis' subcontractors.

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financial penalties and other sanctions imposed in 2021 on ENEA Group companies in connection with OHS irregularities.

Health promotion programs

403-6

Many ENEA Group companies provide their employees with access to private medical services and health care not directly linked to the professional care, purchasing appropriate subscriptions for them. Employees usually receive a basic package allowing them to use a specific set of specialist consultations and prevention programs (tests, vaccinations). The employees may pay for an extension of this package and also for the medical care to cover their family members. Moreover, some companies offer the possibility of taking out a medicine insurance, including for family members.

ENEA Połaniec, ENEA Połaniec Serwis and ENEA Bioenergia pay for above-standard medical services provided to employees, their family members and retired employees, in the medical center located near the work establishment. Employees of those companies may also apply for the employer's support in case of a severe or a long-lasting illness (e.g. for purchasing medicines or rehabilitation equipment, financing a surgery).

The Group companies and the ENEA Foundation organize regular prevention campaigns for Employees, which include advice, lectures or tests.

Compliance tables

a. GRI content index

102-55

Table 40

Profile indicators

Organization profile		
GRI 102-1	Name of the organization	
GRI 102-2	Activities, brands, products, and services	
GRI 102-3	Location of headquarters	

GRI 102-4	Location of operations	
GRI 102-5	Ownership and legal form	
GRI 102-6	Markets served	
GRI 102-7	Scale of operations	
GRI 102-8	Information about Employees and other persons providing work for the organization	
GRI 102-9	Supply chain	
GRI 102-10	Significant changes in the reporting period regarding size, structure, ownership form or value chain	
GRI 102-11	Precautionary Principle or approach	
GRI 102-12	Externally-developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes, or which it endorses	
GRI 102-13	Memberships of associations	
Strategy		
GRI 102-14	Statement from senior decision-maker	
Ethics		
GRI 102-16	Values, principles, code of ethics, status standards and standards of behaviour	
Management		
GRI 102-18	Organizational supervisory structure with committees under the highest supervisory body Management	

Stakeholder management		
GRI 102-40	List of stakeholder groups engaged by the organization	
GRI 102-41	Employees covered by collective bargaining agreements	
GRI 102-42	The basis for identifying and selecting stakeholders with whom to engage by the organization	
GRI 102-43	The organization's approach to stakeholder engagement	
GRI 102-44	Key topics and concerns raised by stakeholders	
Raports		
GRI 102-45	Entities included in the report	
GRI 102-46	Process of defining report content	
GRI 102-47	Material topics identified in the process for defining report content	
GRI 102-48	Changes and corrections in relation to the previous report	
GRI 102-49	Significant changes from previous reporting periods	
GRI 102-50	Reporting period	
GRI 102-51	Date of most recent report	
GRI 102-52	Reporting cycle	
GRI 102-53	Contact person	
GRI 102-54	Claims of reporting in accordance with the GRI Standards	

GRI 102-55	GRI content index	
GRI 102-56	Policy and current practice in external verification of the report	

Economic topics

Revenues, costs, payments to the state and financial aid received from the state		
GRI 103-1	Explanation of the topics identified as significant	
GRI 103-2	The management approach and its components	
GRI 103-3	Evaluation of management approach	
GRI 201-1	Direct economic value generated and distributed	
Activities undertaken to eliminate instances of corruption		
GRI 103-1	Explanation of the topics identified as significant	
GRI 103-2	The management approach and its components	
GRI 103-3	Evaluation of management approach	
GRI 205-3	Confirmed incidents of corruption and actions taken	
Prevention of violations of the rules of free competition and monopolistic practices		
GRI 103-1	Explanation of the topics identified as significant	
GRI 103-2	The management approach and its components	
GRI 103-3	Evaluation of management approach	
GRI 206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	

Company's contribution to services for the society, improvement of the infrastructure and local markets		
GRI 103-1	Explanation of the topics identified as significant	
GRI 103-2	The management approach and its components	
GRI 103-3	Evaluation of management approach	
GRI 203-1	Infrastructure investments and services supported	
GRI 203-2	Significant indirect economic impacts	
Internal indicator 1	Trading Segment: number of individual customers (electricity and gaseous fuel consumers)	
Internal indicator 2	Installed production capacity	

Environmental topics

Waste management		
GRI 103-1	Explanation of the topics identified as significant	
GRI 103-2	The management approach and its components	
GRI 103-3	Evaluation of management approach	
GRI 306-3	Waste generated	
Consumption of energy, methods of reducing it and reduction of products' energy requirements		
GRI 103-1	Explanation of the topics identified as significant	
GRI 103-2	The management approach and its components	

GRI 103-3	Evaluation of management approach	
GRI 302-1	Energy consumption within the organization	
Internal indicator 8	Key actions implemented to reduce energy consumption and increase energy efficiency	
Internal indicator 32	Capital expenditures in the energy efficiency area	
Generation of energy from renewable sources		
GRI 103-1	Explanation of the topics identified as significant	
GRI 103-2	The management approach and its components	
GRI 103-3	Evaluation of management approach	
Internal indicator 24	Production of energy from renewable sources	
Water uptake and consumption, reuse, information on wastewater		
GRI 303-1	Interactions with water as a shared resource	
GRI 303-3	Water withdrawal	
Impact of operations on biodiversity and landscape		
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	
Greenhouse gas emissions and reduction methods		
GRI 103-1	Explanation of the topics identified as significant	
GRI 103-2	The management approach and its components	

GRI 103-3	Evaluation of management approach	
GRI 305-1	Direct (Scope 1) GHG emissions	
GRI 305-2	Energy indirect (Scope 2) GHG emissions	
GRI 305-4	GHG emissions intensity	
GRI 305-7	Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	
Internal indicator 25	List of key investments that affect the reduction of emissions	
EU5 sectoral indicator	Allocation of CO ₂ emissions allowances	
Risks and opportunities resulting from climate changes		
GRI 103-1	Explanation of the topics identified as significant	
GRI 103-2	The management approach and its components	
GRI 103-3	Evaluation of management approach	
GRI 201-2	Financial implications and other risks and opportunities due to climate change	
Compliance with environmental regulations, prevention of abuse, non-compliance with environmental laws and regulations		
GRI 103-1	Explanation of the topics identified as significant	
GRI 103-2	The management approach and its components	
GRI 103-3	Evaluation of management approach	
GRI 307-1	The amount of significant penalties and non-financial sanctions for non-compliance with laws	

	and regulations regarding environmental protection	
Internal indicator 22	Total amount for investments in the area of environment	
Supplier environmental assessment		
GRI 308-1	New suppliers that were screened using environmental criteria	

Social topics

Assessment of suppliers in terms of employment practices, social issues and respect for human rights		
414-1	New suppliers that were screened using social criteria	
Relations with local communities		
GRI 103-1	Explanation of the topics identified as significant	
GRI 103-2	The management approach and its components	
GRI 103-3	Evaluation of management approach	
GRI 413-2	Operations with significant actual and potential negative impacts on local communities	
Charitable activity		
GRI 103-1	Explanation of the topics identified as significant	
GRI 103-2	The management approach and its components	
GRI 103-3	Evaluation of management approach	
Internal indicator 30	Total amount for cash and in-kind donations	

Internal indicator 31	Initiatives to support the society	
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Employee-related aspects

Employment in the company		
GRI 401-1	New employee hires and employee turnover	
Occupational health and safety		
GRI 103-1	Explanation of the topics identified as significant	
GRI 103-2	The management approach and its components	
GRI 103-3	Evaluation of management approach	
GRI 403-1	Occupational health and safety management system	
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 403-8	Workers covered by an occupational health and safety management system	
GRI 403-9	Work-related injuries	

Internal indicator 14	Examples of actions and solutions to increase safety in the workplace and Employee education in this area	
Diversity and equal opportunities in access to positions (including on the management board), equal pay for men and women		
GRI 103-1	Explanation of the topics identified as significant	
GRI 103-2	The management approach and its components	
GRI 103-3	Evaluation of management approach	
GRI 405-1	Diversity of governance bodies and Employees	
GRI 405-2	Ratio of basic salary and remuneration of women to men	
Non-discrimination		
GRI 406-1	Incidents of discrimination and corrective actions taken	
Workplace, traineeships and apprenticeships created for the youth		
Internal indicator 29	List of schools and universities with which the company cooperates in the field of vocational training	

Aspects of responsibility for products and services

Responsible marketing and information about products and services		
GRI 417-3	Incidents of non-compliance concerning marketing communications	
Confidentiality in relations with Customers, measures preventing loss of data		
GRI 103-1	Explanation of the topics identified as significant	
GRI 103-2	The management approach and its components	
GRI 103-3	Evaluation of management approach	
GRI 418-1	Substantiated complaints concerning breaches of Customer privacy and losses of Customer data	
Internal indicator 10	Actions implemented to ensure the security of personal data of Customers	
Actions to improve customer satisfaction		
GRI 103-1	Explanation of the topics identified as significant	
GRI 103-2	The management approach and its components	
GRI 103-3	Evaluation of management approach	
Internal indicator 11	New channels of communication with Customers	
Internal indicator 12	Level of Customer satisfaction – examples of surveys of Customers and their results	
Internal indicator 13	Main activities for Customer satisfaction and ensuring continuity of service provision	

Internal indicator 33	Total amount for investments that directly or indirectly increased the reliability of electricity supply	
EU28 sectoral indicator	SAIFI – frequency of power off	
EU29 sectoral indicator	SAIDI – average duration of power off	

b. Table of conformity of the Report to the Accounting Act

Table 41

Requirement of the Accounting Act	Link
Business model (Article 49b sec. 2 item 1)	
Key non-financial performance indicators (Article 49b sec. 2 item 2)	
Non-financial policies and their results (Article 49b sec. 2 item 3)	
Policies in the environmental area	
Policies in the labor area	
Policies in the social area	
Policies in the human rights area	
Policies in the anti-corruption area	
Due diligence procedures model (Article 49b sec. 2 item 4)	
Material non-financial risks and risk management (Article 49b sec. 2 item 5)	

c. Table of conformity of the Report to TCFD Recommendations

Table 42

TCFD Recommendations	Link
GOVERNANCE	
Describe the board's oversight of climate-related risks and opportunities	
Describe management's role in assessing and managing climate-related risks and opportunities	

STRATEGY

Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term

Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning

Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

RISK MANAGEMENT

Describe the organization's processes for identifying and assessing climate-related risks

Describe the organization's processes for managing climate-related risks

Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management

METRICS AND TARGETS

Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process

Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks

Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets

d. ESG indicators used recommended by the WSE

Table 43

Area	Ratios	Link
ENVIRONMENT	Climate change	
	E-P1 Greenhouse gas emissions	
	E-P2 Energy consumption	
	EP-3 Climate-related risks and opportunities	
	ES-1 Greenhouse gas emissions intensity	
	ES-2 Emission management	
	Natural resources	
	ES-3 Water consumption	
	ES-5 Impact on biodiversity	
	Pollution and waste	
	ES-6 Waste management	
SOCIETY	Diversity	
	S-P1 Diversity in supervisory bodies	
	S-P2 Equal pay ratio	
	Headcount	
	S-P3 Employment turnover	
	S-P4 Freedom of association and collective negotiation	

S-S1 Occupational health and safety

Human rights

S-P5 Human rights policy

S-P6 Due diligence procedures related to human rights

Business ethics

G-P1 Structure of governing bodies

G-P2 Code of ethics

G-P3 Anticorruption policy

G-P4 Whistleblowing mechanism

Data security and protection

G-S1 Data protection policy

About this report

102-10, 102-42, 102-44, 102-45, 102-46, 102-47, 102-48, 102-49, 102-50, 102-51, 102-52, 102-53, 102-54, 102-56

This report summarizes the ENEA Group's performance in the environmental, social and corporate governance areas. It covers the period from 1 January to 31 December 2021 (unless specified otherwise) and includes non-financial data of ENEA S.A. as the parent company and all subsidiaries covered in the *Consolidated Financial Statements of the ENEA Group for the financial year ended 31 December 2021*. The document has been prepared by the Office for Relations with the Socio-Economic Environment, which forms part of the Group's PR and Communication Department. It is the extended version of the non-financial statement, which is a separate part of the document entitled [*Management Board Report on the Activity of ENEA S.A. and the ENEA Group in 2021*](#), which fulfills the obligation arising from Article 49b and Article 55 of the *Accounting Act of 29 September 1994* (Journal of Laws 2019 item 351), implementing into the Polish legal system *Directive 2014/95/EU of the European Parliament and of the Council amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups*. Just as the statement mentioned above, it is the company's response to the expectations laid down in the *Supplement on reporting climate-related information* (2019/C 209/01) to that Directive, the *Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment*, the public view of the European Securities and Markets Authority (ESMA) on the supervisory priorities for periodic reports of issuers for 2021 in respect of non-financial reporting, the Task Force on Climate-related Financial Disclosures (TCFD) recommendations on climate-related financial disclosures and in the *ESG reporting guidelines* of the Warsaw Stock Exchange.

The data presented in the report have been developed based on the Core option of the (non-financial) Global Reporting Initiative (GRI) Standards. The publication has been prepared in accordance with the Ten Principles of GRI for defining report content (Materiality, Sustainability Context, Stakeholder Inclusiveness, Completeness) and for defining data quality (Balance, Reliability, Comparability, Accuracy, Timeliness, Clarity).

In the reporting period, no significant changes occurred in the Group's size, structure, form of ownership or value chain. Compared to the report for the previous year, no significant changes have been made to the scope, extent or methods of measurement and no previously published information has been corrected or amended. This report has not been subjected to a third-party review, but has been prepared in cooperation with an independent consulting company.

Non-financial reporting of the ENEA Group is carried out on an annual basis. The previous report was published on 28 May 2021 and is available at <https://raportesg2020.csr.enea.pl/>

Report content development process

The drafting of the Report was preceded by the assessment of materiality of individual aspects of ENEA Group's operations related to economic, environmental, social and market topics. It was conducted on the basis of anonymous web surveys for the Group's management and external stakeholders selected as key stakeholders by the organizational units coordinating individual areas of the company's activities. The results of these surveys as well the analysis of trends in non-financial reporting in the energy industry have been the basis for identifying important aspects of reporting.

Material aspects of reporting

Table 44

Economic aspects	Revenues, costs, payments to the state and financial aid received from the state
	Activities undertaken to eliminate instances of corruption
	Prevention of violations of the rules of free competition and monopolistic practices
	Company's contribution to services for the society, improvement of the infrastructure and local markets
Environmental aspects	Waste management
	Consumption of energy, methods of reducing it and reduction of products' energy requirements
	Generation of energy from renewable sources
	Greenhouse gas emissions and reduction methods
	Risks and opportunities resulting from climate changes
	Compliance with environmental regulations, prevention of abuse, non-compliance with environmental laws and regulations
Social aspects	Relations with local communities
	Charitable activity
Employee-related aspects	Occupational health and safety
	Diversity and equal opportunities in access to positions (including on the management board), equal pay for men and women
Aspects of responsibility for products and services	Confidentiality in relations with customers, measures preventing loss of data
	Actions to improve customer satisfaction

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Glossary of terms

Abbreviation/term	Full name/definition
BAT	Best Available Techniques – a document drawing conclusions on best available techniques for the installations concerned and indicating the emission levels associated with the best available techniques.
OHS	Occupational health and safety
CAPEX	Capital expenditures on property, plant and equipment, intangible assets and right-to-use asset
CDS (Clean dark spread)	Difference between revenue from sales of electricity produced and the variable costs related to production of that electricity (unit CO ₂ cost and unit cost of coal including transportation).
CO₂	Carbon dioxide
Compliance	Assurance of compliance of the organization's activities with the applicable law and internal regulations. Corporate Social Responsibility. Responsibility of an organization for the impact exerted by its decisions and actions on society and the environment; it is ensured by transparent and ethical conduct, which:
CSR (Corporate Social Responsibility)	<ul style="list-style-type: none"> – contributes to sustainable development, including wellbeing and health of the society, – takes stakeholder expectations into account, – complies with the applicable law and consistent with international standards of conduct, – is integrated with the organization's activities and is practiced in its relations.
Derogation	Repealing part of a legal standard, e.g. an emission standard, to be replaced or not with a new one
IED	Directive 2010/75/EU of the European Parliament and of the Council of 24 November 2010 concerning industrial emissions. It tightens the standards for emissions of sulfur dioxide, nitrogen oxides and dust from combustion plants
EBITDA	Operating profit before deduction of interests on interest-bearing liabilities (loans, bonds), taxes, amortization of intangible assets and depreciation of property, plant and equipment
Coal mining using the top coal caving method	A coal mining method, in which the ceiling of a mining pit is forced to cave by using explosives and the top coal fills the empty mining pit.
ESG	Environmental, social and governance factors
EUA	EU Emission Allowance - emission allowance under the European Emissions Trading System
EU ETS European Emissions Trading System	A European scheme to promote the reduction of greenhouse gas emissions
FDIR	Fault Detection, Isolation, Restoration, a system enabling automatic detection of faults, isolation of the damage site and restoration of power supply.
Circular (GOZ) economy	A concept, in which products, materials and raw materials remain in economy for as long as possible and waste, if created, is treated as secondary resource.
GWh	Gigawatt-hour
HCL	Hydrogen chloride
HF	Hydrogen fluoride
Hg	Mercury
HR	Human resources
Stakeholder	A person or group of persons interested in decisions or activities of an organization. A stakeholder is anyone who influences an organization and anyone influenced by it.
Internet of Things	A concept according to which various items, such as household appliances, lighting and heating products, may directly or indirectly collect, process or exchange data via a power installation or a computer network. The purpose of this concept is to create smart cities, transport, products, buildings, power supply systems, health systems or daily life systems.
FGD	Flue gas desulphurization and heavy metal reduction installation.

IT	Information technology. Computer hardware and software as well as tools and other techniques related to the collection, processing, transmission, storage, protection and presentation of information.
Combined heat and power generation	A technological process of simultaneous generation of electricity and useful thermal energy in a CHP plant
LED	Light Emitting Diodes
Supply chain	A sequence of actions or parties supplying products or services to an organization.
The value chain	A sequence of actions taken by a company to develop, create, sell and deliver a product or service and then provide after-sales services.
Mg	Megagram, or a ton.
Pulverized coal	Bituminous coal with grain sized from 0 to 20 mm
Mobbing	Bullying, persistent harassment and intimidation, psychological violence against a subordinate or co-worker in the workplace.
MWe	Megawatt of electrical power
MWh	Megawatt-hour (1 GWh = 1,000 MWh)
MW_t	Megawatt of thermal power
NH₃	Ammonia.
Nm³	Normalized cubic meter of gas, i.e. the number of cubic meters that the gas would occupy in normal conditions.
LV	Low voltage grid supplying individual users with 50 Hz alternating current at 230 V phase voltage.
NO_x	Nitrogen oxides
Transmission Operator	System Polskie Sieci Elektroenergetyczne S.A., a company wholly-owned by the State Treasury, which owns highest voltage grids and therefore is the operator of the power transmission system.
OPEX	Operating expenditures – expenditures related to product, business or system maintenance.
Origination	The activity of ENEA Trading, in which the wholesale trade business is extended by adding non-standard products and the company generates revenues among others through electricity sales agreements that ENEA Trading concludes with renewable energy producers (electricity purchased by ENEA Trading is then sold on the wholesale electricity market, mainly on the power exchange).
DSO	Distribution System Operator
DSOn	A Distribution System Operator, whose distribution network has no direct connection with the TSO's transmission network.
TSO	Transmission System Operator
RES	Renewable energy sources
Prop – Trading	The activity of ENEA Trading consisting of generating a profit based on trading on the company's own account in contracts listed on commodity exchange markets.
Prosumer	A person who generates electricity from renewable energy sources for own needs using a micro-installation, capable of storing energy and transferring surplus energy to the power grid
PV	Photovoltaics
PUODO	President of the Personal Data Protection Office
Employee Council	Employee representation body established by the Act of 7 April 2006 on Informing Employees and Consultations with Them (Journal of Laws 2006 No. 79 Item 550). Employee Council should be established in employers who conduct business activity and have at least 50 employees. This obligation does not apply among others to employers subject to the provisions of the Act who had signed, by 24 May 2006, an agreement with employee representatives ensuring the degree of information and consultation at least equal to the conditions required by the act.
RDF	Refuse Derived Fuel - fuel produced from waste with a high calorific value.
DAM	Day-Ahead Market (DAM) has been operating since 30 June 2000. It is a spot electricity market in Poland. Since the beginning of quotation, DAM prices are a benchmark for energy prices in bilateral contracts in Poland. The DAM is intended for the companies that want to actively and safely close their electricity purchase/sales portfolios on an ongoing basis at particular hours of the day
Balancing market	Technical market operated by TSOs. Its objective is to ensure real-time balancing of demand for electricity and its production in the Polish Power System (NPS)

SPOT market	Cash market (spot)
Forward market	Electricity market where forward products are listed
SAIDI	System Average Interruption Duration Index – index of the system average duration of a long and very long interruptions (expressed in minutes per Customer)
SAIFI	System Average Interruption Frequency Index – indicator of the system average frequency of long interruptions in energy supply (expressed in the number of interruptions per Customer)
SCoTA	Standard Coal Trading Agreement – a standard agreement used on the international coal market
SCR (Selective Catalytic Reduction)	Catalytic denitrification of flue gas. It entails reduction of nitrogen oxides to atmospheric nitrogen on the surface of a catalyst, using substances containing ammonia.
Smart Grid	Smart electrical grids, which feature communication between all the participants on the energy market, in order to supply energy services at lower costs, enhance efficiency and integrate dispersed energy sources, including renewable energy sources.
MV	Medium voltage grid, in which the phase-to-phase voltage ranges from 1 kV to 60 kV
SO2	Sulfur dioxide
Social labor inspection	Social service provided by employees to ensure that the company ensures safe and healthy working conditions and to protect employee rights specified in labor law. Social labor inspectors cooperate with the National Labor Inspectorate and other authorities overseeing and inspecting working conditions. The principal scope of their activity is defined in the Social Labor Inspection Act of 24 June 1983 (Journal of Laws 2015, Item 567).
PPE	Polish Power Exchange
toe	Tons of oil equivalent – an energy equivalent of one metric ton of oil with the calorific value of 10000 kcal/kg
TWh	Terawatt-hour
ERO	Energy Regulatory Office
HV	High voltage grid. An electric power transmission grid, in which the phase-to-phase voltage ranges from 60 to 200 kV (in Poland: 110 kV). This grid is used to transmit electricity over large distances.
Scope 1	Direct CO ₂ emissions resulting from fuel combustion in stationary or mobile sources owned by an organization or under its control, emissions resulting from manufacturing or processing or fugitive emissions of coolants.
Scope 2	Electricity indirect CO ₂ emissions resulting from the generation of consumed electricity, heat, processing steam and cooling, purchased or supplied from outside.
Scope 3	Other indirect CO ₂ emissions created in the company's entire value chain, e.g. in the production of raw materials, semi-finished products, management of waste, transportation of raw materials and products, business trips of employees or the use of products by final users.
Sustainable development	Development that meets the needs of the present without compromising the ability of future generations to meet their own needs and considers the expectations of the surrounding communities and societal, environmental and economic challenges. It enables permanent increase of the value of an organization and rational management of resources.
Internal Bargaining Agreement	Collective An agreement between an employer and trade unions, which defines, among others, duties of the employer towards employees and guaranteed employee rights.