

Energa Group's 2021 Non-Financial Report



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Ladies and Gentlemen,
you have before you Energa's 2021 non-financial report.
It is the first report covering the company's operations as part of ORLEN Group for a full calendar year.

The integration of Energa and PKN Orlen is a process that includes multiple stages and poses a significant business challenge that requires our full commitment. As ORLEN Group is a leader in the energy transition process in Central and Eastern Europe, participation in this process has also moved up on the list of our priorities as a result of our involvement in the project.

The main objective of ORLEN's Strategy for 2030 is to achieve carbon neutrality by 2050. Obligations resulting from EU law mean that the organisation is facing ambitious but achievable challenges related to preventing climate change and minimising its impact on the prospective multi-utility conglomerate's business model.

In 2021, several of Energa Group's subsidiaries successfully underwent external environmental and energy management audits, extending their presence in the EMAS register for another year. The system now includes a total of 381 facilities.

In the coming years, Energa expects to add further renewable energy sources to the EMAS register: the Gryf photovoltaic farm with an installed capacity of approx. 20 MW, five smaller photovoltaic farms with a total capacity of approx. 5 MW, and the Wielbark photovoltaic farm with an ultimate installed capacity of 62 MW, currently in the course of being acquired.

Becoming the leader in energy transition in the region and in Poland is impossible without achieving the ESG (environmental, social responsibility, corporate governance) objectives. Sustainable investments based on the above ESG factors should be on the list of priorities of every modern and responsible business.

Energa's new direction is reflected in the company's Sustainable Development Strategy and Climate Policy. The company is developing in the correct direction, as again confirmed by the Vigeo Eiris agency, which awarded Energa 46 points in its annual ESG rating, the highest result achieved by the company since it started reporting its non-financial data and 4 points higher than last year's result, which had been its highest to date. We believe that our comprehensive action plans will enable us to achieve our objectives with satisfactory results.

In the pursuit of our business objectives we remain mindful of our social responsibility. Energa actively supports culture, sports and educational activities. We collaborate with multiple charity organisations and are involved in activities that provide support for those affected by social exclusion, among others. Particular attention was given to initiatives in support of achieving Sustainable Development Goal (SDG) no. 7 – Affordable and Clean Energy – as best evidenced by our new proprietary project, Houses of Good Energy, which involves the installation of photovoltaic panels on the roofs of foster homes. We provide continuous support to health care workers fighting the pandemic. We want to be an active leader bringing about positive change wherever we do business.

Our employees are, without a doubt, our greatest assets. Energa Group employs nearly 9 thousand staff. We care not only about their professional development, but also try to provide them with assistance in difficult life situations. Only in 2021, the Energa Foundation made donations to over 500 natural persons, of which 70 were our employees or their families. The number of employees of the Group who received assistance and the value of help provided increased in comparison to 2020. This form of support is another extremely important pillar of our operations as a responsible business.

I present to you this Energa Group's Non-Financial Report for 2021 and I hope you will find it of interest.

Iwona Wakszumdzka-Olejniczak
CEO of Energa SA



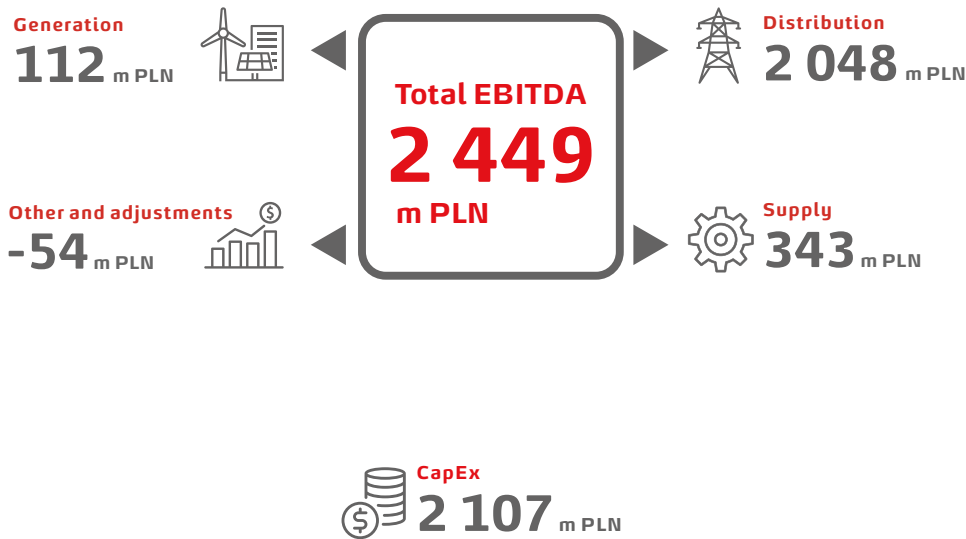
1. Business Model

1.1. About Energa Group

1.1.1. Energa Group and its shareholders

We are one of the four largest energy companies in Poland and one of the three largest suppliers of electricity in the country. Our primary operations include electricity and heat **generation, distribution and trading** as well as gas trading.

We provide and supply electricity to over 3.2 million customers, including households and businesses. We are also Poland's third largest integrated distribution system operator (DSO) in Poland in terms of the volume of distributed electricity.



Distribution is a strong and stable segment of Energa's operations. Our distribution grid is comprised of power lines with a total length of 193 thousand kilometres and approx. 62 thousand transformer stations. It covers an area of nearly 75k km², corresponding to approx. 24% of the country's total territory.

Energa Group's shareholders

Structure of Energa SA's share capital

Shares of Energa SA have been traded on the Warsaw Stock Exchange since 2013. As of 31 December 2021, and as of the date of this report, PKN ORLEN is Energa's strategic shareholder, holding 90.92% of the Company's shares which entitles it to 93.28% of votes at Energa SA's general meeting.

The Company's share capital is currently PLN 4 521 612 884.88 and is divided into 414 067 114 shares of a nominal value of PLN 10.92 (ten Polish złoty ninety two grosz) each. Shares are divided into:

- 269 139 114 (two hundred sixty nine million one hundred thirty nine thousand one hundred fourteen) ordinary series AA shares, numbered AA 00000001 through AA 269139114,
- 144 928 000 (one hundred forty four million nine hundred twenty eight thousand) preferred series BB shares, numbered BB 00000001 through BB 144928000, with a preferred status as to voting rights at the General Meeting, where 1 preferred share entitles to 2 (two) votes at the General Meeting.

Energa SA shares by series and type

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

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

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

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

* PKN ORLEN SA holds 144 928 000 registered BB series shares with a preferred status as to voting rights at the General Meeting, where 1 preferred share entitles to 2 votes at the General Meeting.

1.1.2. Key subsidiaries

The following changes took place in the structure of Energa Group in 2021:

- Subsidiary CCGT Ostrołęka Sp. z o.o. was set up**
The company was incorporated on 11 January 2021 by Energa SA, which took up the entirety of shares in the company's share capital. CCGT Ostrołęka Sp z o o is to implement a project involving the construction of a CCGT power plant in Ostrołęka.
- Subsidiary Energa Green Development Sp. z o.o. was set up**
The company was incorporated on 20 January 2021 by Energa SA, which took up the entirety of shares in the company's share capital. Energa Green Development was set up for the purpose of developing and integrating projects in the field of renewables, primarily wind power and photovoltaics, within Energa Group and ORLEN Group. Implementation competences in the area of wind and solar farm development are to be concentrated within the company.
- Subsidiaries Energa MFW 1 Sp. z o.o. (w organizacji) and Energa MFW 2 Sp. z o.o. (w organizacji) were set up**
The companies were incorporated on 26 March 2021 by Energa OZE SA, which took up 100% of shares in both companies. The companies were set up in connection with planned investments into offshore wind farms.
- Sale of subsidiary Energa Ochrona Sp. z o.o. to ORLEN Ochrona Sp. z o.o.**
On 30 June 2021, an agreement was concluded for the sale of 100% shares in subsidiary Energa Ochrona Sp z o.o. to ORLEN Ochrona Sp z o. o., effective as of 31 July 2021. The transaction was completed as part of the PKN ORLEN and Energa Group's Business Integration and Transformation Programme.
- Sale of subsidiary Energa Centrum Usług Wspólnych Sp. z o.o. to ORLEN Centrum Usług Korporacyjnych Sp. z o.o.**
On 16 November 2021, a conditional agreement was concluded for the sale of 100% shares in subsidiary Energa Centrum Usług Wspólnych Sp. z o.o. to ORLEN Centrum Usług Korporacyjnych Sp. z o.o. On 16 December 2021, the parties signed a share transfer agreement with effect as of 22 December 2021. The transaction was completed as part of the PKN ORLEN and Energa Group's Business Integration and Transformation Programme.

- **Partial transfer of assets of subsidiary Energia Kogeneracja Sp. z o.o. to ECARB Sp. z o.o.**

On 15 February 2021, part of the assets of subsidiary Energia Kogeneracja Sp. z o.o., including registered shares in PGG SA, were spun off and transferred to the acquiring company, ECARB Sp. z o.o., in exchange for shares in the increased share capital of ECARB Sp. z o.o., taken up by partners in green companies: Energia SA and Energia OZE SA.

Furthermore, as of 31 December 2021, Energia Group held shares in joint ventures – Polska Grupa Górnicza SA, Elektrownia Ostrołęka Sp. z o.o., ElectroMobility Poland SA, and an affiliate – Polimex-Mostostal SA.

As of 31 December 2021, Energia Group was comprised of Energia SA and 24 subsidiaries.

Role of the company in Energia Group	Lead Entity	Company name	Number of subsidiaries
DISTRIBUTION	Energia Operator SA	Energia Operator SA	2
		Energia Operator Wykonawstwo Elektroenergetyczne Sp. z o.o.	
SUPPLY	Energia-Obrót SA	Energia-Obrót SA	4
		Energia Oświetlenie Sp. z o.o.	
		Energia Slovakia s.r.o.	
		Enspirion Sp. z o.o.	
GENERATION	Energia OZE SA	Energia OZE SA	10
		Energia Kogeneracja Sp. z o.o.	
		Energia Ciepło Ostrołęka Sp. z o.o.	
		Energia Ciepło Kaliskie Sp. z o.o.	
		Energia Elektrownie Ostrołęka SA	
		Energia Serwis Sp. z o.o.	
		CCGT Grudziądz Sp. z o.o.	
		CCGT Gdańsk Sp. z o.o.	
		Energia MFW 1 Sp. z o.o.	
		Energia MFW 2 Sp. z o.o.	
SERVICES AND OTHER	Energia SA	Energia SA	9
		Energia Informatyka i Technologie Sp. z o.o.	
		Energia Logistyka Sp. z o.o.	
		Energia Invest Sp. z o.o.	
		Centrum Badawczo-Rozwojowe im. M. Faradaya Sp. z o.o.	
		Energia Finance AB	
		ECARB Sp. z o.o.	
CCGT Ostrołęka Sp. z o.o.			
Energia Green Development Sp. z o.o.			

1.1.3. Major products and brands

Distribution

Operations related primarily to the distribution of electricity are concentrated within the Distribution Line of Business subsidiaries. The Lead Entity of this Line of Business is Energa Operator, which pursuant to a decision of the President of the Energy Regulatory Office acts as the Distribution System Operator (DSO) in an area constituting approx. 24% of Poland's total territory. As per the requirements of the licence for distribution operations, Energa Operator is responsible for the development, operation and modernisation of distribution infrastructure in the area of its operations and for ensuring the delivery of electricity with the correct quality parameters to customers connected to its power grid.

Generation

Operations of the Generation Line of Business subsidiaries focus on the generation of electricity and thermal energy (heat) and the delivery of heat to consumers. Electricity is generated from hydro, wind, biomass, solar energy and coal. The Lead Entity of this Line of Business is Energa OZE. The company coordinates the group's operations in the following areas: generation of electricity from renewable sources, generation of electricity and/or thermal energy (heat) in the baseload (utility-scale) power plant, CHP plants and heat plants, transmission and distribution of heat, provision of system and support services. Subsidiaries in the Generation Line of Business supply heat using its own district heating networks to consumers in the towns of Kalisz and Ostrołęka. Energa Group's share of renewable electricity in total in-house production volume is the highest among all Polish energy conglomerates.

Supply

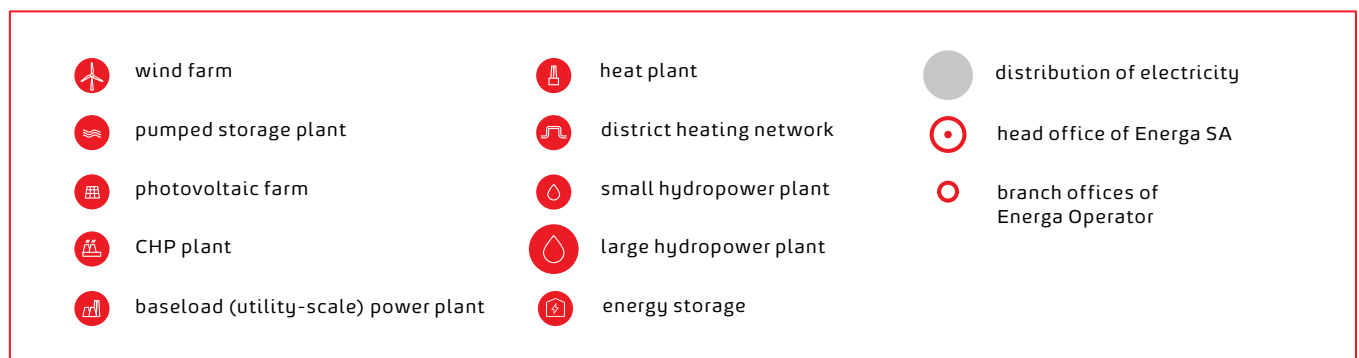
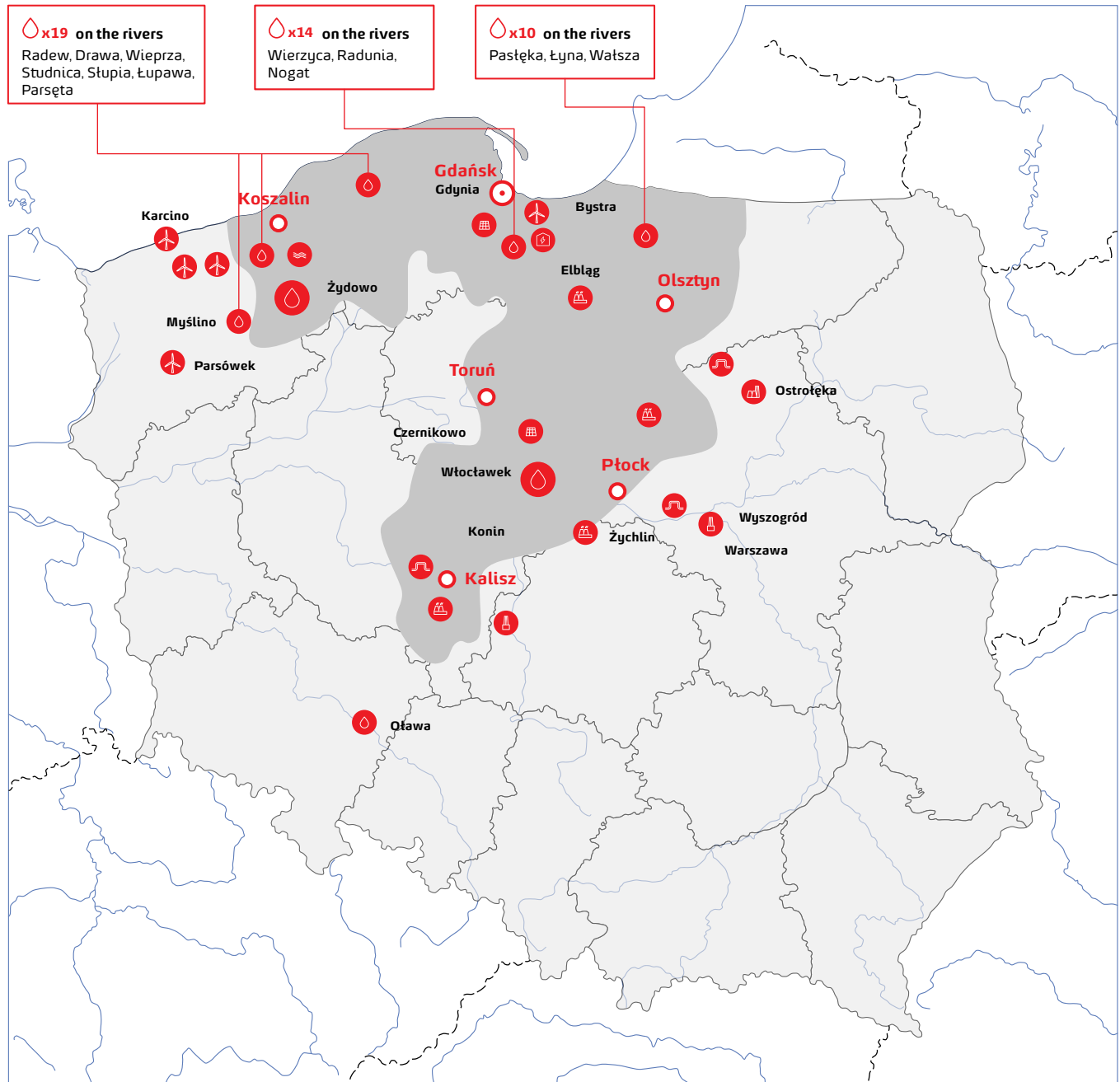
Operations of the Supply Line of Business subsidiaries focus on trading in electricity and gas and on providing customer services. Energa Obrót is the Lead Entity of this Line of Business. The company's primary operations include trading in electricity and gas on the domestic and international wholesale markets, as well as supplying electricity and gas to private individuals (households), business and institutional consumers. Energa Obrót offers innovative, environmentally-friendly technologies and services in such areas as energy efficiency, charging of electrical vehicles on its charging stations and installation of PV panels. The company supplies electricity to 3.2 million customers, of which over 2.6 million are households.

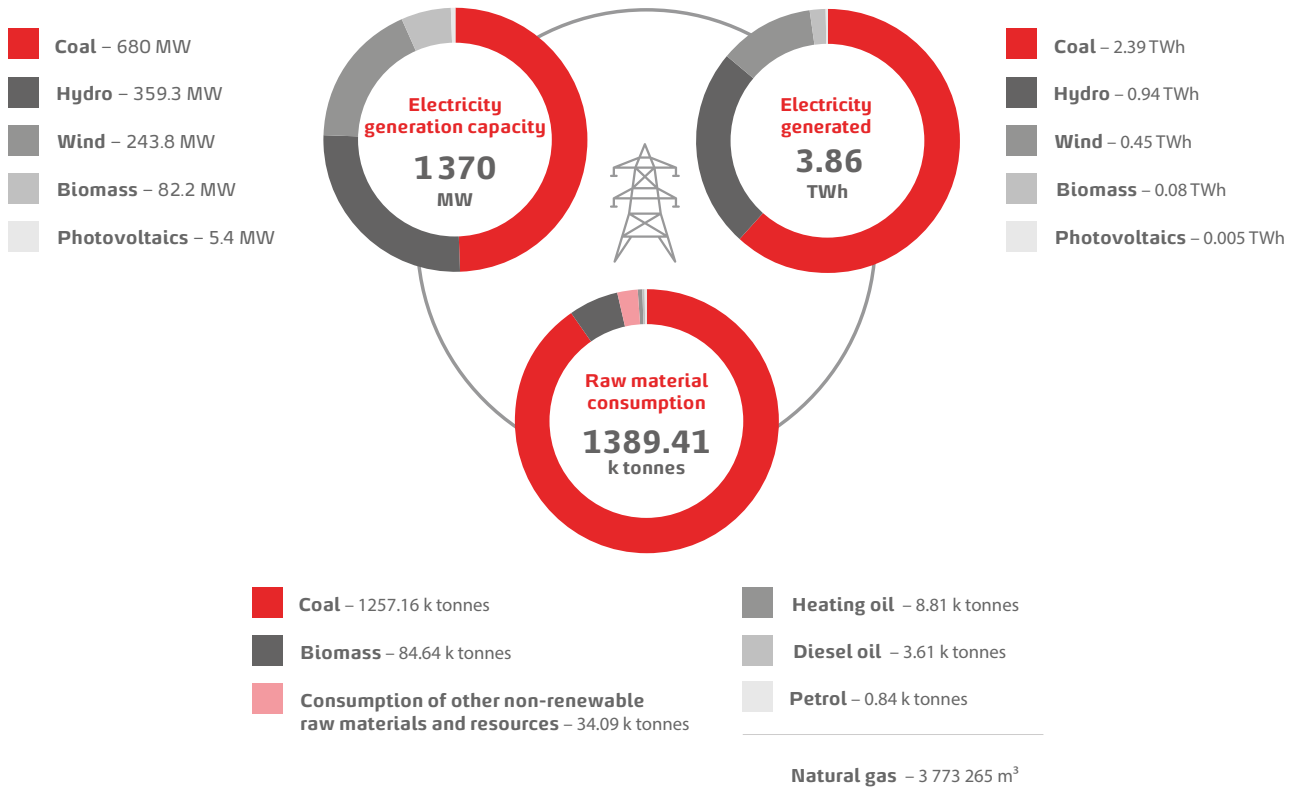
Services and other

Subsidiaries directly controlled by Energa SA also operate as part of Energa Group, providing services in support of the Group's business processes and performing tasks in areas important to Energa Group, such as administration or personal and property security.

1.1.4. Locations of operations and main generating assets

Energa Group operates 62 generating facilities, 44 small hydropower plants, 2 large hydropower plants, 6 wind farms, 3 photovoltaic farms, 1 baseload (utility-scale) power plant, 4 CHP plants and 2 heat plants. Energa OZE also operates an energy storage facility at the Bystra wind farm.





1.1.5. Management structure

Energa SA is a joint-stock company, the parent company of Energa Group. In accordance with the Polish Code of Commercial Companies, the company's authorities include the General Meeting of Shareholders, Supervisory Board and Management Board. The management structure of Energa SA is presented below.

The following entities operate as part of the Supervisory Board:

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

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

Pursuant to resolution no. 1313/VI/2021 of the Management Board of Energa SA of 17 November 2021 on implementing the internal division of responsibilities among Members of the Management Board of Energa SA and a substitution system, functional supervision over the Company's operations are divided as follows:

President of the Management Board (CEO)

- strategy of Energa Group,
- management of strategic assets,
- market analysis and expansion of the Group,
- mergers and acquisitions,
- audit, control,
- strategic risk management,
- security,
- Group's personnel policy, including the hiring of members of authorities of Energa Group's subsidiaries,
- social dialogue,
- management by objectives.

Vice President of the Management Board for Corporate Affairs

- management of the organisation,
- legal affairs,
- corporate and owner's supervision within the Group,
- management of the Group's organisational/corporate governance.

Vice President of the Management Board for Finance (CFO)

- financial planning and analyses,
- financial reporting and consolidation,
- financial policy,
- management of the Group's financial risk,
- business controlling,
- investor relations,
- stakeholder relations.

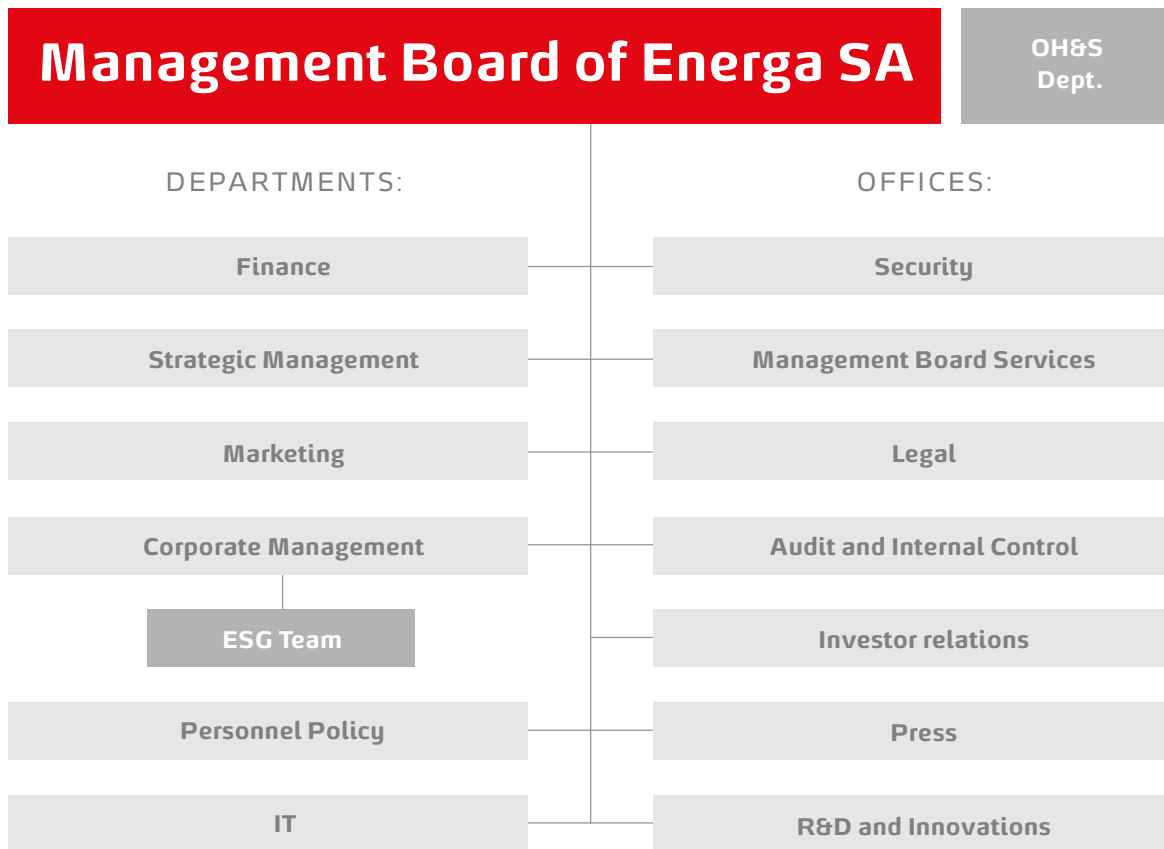
Vice President of the Management Board for Operations

- regulatory policy,
- environmental policy,
- R&D and innovations,
- IT,
- operational supervision over the implementation of capex projects through membership in steering committees.

Vice President of the Management Board for Communications

- marketing and sponsoring,
 - internal and external communications,
 - CSR and external relations,
 - press services.
-

Organisational structure of Energa SA



1.1.6. ESG in organisational culture

EEnerga received ESG-linked funding twice, PLN 2 billion on September 2019 and € 120 million in July 2020. This means that performance indicators in environmental, social and corporate governance areas are assessed by an external rating agency year on year, throughout the entire term of the loan. The ESG rating is communicated to the bank and affects the adjustment of the margin ratchet in a given year.

To improve the Group's results in the ESG area, Energa constantly expands the range of tools used for internal analysis of indicators. Work has begun on the ESG code, a comprehensive document that will increase the process of aggregating data that is of interest to domestic and international institutions. Actions aimed at improving the general rating of individual ESG areas have been described in detail in ORLEN Group's Strategy of Sustainable Development for 2021-2023. The document defines the objective of the Sustainable Development Agenda, namely engaging in business operations in a way that ensures that business objectives remain consistent with social and environmental objectives, taking into account the long-term needs of stakeholders. ORLEN Group's Strategy of Sustainable Development for 2021-2023 also specifies the needs in the area of ESG and analyses gaps in this area, providing a precise identification of available opportunities and describing specific actions enabling the achievement of set results.

Works are also ongoing on a comprehensive text of Energa Group's Climate Policy until 2030, taking into account the latest expectations of domestic and international stakeholders with respect to reporting climate disclosures.

The Vigeo Eiris agency has once again confirmed that the Group is on the right track by awarding it 46 points in its annual ESG rating, the highest total in the Company's history and an improvement of 9.52% on last year's result.

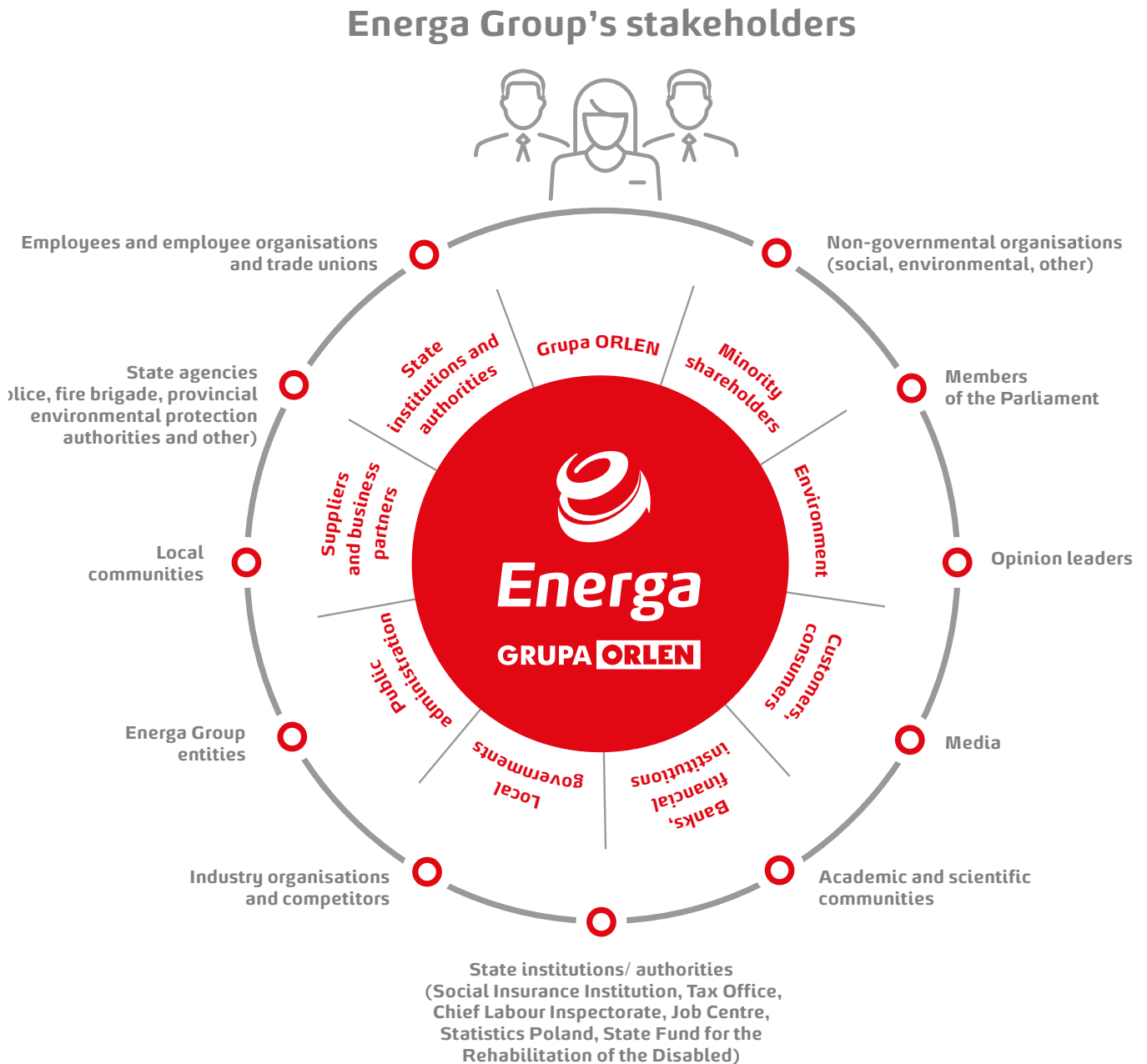
1.1.7. Group's stakeholders

Stakeholder mapping

Stakeholder relation management is an important part of our Corporate Social Responsibility and Sustainable Development Strategy. Our goal is to build long-term and lasting relations that create value for all participants in the dialogue. Transparent and honest communication, openness to dialogue and the stakeholders' point of view form the cornerstones of our operations.

There were no changes to the shareholding structure and no new stakeholders were identified in 2021.

Map of Energa Group's stakeholders



Channels for stakeholder communication

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

Energa Group's stakeholders	Communication channels
ORLEN Group	Reports, correspondence, direct communication, meetings, workshops.
Minority shareholders	Direct communication, website at www.ir.energa.pl , current reports (regulatory filings) and periodic (interim) reports and other events (including one-on-one meetings and conferences, broadcasts, chats, roadshows, analyst workshops, Individual Investor Day, Energa in Action), general meeting.
Environment	Non-financial reports, reports for institutions, coordinating the implementation of post-inspection guidelines of state environmental protection authorities (district/provincial/regional environmental protection authorities); annual maintenance of Energa Group's registration in EMAS, every 3 years – renewal of registration in EMAS (application to the General Environmental Protection Authority).
Customers, consumers	Individual meetings, correspondence, communication via electronic channels, communication via marketing campaigns, undertaking interventions, providing explanations, helplines.
Banks, financial institutions	Correspondence, regular reporting, individual meetings, communication via electronic channels.
Local government (public) authorities	Consultations, direct meetings, correspondence, communication via electronic channels.
Public (state, central government) administration	Correspondence, communication via electronic channels, study visits, consultations, lobbying, regular reporting in crisis situations, meetings.
Suppliers and business partners	Exchange of information, contacts by telephone, correspondence, publications on websites, register of qualified contractors and suppliers, communication via electronic channels.
Members of Parliament	Correspondence, meetings, participation in sessions of parliamentary commissions and teams, study visits, consultations.
Opinion leaders	Providing information, presentations and lectures, study visits.
Local communities	Dialogue with local communities during public consultations in the course of capex projects, handling requests, educational activities, social activities performed by the Energa Foundation, sponsoring events of importance to local communities (including sporting and cultural events).
Employees and employee organisations and trade unions	Intranet, employee portal, consultations and arrangements, meeting between the Management Board and employees and labour unions, <i>Emisja</i> and other internal magazines, competitions for employees, training courses and workshops, team building exercises, joint work on projects. Dialogue with local communities during public consultations in the course of capex projects, handling requests (petitions), educational activities, social activities performed by the Energa Foundation, sponsoring events of importance to local communities (including sporting and cultural events).
Energa Group entities	Consultations, meetings, exchange of information, communication via electronic channels, regular meetings of the Supervisory Board.
Non-governmental organisations (social, environmental and other)	Collaboration as part of ongoing projects, sponsoring, providing answers to questions, correspondence, websites, CSR activities and operations of the Energa Foundation, communication via electronic channels.
Academic and scientific communities	Meetings, job fairs, projects and conferences, financial support, <i>Acta Energetica</i> , scholarship and internship programmes, competitions, joint research, development and educational projects.
Media	Ongoing reports and releases, interviews, press conferences and one-on-one meetings, website.
Industry organisations and competitors	Participation in the organisations' activities, participation in industry conferences, joint projects, consortiums, joint reports, lobbying, communication via electronic channels, consultations.
State agencies (police, fire brigade, provincial environmental protection authorities and other)	Ongoing cooperation, correspondence, sponsoring, joint operations, courses and training.
State institutions/authorities (Social Insurance Institution, Tax Office, Chief Labour Inspectorate, Job Centre, Statistics Poland, State Fund for the Rehabilitation of the Disabled)	Correspondence, reporting, providing information on a regular and ongoing basis as needed.

Issues of importance to stakeholders

Energa regularly advises of plans, intentions and operational activities of the subsidiaries that impact its environment as well as analyses and communicates the impact of its environment on the Group. The Group engages in dialogue devoted solely to non-financial reporting on an annual basis. Due to restrictions on holding face-to-face meetings in 2021 caused by the coronavirus pandemic, this dialogue took the form of individual interviews with external experts, carried out remotely using IT tools. The analysis of answers obtained in the course of these interviews resulted in the update of important issues tackled in *Energa Group's 2021 Non-Financial Report*. Additional information on the reporting methodology can be found in the *Information on the Report* chapter.

Analysis of conversations held with stakeholders led to updating the aspects believed to be the most important and dividing them into economic, environmental and social categories.

Economic:

- Energa Group's financial results in 2021.
- Business strategy, including sustainable development and risk management.

Environmental:

- Expansion of renewable energy sources in the generation of electricity and thermal energy (heat).
- Environmental and energy management strategy.
- Preventing climate change – striving for carbon neutrality.
- Key capex projects impacting the environment.

Social

- Provision of services to the general public as part of Energa Group's involvement in initiatives stimulating the economic and financial growth of the country.
 - Energa as a responsible employer – ensuring the development of employees and engaging in dialogue with employees.
 - Activities for the benefit of the society.
-

1.1.8. Industry initiatives and organisations

Managing institutional relations lies within the responsibilities of the Corporate Management Department and is implemented as part of the work carried out by the ESG Team. Pursuant to the terms of the agreement on collaboration within Energa Group, with the exception of Energa Operator, subsidiaries that intend to join any association, organisation or other institution must request Energa SA's opinion in this regard and obtain approval prior to making a decision on joining the association, organisation or other institution. Energa Group actively participates in the activities of many industry, specialised and business organisations.

Involvement of our employees in the activities of these organisations helps in exchanging experiences, gaining new knowledge and integration of experts representing the energy industry. This way, Energa Group builds lasting relations with the industry while contributing valuable knowledge thereto. Membership in organisations enables the exchange of knowledge, valuable experience and good practices with representatives of the entire Polish energy sector.

Active membership in organisations in 2021:

Device Language Message Specification

EU DSO Entity

European Distribution System Operators for Smart Grids (EDSO)

Chamber of Industrial Energy Engineering and Energy Customers

The Chamber of Commerce of Polish District Heating Organisations

Polish Chamber of Power Industry and Environment Protection

Izba Rozliczeniowa Giełd Towarowych SA

Polish Research Laboratories Club POLLAB

Technical Committee no. 276 for Occupational Health and Safety Management at the Polish Standardisation Committee

Consortium for the Registration of Combustion Byproducts

REACH Consortium based in Warsaw

International Association of Controllers ICV

National Supervised Laboratories Network LABIOMEN

Polish National Foundation

Polish Electricity Association

Polish Committee on Large Electric Systems/CIGRE
 Polish Wind Energy Association
 Polish Alternative Fuels Association
 Association of Polish Baseload CHP Plants
 Polish Power Transmission and Distribution Association
 Pomeranian Employers
 Prime Alliance
 The Institute of Internal Auditors Poland
 Association of Polish Electrical Engineers
 Association of Security Issuers
 Eurelectric Association
 Responsible Business Forum Association
 Polish Energy Storage and Electromobility Association
 Polish Combustion Byproducts Union Association
 Association of Polish Treasurers
 Towarowa Giełda Energii SA
 Association of Hydropower Plants
 Polish Power Plants Association
 Energy Trading Associations based in Warsaw
 PZU Mutual Insurance Company
 ENERGA Energy Sector Employers Association

Polish Energy Sector Employers Association

Union of Entrepreneurs and Employers
 Mutual Membership Association of the ENERGA Mutual Insurance Company

Bold denotes organisations whose management or supervision authorities included a representative of Energa ORLEN Group in 2021.

1.2. Energa Group's Strategic Development Plan

On 31 May 2021, the Supervisory Board of Energa SA adopted a resolution on approving *Energa Group's Strategic Development Plan for 2016-2025*, setting the framework for the operations and expansion of Energa Group until 2030, in accordance with *ORLEN Group's Strategy until 2030* announced by PKN ORLEN, the company's strategic shareholder.

Implementation of the Strategy in 2021 and growth perspectives in 2022

The company's overarching goal is to increase the value of the business so as to guarantee a return on invested capital for its shareholders. The company also performs tasks related to ensuring Poland's energy security. Due to a significant share of regulated operations in its business structure, the Group is maintaining the status of a business with a balanced risk profile.

Distribution Line of Business

Energa Group's Distribution Line of Business steadfastly strives to attain a leading position among Distribution System Operators (DSOs) through increasing the efficiency and reliability of its grid, while providing the highest level of customer service. The planned 2022 budget for the implementation of capex projects in the Distribution Line of Business will be higher than last year's budget (by 4%). In addition, the value of Energa Operator's capex plan will be increased by capital expenditures on the commercial connecting of entities to the grid as per article 7, subsection 9 of the energy law act, which will be refinanced by external entities. Capital expenditures of Energa Operator constitute 99.9% of all capital expenditures in the Distribution Line of Business.

Key capex projects of Energa Operator in 2022 include:

- connecting new electricity consumers and new generation sources and the construction of new grids related thereto,
- expansion and alteration of the grid in order to ensure the ability to handle the increased demand for power, in particular with regard to high voltage grid,
- alteration/refurbishment of the distribution grid on all voltage levels to improve continuity of supply of electricity to consumers (SAIDI/SAIFI) and comply with the required quality parameters with respect to the supply of electricity and reduction of grid losses, including:
 - replacement of uninsulated overhead medium-voltage lines crossing through forests and wooded areas with underground cable power lines and/or insulated overhead power lines,
 - automation of medium-voltage grids,
 - replacement of medium-voltage cables not connected to the grid (backup lines),
 - replacement of low-voltage lines with insulated lines, including connections,
 - construction of new medium-voltage line crossings,
 - replacement of high/medium-voltage transformers,
- connecting charging stations available to the general public and public road transport charging infrastructure to the grid,
- connecting energy storage facilities to the grid,
- purchase and installation of smart metering infrastructure, as required under the amendments made to the energy law act (Journal of Laws of 2021, item 1093), article 11t, and to the capacity market act, requiring all consumers, with the exception of municipal consumers, to obtain data on electricity consumption at hourly intervals and bill the capacity charge on the basis of this data, starting from January 2021. Furthermore, article 4.2a of the renewable energy sources act obligates DSOs to measure electricity collected and fed into the grid by all producers and prosumers on an hourly basis. Starting from 1 April 2022, all these customers will have to be billed based on their hourly electricity consumption profiles.
- adapting Energa Operator's grid to the requirements specified in Commission Regulation (EU) 2017/2196 of 24 November 2017, implementing the NC ER code (network code on electricity emergency and restoration). The purpose of these capex projects is to ensure that selected sites are able to operate for 24 hours in case of losing their primary electricity source and ensure the required functionality specified in the Restoration Plan for the National Power System.

Apart from the above projects, Energa Operator's plans for 2021 include further development of IT networks and systems in support of the company's key business processes and continued expansion and modernisation of its vehicle fleet, in particular with regard to heavy technical equipment used for performing grid work.

The process of optimising and developing the TETRA system was continued in 2021. Works were focused on optimising the coverage of the radio network along the grid lines subject to repair and at the sites where key power infrastructure facilities subject to the implementation of the NC ER grid code were located. Base stations were erected and brought online in Biały Bór, Nakła, Nasielsk, Linowo and Turek. Based on the analysis of the grid operation, a number of base stations and key dispatch control sites were optimized so as to improve the efficiency of operation of the TETRA network. Additional base stations are planned to be brought online in 2022, completing key activities aimed at optimizing the radio coverage of TETRA system in the area of operations of Energa Operator, particularly with regard to the key power infrastructure facilities subject to the implementation of the NC ER grid code.

Since 2016, Energa Group's Distribution Line of Business has been supporting and implementing EU's strategy involving the decarbonisation of the energy industry and reduction of emissions in the transport sector, particularly in urban areas. The main activity aimed at reaching the above objectives is the construction by Energa Operator of 279 electrical vehicle charging stations in 8 cities: Gdańsk, Gdynia, Koszalin, Elbląg, Olsztyn, Płock, Toruń and Włocławek. All the charging stations were completed in 2021, with 273 of them having been handed over by the end of 2021 to the Generally Available Charging Stations Operator. The final 6 stations are awaiting inspections by the Technical Supervision Authority. The above devices are characterized by high power consumption levels over a relatively short time. It is our observation that as the number of charging stations and users of electrical vehicles increases, the DSO will have to face multiple challenges in preparing its grid for the rapidly expanding electromobility market. The grid's situation will be compounded when the ability to discharge electricity to the grid from electrical vehicles (V2G) becomes a standard. In 2022, all the erected 279 charging stations will need to be sold, as per the provisions of the amendment to the electromobility and alternative fuels act.

In 2022, Energa Operator will continue the implementation of its Sales Support System providing the billing function along with CRM components, which is already used to provide services to 100% of the consumers connected to the low-voltage grid. Three time windows have been planned for this year for the migration of the consumers connected to the medium-voltage grid. Previously planned functionalities enabling the servicing of non-standard electricity delivery points will continue to be developed. Changes to the system will also be implemented to enable the DSO to adapt to changing regulatory requirements, including with regard to servicing collective prosumers, publishing data for prosumers in connection with the new obligation of aggregate balancing of hourly data and providing services to energy cooperatives. This development is also connected with adapting the IT systems of Energa Operator to the Central Energy Market Information System (CSIRE), to be implemented by the TSO. CSIRE will be used to exchange data on electricity delivery points, customers, contracts, metering data and billing data among the DSOs, Suppliers, Generators (Producers), entities responsible for commercial balancing as part of servicing the retail electricity market in Poland.

The increase in the number of microinstallations was stimulated by the government's *My Electricity 2021* programme, which provided subsidies for prosumer generation, resulting in an exponential growth in the number of prosumers and installed capacity of microinstallations, particularly in rural and suburban areas. The next edition of the *My Electricity* programme, planned for 2022, assumes subsidising energy management systems, electricity, heat and cold storage facilities and the purchase and installation of vehicle chargers, in addition to photovoltaic microinstallations. Due to the above, the challenge facing Energa Operator in 2022 will be to maintain the safety of operation of the low-voltage grid despite the rising capacity of prosumer generation.

2022 will see the implementation of strategic market changes, such as services provided for collective prosumers and publication of data for prosumers based on hourly balancing, services for energy cooperatives, services for electricity storage facilities, preparing plans of introducing restrictions on the supply and consumption of electricity – as per the new Regulation of the Council of Ministers.

We are still observing a significant rise in interest in the construction and connecting new RES facilities to the grid. As of 31 December 2021, a total of 1324 generating facilities (except microinstallations) with a total of capacity of over 4365 MW were connected to Energa Operator's grid.

Completing further tasks related to connecting renewable energy sources (RES) to the grid will continue to be one of the main challenges facing Energa Operator in 2022 and onwards.

2022 will be another year during which the new quality based regulatory model for 2018-2025, implemented in 2019 by the President of the Energy Regulatory Office (ERO) and described in the document titled 2018-2025 Quality Regulation Model for Distribution System Operators – version dated 29 May 2019 – will be applicable. The new quality regulation introduced far-reaching changes, among others with respect to the breakdown and calculation of power supply reliability indicators, calculation of the return on capital employed, amount of operating expenses (OpEx) included in the tariff and in the quality regulation. The President of the Energy Regulatory Office (ERO) set very ambitious goals for the improvement of key performance indicators, the achievement of which (in particular with regard to the CTP (interruption duration time) and CP (frequency of interruptions) regulatory indicators of power supply reliability in the given type of area and the CRP (grid connection completion time) indicator) will have a direct impact on the company's regulated revenue in the part related to the return on capital – the degree of achievement of the goals in 2022 will be reflected in the 2024 tariff.

2022 will also see the continuation of actions as part of adapting Energa Operator's infrastructure, required to restore the National Power System, to Commission Regulation (EU) 2017/2196 of 24 November 2017 establishing a network code on electricity emergency and restoration. Energa Operator is obligated to complete these tasks by the end of 2022.

The construction of the following transformer/switching stations (110kV/medium-voltage) or 110kV switchgear substations was completed in 2021: Mątowy, Różyna, Zakrzewo (Olsztyn branch), Głinojeck, Windyki (Płock branch), Parnowo, Rowy (Koszalin branch), Fitowo (Toruń branch), Karsin (Gdańsk branch).

In accordance with provisions of the energy law act (article 16), the President of the Energy Regulatory Office approved the update to the *Plan of Development of Energa Operator SA in terms of satisfying current and future demand for electricity in 2020-2025*. When notifying of this approval, the President of the Energy Regulatory Office specified the amount of outlays which can be accounted for in the calculation of the distribution tariff during the effective period of the *Plan of Development in 2020-2025*.

The Distribution Line of Business aspires to become a leader in the implementation of innovative solutions and collaborate with other European countries in this regard. Energa Operator implements cutting edge solutions in such areas as smart grid, smart metering, advanced grid asset management and cable diagnostics systems, smart energy storage as well as the salesperson and consumer support (service) system. The DSO's actions are also focused on collaborating with other DSOs as part of international R&D projects. The aim of these projects is to create mechanisms for the development and integration of the future energy market and enable DSOs to create conditions conducive to introducing new services to the market. In particular, they include grid flexibility and flexibility services as well as providing support to customers in playing an active role in the market, and in particular developing new solutions for energy communities.

Fostering collaboration with universities and scientific institutes is an important part of R&D work. Activities in this area include developing cooperation with local research institutions, namely the Gdańsk University of Technology, the Gdańsk branch of the Institute of Power Engineering, and the Institute of Fluid-Flow Machinery at the Polish Academy of Sciences.

The construction of a new training facility at Energa Operator's training and testing site in Bąkowo is scheduled to commence in 2022. The building will comprise a roofed space with low-voltage overhead power lines and cable connections, as well as two training rooms and staff amenities.

A new capex subgroup with respect to the *Adaptation of the low-voltage grid due to quality parameters related to the increased share of prosumers* has been included in the capital expenditures plan for 2022. A total of 63.29 km of low-voltage overhead power lines and 0.86 km of low-voltage underground cable power lines will be modernised.

Despite many restrictions and limitations related to the SARS-CoV-2 pandemic in 2020 and 2021, Energa Operator Wykonawstwo Elektroenergetyczne subsidiary continued its operations related to the fulfilment of contracted purchase orders for the construction and modernization (refurbishment) of Energa Operator's power grid without any interruptions. The company is not only a strategic reserve of manpower for Energa Operator in case of mass outages in Energa Operator's

power grid, but will also provide backup staff in case some of the power technicians responsible for providing emergency power services are prevented from working due to being placed in isolation or in quarantine.

Generation Line of Business

Energa OZE subsidiary continues to expand in accordance with ORLEN Group's Strategy until 2030 announced in 2020, which provides among others for the achievement of specific climate-related goals, and in line with Energa Group's 2021 – 2030 Strategic Development Plan, adopted on 31 May 2021. Tasks pursued in 2022 will mainly concern activities related to bringing new renewable (RES) generating capacity online:

1. Construction and commissioning of the Wielbark PV farm, with a total capacity of 62 MW.
2. Construction and commissioning of the Gryf PV farm, with a capacity of 19.8 MW.
3. Construction and commissioning of five PV projects with a capacity of approx. 4.2 MW.
4. Operation of a newly-constructed prototype hybrid energy storage facility at the Bystra Wind Farm site, completed as part of international cooperation with Japan. Further plans have been made for the functioning of the storage facility on the electricity market through its participation in the Capacity Market mechanism, which will provide an additional source of revenue for the services provided. This will require an alteration of the Bystra transformer station, scheduled to commence in 2022.
5. Energa OZE will continue its works related to the Offshore Wind Farms project, including in particular regarding the competences in the offshore windfarm maintenance services as well as research and development projects in this area. Some applications for permits for the erection and use of artificial islands, structures and devices along with required associated infrastructure (PSzW) have already been submitted in collaboration with and under the supervision of PKN ORLEN, with further applications to follow.
6. As part of its R&D works, the company will continue its efforts towards launching a floating PV system, i.e. preparations for the construction a PV farm with a capacity of 0.5 MW, located on the water reservoir next to the Łapino Hydro Power Plant.

In 2022, the Generation Line of Business will be implementing a number of operational and organisational activities. It will also continue its initiatives commenced in previous years, resulting from projects initiated as part of its integration with PKN ORLEN.

Supply Line of Business

Energa Obrót subsidiary is the lead entity in the Supply Line of Business with its core operations related to trading in electricity and providing customer service.

Energa Obrót conducts trading operations on the wholesale electricity market and supplies electricity and gas to private individuals (households), business and institutional customers. It offers innovative, environmentally-friendly technologies and services, related to, among others, energy efficiency, providing of electrical vehicle charging services at its charging stations or installation of PV panels. The company supplies electricity to 3.2 million customers, of which over 2.9 are G tariff customers (households). Energa Obrót's operations in the electricity and gas supply market are focused on developing its services and products. The company is committed to optimise its customer service processes, develop electronic channels and provide high quality services.

Entities that are part of the Supply Line of Business operate in the following business areas:

1. Electricity demand management services – these primarily include demand side response (DSR) services provided at the instruction of the Transmission System Operator.
2. Provision of professional telecommunications services related to the critical TETRA dispatch communications system.
3. Provision of comprehensive lighting services and lighting maintenance services.

According to *Energa Group's 2021 – 2030 Strategic Development Plan*, the objectives of the Supply Line of Business primarily include the effective digitisation and reduction of the costs of its core operations.

2021 was characterised by unprecedented increases in prices, not only of emission allowances, but of all energy raw materials as well, i.e. gas, coal and crude oil. This translated into record prices of electricity on the European power exchanges, including also Poland. In the first half of 2021, electricity prices in Poland were determined primarily by the prices of emission allowances, which had continued to rise in a strong upward trend since November 2020, even despite the May correction, supported by a lack of auctions in the beginning of the year, weather conditions, predictions of continued price increases in the market that had EUA prices at a level of even up to €100/t and the deadline for the redemption of allowances for the previous year set for the end of June 2021. In the second half of 2021, the upward trend on the EUA market became stronger, particularly in the last quarter. The reduction in gas stockpile levels at storage facilities across Europe in comparison to the previous year (in particular in Germany, which translated into a much larger share of electricity being generated in coal-fired installations and consequently increased demand for EUAs), strong competition from Asia (due to the nearly 20% increase in gas consumption YoY), reduced supply of energy raw materials (gas and coal, particularly from Russia) as well as the delayed completion of the construction of Nord Stream 2 and the prolonged process of its certification in combination with increased demand (in connection with the recovery of economies from the slowdown caused by the pandemic) caused significant confusion on the market, simultaneously driving prices of emission allowances up to the levels previously unheard of. An all-time peak EUA price of 90.75 EUR/t was recorded on 8 December 2021, an increase of nearly 178% from the beginning of the year.

1.3. Information on the qualification of activities in accordance with the Taxonomy

Information on the qualification of activities in accordance with the Taxonomy

Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 ('Regulation 2020/852') implements the obligation to disclose information on how and to what extent economic activities qualify as environmentally sustainable in the consolidated non-financial information statement¹.

Criteria used to determine whether a given economic activity is sustainable have been implemented in Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the Technical Screening Criteria (TSC) for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives (hereinafter the Technical Screening Criteria).

The obligation related to the disclosure of taxonomy-eligible economic activity in the consolidated non-financial information statement was regulated in additional detail in Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation (hereinafter Regulation 2021/2178)².

Pursuant to article 10 of Regulation 2021/2178, the percentage share of Taxonomy-eligible and Taxonomy non-eligible economic activities in total turnover, capital expenditures (CapEx) and operating expenses (OpEx) (hereinafter key performance indicators, key indicators) shall be disclosed. Taxonomy-eligible economic activity is an activity described in Technical Screening Criteria, which cover activities in 13 sectors of the economy. The obligation to disclose information on taxonomy-eligible economic activities arises irrespective of whether that economic activity meets any or all of the Technical Screening Criteria.

Consolidated disclosures of Energa Group

Pursuant to article 8 of Regulation 2020/852 and article 10 (2) of Regulation 2021/2178, as a non-financial parent company Energa discloses the percentage share of Energa Group's Taxonomy-eligible economic activity and Taxonomy non-eligible economic activity in its total turnover (revenues), capital expenditures (CapEx) and operating expenses (OpEx) as well as the required qualitative information.

Energa Group has qualified its economic activity based on the description of activities included in Annexes I and II to Technical Screening Criteria and additionally using NACE codes found therein³.

Qualifying an economic activity as taxonomy-eligible does not mean that the activity is in compliance with Technical Screening Criteria and will substantially contribute to the achievement of one of the two objectives specified in the Taxonomy. The assessment whether the taxonomy-eligible activity of Energa Group substantially contributes to the achievement of one of the two objectives, i.e. climate change mitigation or climate change adaptation, will be made for the next reporting period.

Information on the activities of Energa Group presented in this publication do not constitute all activities of sustainable nature carried out in 2021. Due to the particular regulation of areas of sustainable activities in the Taxonomy, not all activities can be presented in the Report.

¹ In accordance with article 3 of Regulation 2020/852 environmentally sustainable economic activity contributes substantially to one or more of the environmental objectives set out in the Regulation, does not harm any of the other environmental objectives, is carried out in compliance with the minimum safeguards, including in the area of human rights, and complies with technical screening criteria.

² Regulation 2020/852, Technical Screening Criteria and Regulation 2021/2178, hereinafter the 'Taxonomy'.

³ NACE codes are economic activity codes implemented by Regulation (EC) No 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90 as well as certain EC Regulations on specific statistical domains.

Through its consistent actions, Energa Group builds its position of a regional leader in the field of energy transition, implementing clean and environmentally friendly technologies and power generation solutions based on low- and zero-emission sources. Energa Group implements the *Strategy for Sustainable Development and Corporate Social Responsibility*, which is consistent with Energa Group's Strategic Development Plan for 2016-2025.

The Group has accepted the obligation to achieve carbon neutrality by 2050 and intends to accomplish, by that deadline, the climate targets set by the terms of the Paris Accord and the Green Deal adopted by the European Union.

Main activities of Energa Group include decarbonisation and improvement of energy efficiency, development of renewables and efficient use of resources through a transition towards a circular economy.

Energa is working on *Energa Group's Climate Policy until 2030*. A team responsible for developing Energa Group's decarbonisation strategy has also been appointed and is currently performing analytical work in respect of emissions produced by individual Lines of Business.

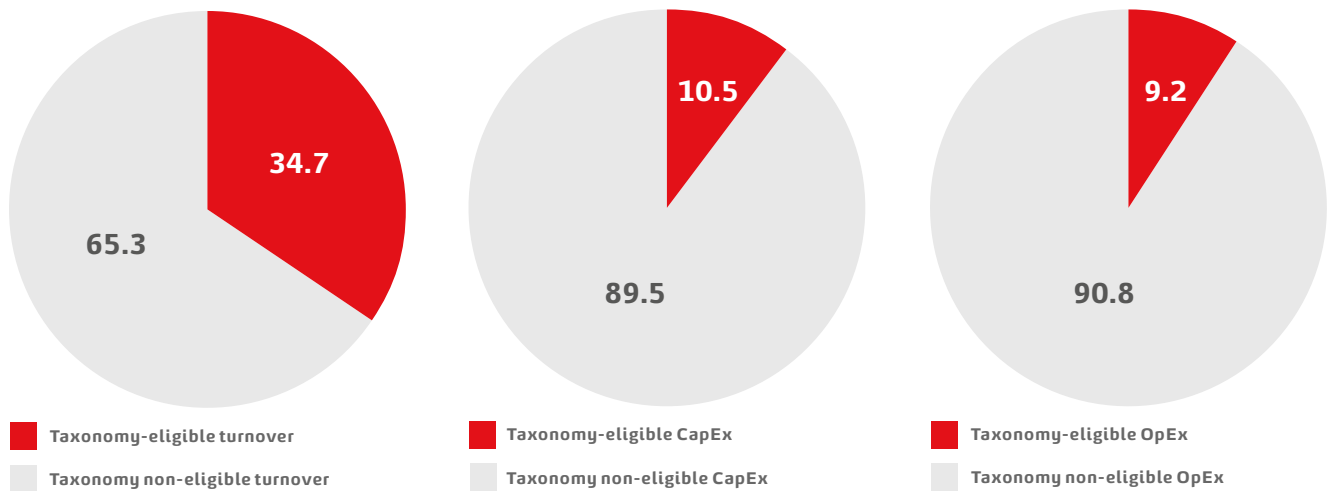
The main objective of *Energa Group's Climate Policy* is the systematic reduction of greenhouse gas emissions, primarily through the continued intensive development of Renewable Energy Sources (RES). Energy security will be ensured through the temporary use of technologies based on low-emission gas fuels.

The Group is also planning the growth of electromobility and expansion of dispersed generation.

These projects will be developed and we expect that the capital expenditures made in the next period will be included in Energa Group's sustainable activities presented in the report.

It is worth noting that the European Commission has adopted an act complementing the Taxonomy, which provides for technical screening criteria for certain types of economic activities in the natural gas and nuclear energy sectors.

In addition, it should be mentioned that the list of Taxonomy-eligible activities will continue to expand. Technical screening criteria for further four environmental objectives are currently being developed, i.e. sustainable use and protection of water and marine resources, transition to a circular economy, preventing and controlling pollution, protection and restoration of biodiversity and ecosystems, which might result in additional activities of Energa Group being placed on the list of Taxonomy-eligible activities.



Accounting principles

To calculate the proportion of Taxonomy-eligible turnover, capital expenditures and operating expenses, the same accounting principles were used as those applied to preparing Energa Group's consolidated annual financial statements. When calculating the Group's indicators, appropriate consolidation exclusions applied when preparing financial statements were taken into account. Intragroup sales and turnover resulting from in-house electricity consumption were excluded from the presentation of key indicators. It should be noted that no part of revenues, CapEx or OpEx, was double counted.

As regards turnover, the key indicator was calculated based on consolidated revenues of Energa Group for 2021, disclosed in the *Consolidated Financial Statement of Energa Group, Consolidated Profit and Loss Account and in Note 10 (segments of operations)*.

As regards capital expenditures, the key indicator was calculated based on Energa Group's capital expenditures including the increase of tangible fixed assets (property, plant and equipment), intangible assets, investment related real estate and right of use assets along with the capitalisation of costs of external financing, included in the *Consolidated Financial Statement* in Note 13 - *Property, plant and equipment (tangible fixed assets)*, Note 14 - *Intangible assets*, and Note 15 - *Right of use assets*.

Energa Group does not include property rights received free of charge, presented in the *Consolidated Financial Statement* in Note 14 - *Intangible assets*, in the CapEx denominator.

As regards operating expenses, the key indicator was calculated based on Energa Group's operating expenses, including direct non-capitalised costs related to research and development, activities related to the renovation of buildings, short-term lease, maintenance and repairs and any other direct expenses related to the ongoing servicing of fixed assets. Costs of maintenance were accounted for in the calculation of direct expenses related to the ongoing servicing of property, plant and equipment (tangible fixed assets), in particular costs of maintenance and repair of machines, costs of maintenance consumables, dedicated IT costs of maintenance and support services costs. The OpEx amount includes the cost of maintenance and repair services provided within Energa Group as well.

Taxonomy-eligible business activities

List of Taxonomy-eligible business activities was compiled as a result of a comprehensive review of Energa Group's operations. Energa Group's Parent Company exercised supervision over the process of preparing key indicators, verifying financial data related to eligible activities to prevent the double inclusion of any value in key indicators.

Taxonomy requires interpretation both with regard to Taxonomy-eligible activities, as well as when determining key indicators in respect of these activities.

Interpretation of business activity provided by the European Commission⁴ stresses the result, stating that an economic activity takes place when resources such as capital, goods, labour, manufacturing techniques or intermediary products are combined to produce specific goods or services. Considering the above, Taxonomy-eligible business activities are those that result in the production of goods or provision of services.

At the same time it should be added that Energa Group has incurred expenses on the lease and operation of electrical vehicles, but the amount of these expenses is below the materiality thresholds set by Energa Group in connection with Taxonomy-related disclosures and this activity has not been included in key indicators.

Key indicator related to turnover

When determining the key indicator of turnover, Energa Group took into account the activities which generated revenue, included in the *2021 Consolidated Financial Statement*.

The key performance indicator related to turnover was determined by dividing net revenues from the sales of products or provision of services related to Energa Group's Taxonomy-eligible business activities by consolidated revenues of Energa Group. The key indicator related to turnover for Taxonomy-eligible business activities is 34.7%, and the percentage share of turnover (revenue) for Taxonomy non-eligible activities is 65.3%.

Activities with the largest share in the turnover-related indicator include: activity related to the transmission and distribution of electricity – 29.6%, electricity generation from hydro – 1.9%, electricity generation from wind – 1.4%.

The turnover-related key performance indicator was calculated based on financial data concerning the sales of Taxonomy-eligible products and services to external customers.

⁴ Draft Commission notice on the interpretation of certain legal provisions of the Disclosures Delegated Act under Article 8 of EU Taxonomy Regulation on the reporting of eligible economic activities and assets.

Table 1. Amount of Taxonomy-eligible turnover by activities

Eligible business activity (number, name)	Description of activity within Energa Group	Turnover in millions of PLN ⁵
4.1 Electricity generation using solar photovoltaic technology	Activity involving the operation of sources based on photovoltaic technology, electricity generation using solar photovoltaic technology	3.1
4.3 Electricity generation from wind power	Activity involving the operation of sources based on wind technology, electricity generation from wind power	198.0
4.5 Electricity generation from hydropower	Operation of run-of-river and reservoir plants, electricity generation from hydropower	264.9
4.9 Transmission and distribution of electricity	Distribution of electricity, construction/expansion and alteration of electricity distribution grid	4 142.0
4.10 Storage of electricity	Operation of a pumped storage plant, generation and sales of electricity; operation of an energy storage facility in the form of lithium-ion and acid-lead batteries	78.1
4.15 District heating/cooling distribution	Operation and modernisation of district heating networks; distribution of thermal energy (heat)	68.0
4.20 Cogeneration of heat/cool and electricity from bioenergy	Cogeneration of heat/cool and electricity produced from biomass	85.4
6.15 Infrastructure enabling low-carbon road transport and public transport	Construction of electrical vehicle charging infrastructure	2.0
7.3 Installation, maintenance and repair of energy efficiency equipment	Performance of works increasing the energy efficiency of installed equipment	0.7
7.6 Installation, maintenance and repair of renewable energy technologies	Installation of PV facilities	20.7
Total Taxonomy-eligible activities		4 862.9
Taxonomy non-eligible activities		9 153.1
Total		14 016.0

Revenues from the sales of electricity include the sales of property rights and guarantees (certificates) of origin.

CapEx-related key indicator

The CapEx-related key indicator was calculated by dividing the sum of capital expenditures related to Taxonomy-eligible business activities by total capital expenditures of Energa Group.

In calculating the proportion of capital expenditures related to Taxonomy-eligible business activities to the total amount of Energa Group's capital expenditures, the capital expenditures related to activities described in Table 2 were taken into account, including capital expenditures incurred for in-house purposes specified in items 7.3 and 7.6.

Where the same property, plant and equipment (tangible fixed assets) or intangible assets were used to meet internal purposes, the capital expenditures were disaggregated. In calculating the amount of capital expenditures (numerator), the degree of use of property, plant and equipment (tangible fixed assets) or intangible assets was taken into account. Amounts related to capital expenditures were allocated to the numerator only once.

The key performance indicator in respect of capital expenditures related to Taxonomy-eligible business activities is 10.5%. Capital expenditures with the largest share in this indicator include: capital expenditures related to the transmission and distribution of electricity – 4.9%, and capital expenditures related to the generation of electricity using photovoltaic technology – 4%. The percentage of capital expenditures related to Taxonomy non-eligible activity is 89.5%.

Key indicator related to OpEx

The key indicator related to operating expenses was calculated by dividing the sum of operating expenses related to Taxonomy-eligible business activities by total operating expenses.

In calculating the proportion of operating expenses related to Taxonomy-eligible business activities to the total amount of Energa Group's operating expenses, the operating expenses related to activities described in Table 2 were taken into account.

⁵The values shown represent business activities eligible for taxonomy related to climate change mitigation.

In determining the key indicator of operating expenses related to Taxonomy-eligible business activity, the same rules of disaggregation and allocation were used as in the case of determining capital expenditures.

The key performance indicator in respect of operating expenses related to Taxonomy-eligible business activities is 9.2%. Operating expenses with the largest share in this indicator include: operating expenses related to the generation of electricity from hydropower – 3.3%, and operating expenses related to distribution in district heating/cooling systems – 3.2%. The percentage of operating expenses related to Taxonomy non-eligible activity is 90.8%.

Table 2. Amount of capital expenditures (CapEx) and operating expenses (OpEx) on account of products or services related to Taxonomy-eligible business activities

Eligible business activity (number, name)	Description of activity within Energa Group	CapEx in millions of PLN ⁶	OpEx in millions of PLN ⁷
4.1 Electricity generation using solar photovoltaic technology	Activity involving the operation of sources based on photovoltaic technology, electricity generation using solar photovoltaic technology	110.9	0.1
4.3 Electricity generation from wind power	Activity involving the operation of sources based on wind technology, electricity generation from wind power	4.1	6.6
4.5 Electricity generation from hydropower	Operation of run-of-river and reservoir plants, electricity generation from hydropower	11.1	12.5
4.9 Transmission and distribution of electricity	Distribution of electricity, construction/expansion and alteration of electricity distribution grid	136.9	1.5
4.10 Storage of electricity	Operation of a pumped storage plant, generation and sales of electricity; operation of an energy storage facility in the form of lithium-ion and acid-lead batteries	2.1	2.2
4.15 District heating/cooling distribution	Operation and modernisation of district heating networks; distribution of thermal energy (heat)	3.9	12.1
4.20 Cogeneration of heat/cool and electricity from bioenergy	Cogeneration of heat/cool and electricity produced from biomass	16.2	<0.1
6.15 Infrastructure enabling low-carbon road transport and public transport	Construction of electrical vehicle charging infrastructure	0.2	0.3
7.3 Installation, maintenance and repair of energy efficiency equipment	Performance of works increasing the energy efficiency of installed equipment	9.0	<0.1
7.6 Installation, maintenance and repair of renewable energy technologies	Installation of PV facilities	0.4	<0.1
Total Taxonomy-eligible activities		294.8	35.4
Taxonomy non-eligible activities		2 507.4	347.6
Total		2 802.2	383.0

^{6,7}The values shown represent business activities eligible for taxonomy related to climate change mitigation.

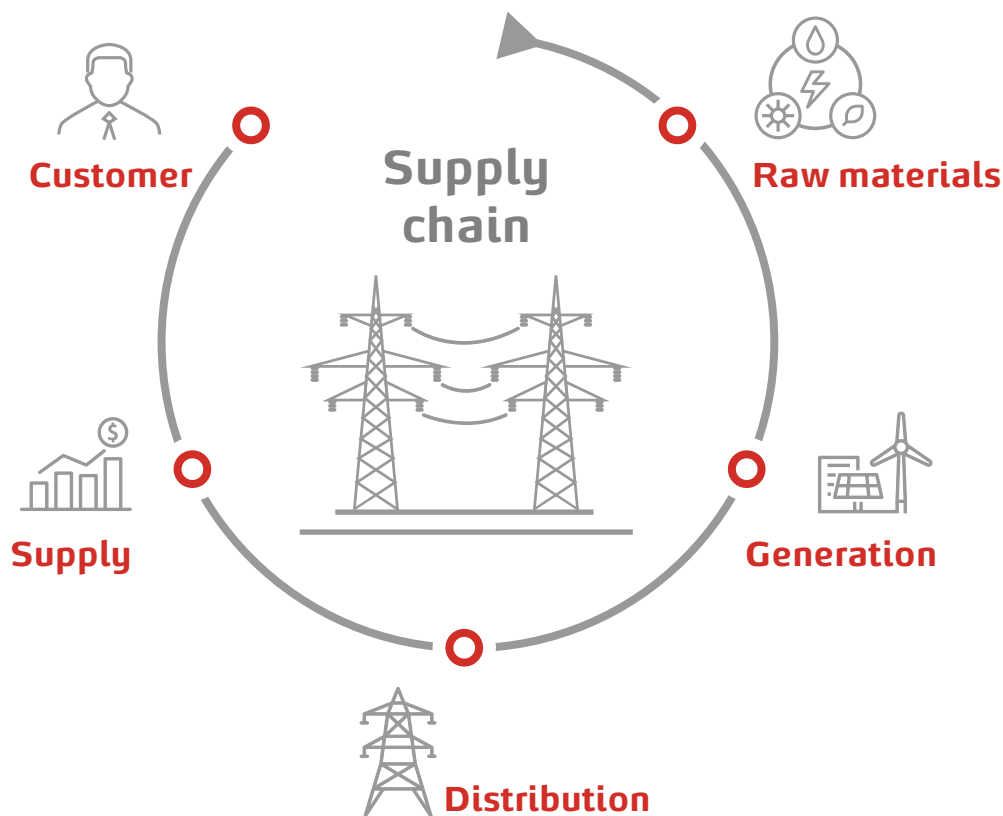
1.4. Group's suppliers

Suppliers are of fundamental importance for the continuity of processes of supplying electricity to our customers. We improve our supply chain so that it provides an increasingly accurate supervision over the quality of procurements. The chain is made up of stages that include:

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

Key suppliers within the supply chain include primarily suppliers of fuel (coal, biomass, etc.) and power infrastructure components (power cables, transformer stations, disconnect switches, meters, etc.) The primary purpose of an organised supply chain is to optimise costs and minimise procurement risks. The procurement model within Energa Group is organised on the basis of two procurement centres

- **Energa Logistyka** – responsible for all procurements with the exception of IT and OT, including operational procurement of services, supplies and construction works, as well as procurement of strategic power related materials and other materials, including the storage thereof.
- **Energa Informatyka i Technologie** – responsible for procurements in the area of IT and OT.



Implementation of procurement objectives within Energa Group is aimed at maximising the synergy effect in the Group, taking into account market conditions and rules of competition. To this end, procurement centres were entrusted with comprehensive management of purchasing categories.

Rules of collaboration are defined in the *Agreement on Collaboration Within Energa Group*, particularly in the *Procurement Policy*, a document that sets the standards of procurement management in Energa Group.

Energa Group operates a uniform tree of procurement categories that provides an extensive and organised catalogue of procured products. The procurement category tree is comprised of three category groups: primary, supporting and supplementary.

Primary types of suppliers contracted by Energa Logistyka (manufacturers and distributors of the below products):

1. Low-voltage cables.
2. Medium-voltage cables.
3. ASXSN cables.
4. Uninsulated cables.
5. Partially insulated cables.
6. Medium/low-voltage transformers.
7. High/medium-voltage transformers.
8. Transformer accessories.
9. High-voltage power cables (cable systems).
10. Power cables for permanent wiring.
11. Poles and foundation components.
12. Cable switchgear cabinets and low-voltage metering cabinets.
13. Medium-voltage and low-voltage switchgear substations.
14. Sealed medium-voltage circuit breakers and disconnect switches.
15. Non-sealed medium-voltage connectors with accessories.
16. Low-voltage connectors with accessories.
17. Insulators and insulation accessories.
18. Overhead and underground cable line accessories.
19. Grid protection and safety accessories.
20. Measuring devices (instruments).
21. Power system protection automatic controls.
22. High-voltage devices.
23. Measuring equipment.

Main IT/OT categories managed by Energa Informatyka i Technologie:

1. Corporate and workstation software.
2. Infrastructure related software.
3. Printers, copiers, scanners.
4. Server hardware.
5. Workstation computer hardware.
6. IT services.
7. Telecommunications systems.
8. Subscriber devices.
9. Data network devices.
10. Telecommunications devices software.
11. Subscriber services.
12. Data network services.
13. Maintenance (support) services.
14. Software development services.

Amount of capital paid to local suppliers

Below we present the cash flowing to local suppliers in each province of Poland, prepared for the two procurement centres operating within the Group:

1. Energa Logistyka (responsible for all procurement with the exception of IT and OT).
2. Energa Informatyka i Technologie (responsible for procurement in IT and OT areas).

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

Region	Total spending on services provided by suppliers (PLN m)	Spending on services provided by local suppliers (PLN m)	Percentage of spending on services provided by local suppliers [%]
Dolnośląskie	5.21	-	-
Kujawsko-pomorskie	7.02	2.19	31.21%
Lubelskie	1.47	-	-
Lubuskie	0.40	-	-
Łódzkie	3.32	-	-
Małopolskie	72.60	-	-
Mazowieckie	50.92	2.27	4.45%
Opolskie	16.90	-	-
Podkarpackie	4.24	-	-
Podlaskie	1.27	-	-
Pomorskie	39.40	17.89	45.41%
Śląskie	46.37	-	-
Świętokrzyskie	18.23	-	-
Warmińsko-mazurskie	30.20	1.34	4.45%
Wielkopolskie	19.70	2.46	12.50%
Zachodniopomorskie	1.74	1.00	57.51%
Foreign suppliers	10.37	-	-
TOTAL	329.36	27.15	8.24%

The total number of suppliers of Energa Logistyka contracted by the organisation and the estimated number of suppliers within the entire supply chain was 1544. The value of supplied products and services amounted to PLN 329.36 million. In 2021, Energa Logistyka collaborated with two foreign suppliers (0.13% of the total number of suppliers), and the value of products and services supplied by foreign entities amounted to approx. PLN 10.37 million (3.15% of the total value of products and services supplied).

Share of spending on services provided by local suppliers at Energa Informatyka i Technologie

Region	Total spending on services provided by suppliers	Spending on services provided by local suppliers	Percentage of spending on services provided by local suppliers
Dolnośląskie	-	-	0%
Kujawsko-pomorskie	-	866.08	0%
Lubelskie	-	665.09	0%
Lubuskie	-	31.74	0%
Łódzkie	-	290.30	0%
Małopolskie	-	1 812.51	0%
Mazowieckie	-	39 121.24	0%
Opolskie	-	-	0%
Podkarpackie	-	3 371.37	0%
Podlaskie	-	-	0%
Pomorskie	97 035.87	25 707.46	26%
Śląskie	-	24 064.23	0%
Świętokrzyskie	-	-	0%
Warmińsko-mazurskie	-	167.60	0%
Wielkopolskie	-	399.86	0%
Zachodniopomorskie	-	538.36	0%
TOTAL	97 035.87	97 035.8710	100%

The total number of suppliers of Energa Informatyka i Technologie with which the company entered into contracts in 2021 was 246, while payments made to those suppliers amounted to PLN 97 035.87k net. In 2021, Energa Informatyka i Technologie made payments solely to domestic suppliers. In its approach to procurement, EITE, acting as both an IT services centre as well as a procurement centre for Energa Group's subsidiaries, uses the ITIL® methodology, which is an extensive compilation of best practices and processes in planning, supplying and supporting IT services. EITE uses this as a criterion to determine the quality and efficiency of IT service management, including IT procurement.

There were changes to the structure of the supply chain of Energa Informatyka i Technologie in 2021.

A comparison of data for 2020 and 2021 shows that a total of 381 unique suppliers signed purchase orders or contracts during the two-year period, of which only 34.4% of suppliers received purchase orders both in 2020 and 2021, 35.4% of last year's suppliers did not sign any purchase orders in 2021, and 30.2% of suppliers were new and had not signed any purchase orders with us in 2020. The SARS-CoV-2 pandemic undoubtedly had a major impact on the magnitude of the base effect. Global difficulties, among others obstacles in international trade exchange, unavailability of components and stock shortages all contributed to the disruption of the supply chain.

Such a considerable supplier rotation was therefore caused by the fact that purchase orders were placed with contractors who were able to comply with the required lead times.

There were no changes to the structure of the supply chain of Energa Group in 2021 in comparison to previous years. The ownership change resulted in the decision to implement new procurement standards, uniform for the entire ORLEN Group, including the process of selecting and evaluating (vetting) suppliers. The process of integrating the procurement function began in 2021, and the changes resulting from the process will be implemented starting from 2022.

Major initiatives underway include:

- Implementation of a uniform *Procurement Instruction* applicable within Energa Group. The new *Procurement Instruction* was prepared based on the instruction used in PKN ORLEN and will be applicable in all of Energa Group's subsidiaries. This will enable the consolidation of processes and supply chain structure across the entire Group.
- Implementation of the CONNECT Procurement Platform in Energa Group. The new procurement tool in the form of the CONNECT Procurement Platform will significantly streamline procurement processes, increase their transparency, facilitate participation in procurement procedures by suppliers and enable the elimination of paper documentation.
- Change of the previously applicable procurement category tree and implementation of the Central Procurement Category Tree (CDK) applicable in ORLEN Group. CDK will enable the identical grouping of services, products and construction works across the entire ORLEN Group. A standardised tree will streamline the procurement category management process and optimise procurement synergy.

Impact of suppliers

Maintaining continued, multi-year collaboration with key suppliers provides us with the guarantee that we will be familiar with each supplier, including in terms of their corporate social responsibility. We are aware of the benefits of doing business in a responsible manner. We strive to ensure that values such as compliance with ethical values, respect for human rights and care for the natural environment are shared not only by entities within the Group, but by our partners as well. Each existing and potential supplier and business partner (counterparty) is subject to a systemic verification (vetting) to ensure that Energia SA is protected against the risk of collaborating with a partner who contravenes legal regulations or acts to the detriment of the Company's legal, economic or image-related interests. All contracts signed by Energia SA include mandatory clauses, in which our suppliers and business partners (counterparties) declare that they comply with principles of ethics and anti-corruption, respect employee rights and human rights, observe rules of occupational health and safety and act in accordance with environment protection requirements. Contractors declare that they exercise due diligence in the verification (vetting) of their suppliers, including in terms of their compliance with tax regulations, particularly with regard to the value added tax (VAT) settlements.

Guidelines for contractors with respect to the rules governing the acceptance of construction works at Energia Operator obligate contractors to notify the company of any environmental emergencies caused by their activities and methods of remedying them.

1.5. Personal data protection

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

In addition, a number of actions resulting from the integration of processes of Energia and PKN ORLEN capital groups were implemented. In 2021, a new revision of the regulation titled *Energia Group Personal Data Protection Policy* was issued and ongoing personal data protection services were launched for all of the Group's subsidiaries, including with regard to handling personal data protection breaches.

The purpose of the *Energia Group Personal Data Protection Policy* is to ensure that Energia Group's subsidiaries comply with their obligations with regard to processing personal data of natural persons in accordance with applicable regulations.

Rules and procedures described in the Policy are aimed at ensuring that employees of Energia Group exercise due diligence in the course of activities related to personal data processing, including complying with requests of data subjects, processes related to personal data protection breaches or complying with information (disclosure) obligations.

The policy describes control mechanisms, specifies roles, tasks and scope of responsibility in the *Diagram of personal data protection management structure in Energia Group*. The Security Office monitors compliance with the *Personal Data Protection Policy* through exercising continuous supervision over the structure of personal data protection in the Group.

Operations of the Department of Personal Data Protection Services in 2021 were dictated by the SARS-CoV-2 virus pandemic. Successive surges in the number of cases and imposed restrictions forced the Department to continuously adapt and modify its model of operations.

In 2021, the Department of Personal Data Protection Services also provided training on personal data protection rules for employees of Energia Group's subsidiaries. A total of 513 employees completed traditional training courses and remote e-learning training, the e-learning platform was also modernised by adapting training materials to currently applicable internal regulations and data protection rules.

The Department of Personal Data Protection Services did not perform new audits in 2021, which primarily resulted from objective difficulties caused by restrictions related to the pandemic. Given these circumstances, the Department focused in 2021 on monitoring the implementation of recommendations and guidelines provided as a result of audits performed in 2020.

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

In 2021, the Department of Personal Data Protection Services handled 50 incidents related to the protection of personal data of stakeholders, including customers; 42 cases were classified as personal data protection (security) breaches.

In 20 cases a decision was made to report the breaches to the President of the Personal Data Protection Office. Breaches were handled without delay, with due attention being given to the details thereof and in compliance with the duty to report the breach within 72 hours of its confirmation.

In the course of 2021, 114 responses were provided in the exercise of rights of data subjects whose data was processed by Energia Group's subsidiaries.

List of GRI disclosures presented in this chapter:

GRI 102-1	Name of the organization
GRI 102-2	Organization's activities, primary brands, products, and services
GRI 102-3	Location of the organization's headquarters
GRI 102-4	Location of operations
GRI 102-5	Ownership and legal form
GRI 102-6	Markets served
GRI 102-7	Scale of the organization
GRI 102-9	Supply chain
GRI 102-10	Significant changes to the organization's size, structure, ownership, or supply chain in the reporting period
GRI 102-13	Membership of associations and organisations
GRI 102-15	Key impact, risks, and opportunities
GRI 102-18	Governance structure of the organization, including committees of the highest governance body, responsible for decision-making on economic, environmental, and social topics.
GRI 102-20	Executive-level responsibility for economic, environmental, and social topics
GRI 102-40	A list of stakeholder groups engaged by the organization in the form of a chart
GRI 102-42	The basis for identifying and selecting stakeholders with whom to engage
GRI 102-43	The organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group
GRI 102-44	Key topics and concerns raised by stakeholders
GRI 203-1	Infrastructure investments and services supported
GRI 204-1	Proportion of spending on local suppliers
GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data
G4-EU1	Maximum achievable electricity generation capacity, broken down by primary energy source
G4-EU2	Net energy output broken down by primary energy source
G4-EU4	Length of overhead and underground transmission and distribution lines by regulatory regime's (km)



2. Ethics and anti-corruption

2.1. Organisational values and standards of conduct

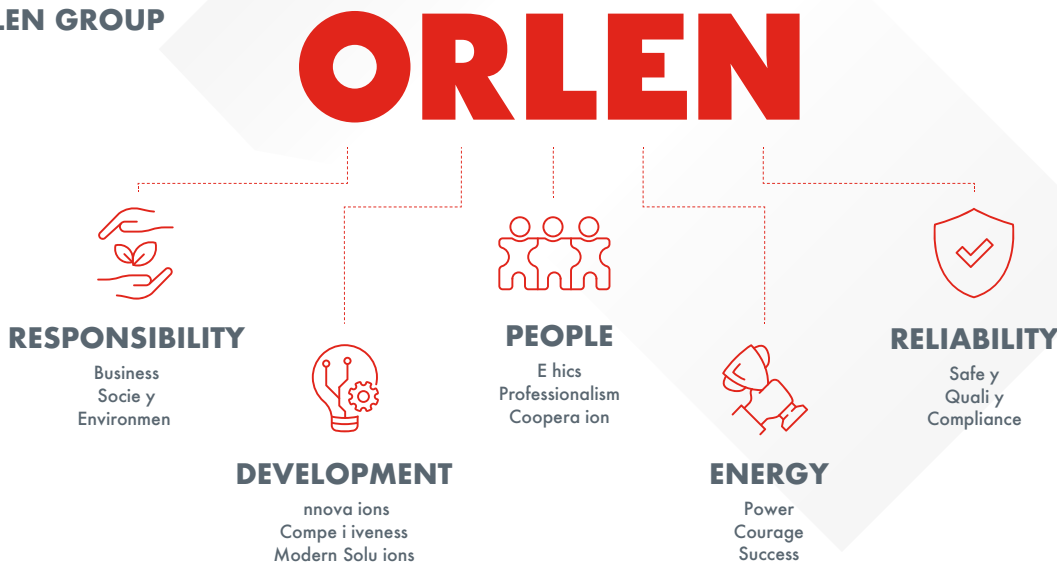
Energa Group is committed to building and maintaining a culture of ethical conduct within its organization. There can be no doubt that the compliance of actions, decisions, attitudes and behaviours of all employees with the requirements rooted in ethical values is a prerequisite for achieving the company's mission and vision, its continued expansion and growth as well as the accomplishment of its business objectives. The above mentioned requirements are also related to the applicable legal regulations, guidelines of regulatory bodies, internal regulations and other regulations that Energa Group entities must comply with.

One of the key elements pursued as part of the above tenets is to ensure the implementation of procedural and organisational solutions enabling the reporting (whistleblowing) of any breaches of the law (misconduct) and protection for persons reporting such breaches of the law (misconduct), which will be consistent with applicable legal regulations and developed standards. In addition, legislative work leading to the formation of new regulations related to preventing breaches of the law (misconduct) and protecting whistleblowers is also being monitored.

The primary regulation in the area of ethics and compliance is the *ORLEN Capital Group Code of Ethics*, which replaced the *Energa Group Code of Ethics* at the close of 2021 due to changes in the ownership structure of the company that resulted in Energa Group becoming part of ORLEN Group. The Code regulates ethical matters related to the operations of the capital group and its employees, and, as a consequence, the principles of conduct in the relations with both the external environment as well as inside the Group. Its provisions rigorously follow the strategic values of the organisation, such as responsibility, development, people, energy and reliability. All employees are required to study the principles and standards found in the *Code of Ethics* and confirm it by signing a statement kept in their personal files. New employees study the document during the onboarding process. If any regulations are updated, including the *Code of Ethics*, employees are immediately notified of this fact via available internal communication channels, such as email or intranet. These overarching values are described in detail in the *Code of Ethics*.

Strategic values specified in ORLEN Capital Group's Code of Ethics:

VALUES AND PRINCIPLES OF CONDUCT OF ORLEN GROUP






We power the future
Responsibly

Values and principles of conduct

Values specified in the Code: responsibility, development, people, energy, reliability form the foundation of the strategy of Energa Group, a part of ORLEN Capital Group, in pursuing the achievement of its business goals. These values are accompanied by principles of conduct that specify behaviours preferred by the organization. Our values and principles form the building blocks of our organisational culture, help us stand out in the market and have a positive impact on Energa Group's image, as well as on our competitive advantage and internal relations. They are an integral part of the planning, thinking and actions of all our employees.

VALUES AND PRINCIPLES OF CONDUCT OF ORLEN GROUP

 RESPONSIBILITY	 DEVELOPMENT	 PEOPLE	 ENERGY	 RELIABILITY
<p>Business</p> <p>We feel responsible for future generations, we make sure that our business and social goals are in harmony.</p> <p>Society</p> <p>We want to have a positive impact on the society, and therefore we react to people's needs with sensitivity and empathy.</p> <p>Environment</p> <p>We take care of the climate and balance in nature, we develop and manage resources in a responsible manner.</p>	<p>Innovations</p> <p>We invest in people, research projects and business development, we strive to achieve the leadership position in the international arena.</p> <p>Competitiveness</p> <p>We set new trends, maintain the highest business standards and build our competitive advantage.</p> <p>Modern Solutions</p> <p>We build strategies that help us break through successive barriers to development, we deliver modern solutions and products.</p>	<p>Ethics</p> <p>We comply with principles of ethical conduct, our relations are based on tolerance and mutual respect.</p> <p>Professionalism</p> <p>Our actions are based on the competencies of our employees, we value their knowledge, skills and experience.</p> <p>Cooperation</p> <p>We take advantage of the potential of various generations, we build a community and our everyday work is based on dialogue.</p>	<p>Power</p> <p>Every day we develop our advantages, strengths and talents, treating them as a source of energy enabling us to take actions.</p> <p>Courage</p> <p>We believe in our capabilities, we are open to changes and boldly rise to new challenges.</p> <p>Success</p> <p>We think and act with the future in mind, and we achieve our ambitious goals through motivation, persistence and creativity.</p>	<p>Safety</p> <p>A priority in all our activities is to ensure the safety of people and business processes.</p> <p>Quality</p> <p>We maintain the highest quality standards, focus on new technologies and set industry trends.</p> <p>Compliance</p> <p>We implement an exemplary policy of compliance with legal regulations, standards and internal regulations.</p>


 We power the future Responsibly

2.2. Whistleblowing mechanisms related to compliance with ethics

In case of any doubts regarding matters related to values and ethical principles applicable within Energa Group or in case of any violations of these values or principles, employees may contact the Compliance Unit at Energa SA by sending an email to compliance@energa.pl or contact their superiors directly. The Management Board of Energa SA appointed the Compliance System Management Officer, who acts as the complaint advocate (ombudsman) within the organization in matters related to ethics and whose responsibilities include ensuring the compliance of the organisation's actions (and those of its employees) with the standards specified in the Code of Ethics.

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

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

2.3. Energa Group's Compliance Management System

Such enterprises as Energa Group – operating on an enormous scale, in strictly regulated, strategic sectors of the economy, with a huge number of customers and employees – are particularly vulnerable to the risk of actions that are contrary to the applicable laws, existing internal regulations, standards and values. Potential consequences of any irregularities include legal and financial sanctions as well as a loss of image. Energa Group's response to this risk is its Compliance Management System, a set of mechanisms aimed at limiting the risk of incurring negative consequences resulting from a failure to comply with the applicable regulations (external and internal) and other requirements by the Group's subsidiaries. The Compliance System implemented by Energa Group references international ISO standards, best practices in compliance management and the specific nature of the diversity and scale of Energa Group's activities. Thanks to an effective implementation of the compliance management process at Energa Group's subsidiaries as part of the Compliance System, it is possible to obtain a snapshot of the degree to which the organization complies with significant requirements and ensure a standardised approach to compliance management – including seeking to eliminate any cases of non-compliance and thus bringing the benefit for all of the Group's stakeholders.

Energa Group's **Compliance Management System** includes, in particular:

- identification of the areas of operations of Energa Group entities where the risk and consequences of a potential violation of the applicable regulations are particularly high,
- assessment and monitoring of compliance with requirements by the organisation,
- a system for reporting any incidents of violations of regulations,
- communication and adequate reporting of the compliance status at individual entities,
- actions aimed at expanding knowledge and awareness of applicable ethical standards and risk related to non-compliance among employees, including principles of conduct enabling the limitation of such risk and detection of any cases of non-compliance,
- advice and support for employees in matters related to compliance.

The implementation of the Compliance System at Energa Group was acknowledged with the *Compliance Award 2020* in the *Compliance Idea of the year 2020* category, awarded by the *Compliance Institute* (a scientific and training institution bringing together scientists and experts in the field of compliance). Furthermore, in April 2020 and April 2021, respectively, the implementation of the System was deemed an exemplary CSR practice in the Corporate Social Responsibility Reports in Poland for 2019 and 2020 – the annual publications by the Responsible Business Forum Association discussing best practices implemented by Polish companies in the corporate social responsibility area.

2.4. Anti-corruption

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

In order to reinforce knowledge of the provisions of this document and applicable procedures that are based thereon, the organisation has been implementing informational and educational activities addressed to the capital group's employees. E-learning training courses on the prevention of fraud and conflict of interest were provided during the reporting period.

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

The fraud reporting (whistleblowing) system currently in place enables the anonymous reporting for any violations. Furthermore, violation reports may also be sent in by individuals from outside the organisation (including its business partners or customers). In exceptional cases, depending on the scale and nature of a potential fraud (at the whistleblower's discretion), the violation report may also be addressed to the Management Board or Supervisory Board of Energa SA.

Having Energa's business security in mind and in order to ensure due diligence, prospective or existing counterparties (business partners) of Energa Group's subsidiaries are subject to verification (vetting). Energa Group entities are also required to monitor the operations of their counterparties (business partners) throughout the course of their collaboration and to imme-

diately respond to any circumstances that might adversely affect the collaboration, in particular where there is a risk that the counterparty (business partner) might fail to comply with its obligations.

Preventing mobbing and discrimination

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

Anti-competition activities, anti-monopoly (antitrust) practices

When performing their operations, Energa Group's subsidiaries shall make every effort to comply with the competition protection laws, preventing such behaviours and decisions on the part of their employees as well as activities of and agreements between businesses that might be deemed as contrary to the rules and regulations with respect to fair competition and, as such, be harmful to consumers, counterparties (business partners) and competitors.

2.5. Description of policies implemented

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

- **ORLEN Capital Group's Code of Ethics** – the document stipulates the standards of ethical behaviour expected from employees of ORLEN Capital Group's subsidiaries, including Energa Group, as well as values important to its organisational culture and rules of conduct in relations with the Group's stakeholders and the environment, and in internal relations between the Group's subsidiaries and their employees.
- **Energa Group's Mobbing and Discrimination Prevention Policy** – the purpose of this document is to define the concepts of mobbing, discrimination and harassment, prohibit any such behaviours on the part of our employees, as well as specify mechanisms and rules of conduct to be followed in order to prevent, report and respond to any identified instances of unwanted behaviours, including, among others, providing information on channels to be used to report incidents in this area and rules, procedures and participants in fact finding investigations.
- **Energa Group's Fraud and Conflict of Interest Prevention Policy** – the regulation defines the concept of fraud (including embezzlement, corruption and conflict of interest), including the description of rules of conduct and mechanisms to be used to prevent, identify, investigate and respond to any identified instances of such behaviours. Any report of a potential or actual fraud filed using the reporting channels stipulated in the document will be subject to a fact finding investigation and further action depending on its outcome.
- **Energa Group's Rules for Accepting and Offering Gifts** – the document specifies rules of conduct for employees to be followed when accepting and offering gifts, introducing a clear and overarching rule prohibiting employees from accepting or offering gifts where the value, type of a gift or circumstances surrounding the acceptance or offering of a gift lead or may lead to arising of a conflict of interest or a fraud and thus give rise to doubts in the context of compliance with legal regulations and ethical standards and might negatively impact Energa Group's interests and image.
- **Energa Group's Compliance Management Policy** – the document regulates compliance management within Energa Group, specifying the organisational structure, participants and rules of the Compliance System's functioning, i.e. a set of solutions and mechanisms aimed at reducing the risk of incurring negative consequences of failing to comply with the applicable regulations as well as adopted standards and values. In particular, the Compliance Policy covers the following issues: identification of the areas of Energa Group's operations associated with a particularly high risk of non-compliance, maintaining a record of the regulations, assessment of compliance with requirements, as well as communication and reporting on the status of compliance within Energa Group and reporting cases of non-compliance, education and raising awareness among employees in this regard.

2.6. Due diligence procedures

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

The organisation's most important activities in this regard include:

- providing training to employees with respect to ethics, preventing fraud, conflict of interest and unwanted behaviours in the area of employee relations (mobbing, discrimination, harassment);
- establishing organisational structures with clearly defined scopes of responsibility in respect of preventing fraud (including corruption) and conflicts of interest, preventing mobbing and discrimination as well as managing compliance with key requirements;
- adequate rules and process solutions put in place with respect to reporting any violations of regulations in this area – including the specification of a number of channels to be used for reporting violations (including anonymous channels), specification of rules governing the receiving of reports, fact finding investigation procedures and further actions to be taken depending on the outcome of the investigation, scale and nature of the report. Whistleblowers are entitled to confidentiality of their personal data and the Group's employees are additionally entitled to protection against any repressions, discrimination and other unfair treatment. Perpetrators of retaliatory practices will be subject to disciplinary procedures.
- solutions aimed at recording, monitoring and communicating risks and non-compliance incidents in this area (in the form of relevant summaries, reports and publications) in order to ensure effective supervision and review of actions taken by the management and governing bodies (authorities) of the Group's subsidiaries.

At the same time, in accordance with the guidelines provided, among others, in the *Best Practices of Warsaw Stock Exchange Listed Companies*, Energa SA has implemented effective internal control, risk management and compliance systems that are subject to evaluation by, among others, the Company's Supervisory Board, as well as an audit and internal control function. The concurrent functioning of these systems and inclusion of issues related to ethics and anti-corruption in the range of issues covered thereby contributes to enabling effective oversight and control of the area in question, obligating the organisation to plan, implement and monitor activities that allow it to reduce the level of existing risk.

List of disclosures presented in this chapter:

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

GRI 102-17 Mechanisms for advice and concerns about ethics



3. Non-financial risk management

3.1. Integrated risk management system

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

The formal framework of the Integrated Risk Management System within the organisation are specified in Energa Group's Risk Management Policy, which forms a part of the Agreement on Collaboration within Energa Group. The regulation enables, among others, the application of uniform rules across the entire Energa Group; the policy also specifies individual stages of and roles in the risk management process

As part of its Risk Management System, Energa Group identifies non-financial risks in the following areas:



Integrated Risk Management System

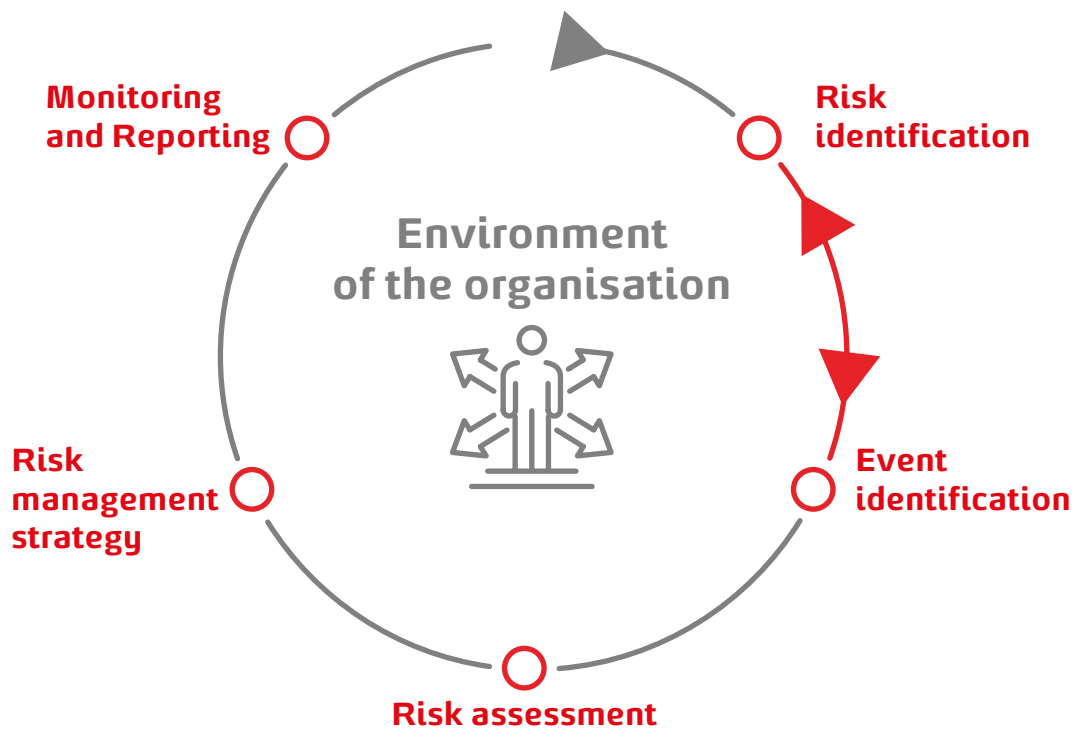
Energa Group's Risk Management System integrates and accounts for various processes defined for specific risks.

Energa Group's Integrated Risk Management System

- Strategy and objective risk management.
- Environmental and energy risk management (EMAS, ISO 14001, ISO 50001).
- Information security risk management (ISO 27001).
- Business continuity interruption risk management (ISO 22301).
- Personal data protection risk management (personal data protection risk assessment, DPIA).
- Cybersecurity risk management (National Cybersecurity System Act).
- Compliance risk management (Compliance Management System).
- Professional risk management.
- Financial risk management (interest rate risk, exchange rate risk, credit risk, liquidity risk).
- Project risk management.
- Trading risk management.
- IT/OT risk management.

Risk management process

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



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

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

Risk identification is tied directly to the ability to identify an event and constitutes an element forming a part of an interchangeable process sequence. Examples of risk identification methods include SWOT analysis, Delphi method, PEST and BIA analysis, stakeholder analysis or analysis of reports and statements. Full risk identification includes:

- developing an initial list of risks, taking into account opportunities and risks as well as the context of the organisation,
- determining the impact of risks on the company's management objectives,
- risk placement based on the risk model,
- indication of the risk owner,
- clear and precise description of the risk,
- specification of internal and external factors, and their impact in identified risk areas.

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

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

Risk assessment involves the assessment of a probability of risk and its impact, which are then used to determine the materiality (severity) of risk. The assessment includes:

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

Risk management strategy is formulated after analysing and assessing each identified risk. Depending on the risk assessment, the strategy may involve:

1. Risk acceptance, i.e. a situation where:

- control mechanisms optimally reduce the risk and no additional actions are required,
- control mechanisms do not optimally reduce the risk, but taking additional action to reduce the risk is not justified or possible (feasible).

2. Risk rejection, i.e. a situation where the organisation may:

- avoid the risk,
- take on or increase the risk to take advantage of an opportunity,
- remove risk factors or consequences,
- transfer the risk,
- strengthen control mechanisms.

Monitoring and reporting includes regular verification and oversight of risk identification, event identification, risk assessment and implementation of risk management strategies. Monitoring and reporting also applies to the management system itself and includes ongoing and periodic (regular) activities.

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

<p>Ongoing risk management</p> <p>Identification and assessment of risk as well as development of a risk management strategy, including as part of projects, programmes, task forces and ongoing activities, in the context of events inside and outside Energa Group.</p>	<p>Periodic (regular) monitoring of major risks</p> <p>Verification of validity of risk factors and impacts as well as the status of implementation of action plans affecting the assessment of key risks, carried out on a monthly basis.</p>	<p>Periodic (regular) risk management</p> <p>Risk reviews involve the identification and assessment of risk as well as development of a risk management strategy based on a comprehensive approach, on all levels of the organisation and Energa Group (entities, lines of business, parent company) on a biannual basis.</p>
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Roles and responsibilities within the Risk Management System

Effective and efficient actions taken as part of the risk management process are carried out thanks to a clear division of roles and responsibilities within the System:



Employees

Report information on events and risks.



Risk owner

Manages risk, is responsible for the ongoing and periodic (regular) risk analysis, develops and implements a risk management strategy, monitors risks and keeps it within specific limits.



Risk Division

Coordinates the risk management process, performs risk reviews, conducts periodic (regular) monitoring of the key risks, reports results to the top management, analyses and supports the assessment of risk materiality level within the organisation.



Management Board

Exercises oversight and specifies directions of risk management, collects results of risk reporting, in particular determines risk appetite and risk management strategy.



Internal Audit Division

Carries out an independent and objective review of the Risk Management System's components and accounts for the results of risk reporting in its tasks.



Audit Committee

Monitors the effectiveness of the *Risk Management System*.

Tools supporting the Risk Management System

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

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

3.2. Environmental and energy risks

Risks with a potential negative environmental impact are identified and managed by Energa Group's subsidiaries. They are related, among others, to such aspects as the need to strive for carbon neutrality, comply with legal regulations, environmental permits, norms and standards, as well as restrictions on capex projects in force in special protection areas. The intentions and direction of action of the Group's subsidiaries with regard to the effects of the Group's environmental activities and energy efficiency are described in Energa Group's Environmental and Energy Policy. Environmental risks include climate risks, i.e. the risks related to both, climate change mitigation (reducing the organisation's negative impact on the climate), as well as the risks related to adapting Energa Group's operations to climate change. The undertaking made by Energa Group's controlling stake shareholder, i.e. PKN ORLEN, to achieve carbon neutrality by 2050 is an important criterion governing Energa Group's actions in terms of climate. Due to the above, Energa has been effectively increasing the share of zero-emission renewables in its energy mix.

To increase resilience against the effects of climate change, Energa:

- has incorporated an energy management system into its *Integrated Environmental and Energy Management System which complies with the requirements of the EMAS Regulation and ISO 14001 i ISO 50001*,
- is formulating main directions of its activities in this regard in Energa Group's *Climate Policy Until 2030 which currently in development*,
- is creating business models resistant to the impacts of climate change in the medium- and long-term,
- regularly reduces its consumption of raw materials, water and energy,
- is increasing the security of energy supply by implementing IT tools to improve its monitoring activities and failure rate management.

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

Risks related to climate change include:

- physical risks (short- and long-term), which are mostly the result of fluctuating weather conditions, including extreme situations,
- risks related to the transition towards a circular economy (CE), i.e. low-emission economy resistant to climate change.

Short-term physical risk

The risk related to the increase of frequency and strength of winds as well as temperature fluctuations, causing failures of the distribution grids and generating costs related to remedying such failures, as well as reducing energy efficiency. To prevent this risk, Energa Group implements actions aimed at improving grid resilience. Distribution lines are modernized. A digital communication system has been implemented, enabling the rapid determination of the location and cause of the failure. In addition, a replacement of overhead power lines with insulated lines or underground cables reduces the interference caused by climate change, and in particular minimizes the number of power outages and probability of fires caused by short circuits. Actions aimed at improving grid stability and reducing electricity losses in distribution grids also include the construction of energy storage facilities.

Long-term physical risk

The risk related to the decline of water levels in rivers and reservoirs, particularly during the summer, reducing the efficiency of generating assets. To prevent this risk, regular modernisation and refurbishment (overhaul) works are carried out at the hydropower plants operated by Energa OZE, with the purpose of increasing the energy efficiency of these facilities. Energa Elektrownie Ostrołęka subsidiary has constructed a special-purpose weir that impounds water on the Narew river, ensuring the adequate level of water to enable its intake for cooling purposes irrespective of weather conditions, such as drought or an ice jam. This ensures the continuous operation of electricity generating units.

Risks related to transitioning towards CE (circular economy)

The risks include technological, financial, regulatory and social risks, including risk to reputation. This transition is made possible at Energa Group due to the development of high-efficiency low- and zero-emission generating systems, energy storage and distribution of electricity, as well as optimisation of water and non-renewable resource management.

To reduce technological and financial risks to a minimum, decarbonisation efforts include such initiatives as the construction of low-emission combined cycle power plants based on the CCGT technology, characterised by high efficiency and low failure rate. Energa Group is preparing its power generation system to changing climate conditions, taking into account the winter peak demand period and the demand for electricity in the summer. To this end, the flexibility of the system is being improved to account for the growing number of unstable (intermittent) renewable energy sources by deploying energy storage facilities and improving the efficiency of the transmission and distribution grids (smart software).

To reduce the regulatory risk, climate-related aspects have been taken into account in Energa Group's business model and the adopted internal strategic documents.

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

Group also supports the development of dispersed renewable energy sources (RES), in particular micro-generating installations. It enables connecting more and more prosumers to its distribution grid and encourages consumers to improve the efficiency of their energy consumption.

Adapting the power generation system to climate change has a positive impact on the Group's financial results (among others thanks to savings, the Group's more positive image among stakeholders or improved credit rating in institutions that support the development of green lines of business). The reactions to risk related to climate change include the internal regulations in the form of documents titled Energa Group's *Climate Policy Until 2030* and *Energa Group's Decarbonisation Strategy*, that are currently being drafted.

3.3. Social risks

Risk related to activities carried out by Energa Group that impact the Group's image

The risk is identified and managed at the level of Energa SA. Risk is curbed by, among others, adopting a centralised marketing model at the level of Energa SA as well as the application of rules of marketing communication, external communication and internal communication as well as the identity manual at Energa SA's subsidiaries. The media and the environment are monitored for brand presence and the ongoing collaboration with the stakeholders is conducted as well as the support for the relations with the stakeholders is provided. Customer satisfaction and Energa brand recognition surveys are carried out. The Group policy in respect of social programmes that is aimed at improving brand equity is developed. Furthermore, at the level of Energa SA the risk related to sponsorship activities is identified and managed. Risk mitigation is ensured through the application of the Principles of Sponsorship Activities and performing the analyses of Energa Group's sponsorship activities.

Risk related to the correct and timely disclosure of information for the purposes of ratings, rankings and reports in the ESG area, as well as the correct choice of supported stakeholders

The risk is identified and managed at the level of Energa SA. Key risk mitigation mechanisms in this area include, among others, the implementation of Energa Group's Strategy for Sustainable Development and Corporate Social Responsibility and dialogue with stakeholders.

Risks related to customer service quality and standards within Energa Group

The risks are managed both at the level of Energa SA (oversight) as well as that of the supply subsidiary or the distribution subsidiary (operations). Energa Group has implemented Energa Group's Customer Service Process Oversight and Coordination Principles. The customer service standards are reviewed and the customer related indicators are monitored on an ongoing basis. The required handbooks (guides) and forms for the customers, detailing the procedure to be used for submitting and handling customer service requests are posted on the subsidiaries' websites.

Risks related to communication, both with the media as well as the representatives of the capital market

The risks are identified and managed at the level of Energa SA. The risks are curbed by, among others, such activities as external communication carried out on behalf of Energa Group (with the exception of the Distribution Line of Business) by Energa SA's Press Office, i.e. media monitoring and responding to events as they unfold, regular contacts with journalists, preparing press releases concerning ongoing operations or organising press conferences or briefings on key events and plans. In addition, the risk is also curtailed by complying with the information disclosure obligations resulting from the trading of Energa SA's shares on the Warsaw Stock Exchange (WSE) and the provisions of Energa Group's Investor Relations Information Policy, as well as by keeping in contact with analysts on an ongoing basis.

3.4. Labour risks

Risk related to ensuring suitable competences and adequate staff

Achievement of the expected increase in efficiency and commitment of employees of Energa Group as well as setting standards for interaction with the labour market or the HR and compensation processes are identified and managed at the level of Energa SA and – on the operational level – at the individual subsidiaries. Primary mechanisms for mitigating this risk include the identified directions of HR activities specified in internal documents, which, among others, include: Orlen Group Employee Potential Management Policy, Energa Group's Age Management Policy, Rules Governing the Awarding of the Title of an Accomplished Employee in place at Energa Group's Subsidiaries, Energa Group's Subsidiaries' Recruitment Rules, Energa Group's Mobbing and Discrimination Prevention Policy, ORLEN Capital Group's Code of Ethics, labour regulations, compensation regulations, and furthermore, monitoring of legal regulations with respect to labour law, monitoring of labour-related indicators (personnel controlling), setting objectives for staff and assessing the achievement thereof, periodic (regular) training courses or initiatives implemented by the HR departments. In addition, it should be noted that Energa is also managing, among others, the risk of unethical behaviour, including mobbing and discrimination; making efforts to ensure the highest standards of transparency of actions undertaken, guarantee ethical behaviour and a sense of security among its employees. The actions aimed at raising awareness among employees are carried out, among others in the form of training courses. Dedicated channels that facilitate reporting any unwanted behaviours are put in place. The Council (Board) for the Prevention of Mobbing and Discrimination, Quick Response (Intervention) Teams, Investigation Commission and its Coordinator have been appointed and are aimed at determining the validity of a complaint submitted, preventing the unwanted behaviours in the future and ensuring protection and support for employees.

Risk related to the coronavirus and its impact on Energa Group

The risk is related to the spread of COVID-19 caused by the SARS-CoV-2 virus, as well as the potential consequences of the virus/disease affecting the operations of Energa SA's subsidiaries. The risk is curtailed, among others, by the implementation of uniform recommendations of the COVID-19 Hazard Monitoring Team operating at the level of Energa SA, such as: analysing information on hazards, recommending switching to remote work, providing protection equipment, ensuring disinfection and monitoring of temperature, ongoing communication with employees. In addition, actions are also taken in accordance with the Guidelines and Instructions in case of an Infection, that have been compiled by individual subsidiaries, taking into account the specific nature of the work performed at a given subsidiary. The individual subsidiaries' planned control mechanisms adequate to their needs and capabilities, among others, framework (master) agreements with laboratories with respect to the RT-PCR genetic tests or reimbursement of the costs of coronavirus tests performed by the subsidiary's employees and associates.

Occupational health and safety as well as fire safety risk.

The risk is related to workplace accidents and occupational diseases involving persons employed under labour contracts, as well as the risk of fire occurring at the sites of Energa's subsidiaries, and is identified and managed at all of Energa Group's subsidiaries. Risk is mitigated by, among others, the application of Energa Group's Occupational Health and Safety (OHS) Policy, providing training courses on occupational health and safety as well as fire safety for employees, or by the tasks implemented by the occupational health and safety (OHS) services in accordance with the Regulation of the Council of Ministers on the Occupational Health and Safety Service. The monitoring of legal regulations and collaboration with the Social Labour Inspection are also conducted.

Risk related to dialogue and relations with trade unions

The risk is related to maintaining relations between the employer and employee representatives. Energa Group places particular emphasis on maintaining adequate relations with representatives of the workforce – a common social dialogue policy is in effect throughout the entire organisation and information about planned changes is communicated. Collective bargaining agreements and collective labor agreements are in effect at Energa Group's individual subsidiaries.

3.5. Other non-financial risk

Strategic area

<p>Risks related to the implementation of the Multi-Year Strategic Investment Projects Plan and Energa Group's Strategic Development Plan</p>	<p>The key risks in this area are related to the disruptions and material deviations from the set KPI goals, among others, in such areas as:</p> <ul style="list-style-type: none"> - generation line of business, i.e. the construction of new RES capacity, optimisation of the use (operations) of Energa Elektrownie Ostrołęka SA beyond 2025, reduction in CO₂ emissions levels, investments in gas assets, - distribution line of business, i.e. the expansion of the distribution grid, connecting new consumers to the grid, adaptation of the grid to the increased capacity of the renewable energy sources (RES), maintaining the quality of the supply of electricity, - supply line of business, i.e. improving the results of the primary retail supply operations, increasing the number of customers, expanding the services and products offered. <p>The risks are mitigated by, among others, the implementation of the investment projects specified in Energa Group's Multi-Year Strategic Investment Projects Plan for 2021-2030 – in accordance with criteria set in the capex projects plans, ongoing supervision over the implementation of the capex projects plan in accordance with Energa Group's Asset Management Policy and Energa Group's IT Policy, monitoring the Group's objectives and capital expenditures specified in Energa Group's Strategic Development Plan until 2030, provisions of the contracts signed with contractors, providing protections against the shifts of schedule and budget modifications.</p>
<p>Capex project/investment risks</p>	<p>The risks related to capex projects carried out by Energa Group and its subsidiaries as well as Energa's capital involvement in other projects. Risk management includes, among others, ongoing control and monitoring of capex projects on an operational and strategic level, controlling of capital expenditures, reporting on the completion of capex projects using a dedicated IT system, periodic (regular) workshops on deviations with respect to the largest CapEx, addressing significant issues related to capital expenditures as part of the capex project structure.</p>
<p>Market risks</p>	<p>The risks related to a significant increase in prices of electricity and gas on the wholesale and spot markets, increase in prices of CO₂ emission allowances or increase in prices of fuels in the context of meeting customer demand or complying with regulatory and legal requirements. Risks also include an increase of PSE's demand for electricity generated by the assets in Ostrołęka and securing CO₂ emission allowances, as well as a rapid growth in the number of prosumers and distribution losses. Risk mitigation measures include, among others, internal documents applicable within Energa Obrót SA subsidiary, which regulate actions and plans related to the management of the area (including risk management) of wholesale trading and the implementation of actions resulting from the Regulations of Trading on the Commodity Market operated by the Polish Power Exchange (Towarowa Giełda Energii SA), the Regulations of Trading on the Organised Trading Platform operated by the Polish Power Exchange (Towarowa Giełda Energii SA), and the Regulations of the Exchange Clearing House. The ongoing monitoring of the changes to the legal regulations, participation in the pre-legislative consultation process with respect to the draft legal acts and collaboration as part of the Energy Trading Association, as well as activities of working groups at the individual ministries are conducted.</p>
<p>Risk related to the political and economic situation in Ukraine*</p>	<p>The risk is related to the armed conflict in Ukraine, resulting, among others, in an elevated cyber threat level, rising prices – in particular of electricity, gas and fuels, as well as a fall in the exchange rate of PLN versus major currencies (EUR, USD) and also disruptions in the supply of energy raw materials and the availability of personnel on the labour market. Risk management measures that are conducted include, among others, such actions as: the appointment of a Crisis Management Staff (Team) at the level of Energa Group and task forces (working groups) at the individual subsidiaries, tasked with reacting to all events that impact the operations of the Group's subsidiaries, continuous collaboration with authorities, services and institutions responsible for security and crisis management. Additional required personnel has been assigned to perform critical processes as part of ensuring the continuity of the provision of key services. In addition, ongoing monitoring of the ICT area (telecommunications and IT activities) has been commissioned in order to detect any incidents threatening the continued operations of the IT and telecommunications systems, and awareness-raising actions addressed to employees have been implemented in order to ensure that they are aware of potential threats at their subsidiaries and remind them of the applicable rules of reacting to such threats.</p>

* Risk identified in 2022 prior to the publication of the Report.

Legal and regulatory area

Regulatory risks related to changes in legislation

The risks affecting the operations of Energa Group's individual lines of business. They may lead to reduced liquidity, force the modification of capex plans or increase operating expenses. They also constitute an opportunity for adopting such legal solutions that will enable obtaining additional funds or will guarantee a system of support for the corporation's assets. In order to limit potential consequences of regulatory risks, Energa is, among others, monitoring changes in legislation, participating in the legislative process, including by monitoring and issuing opinions on legislative initiatives, collaborating with PKN ORLEN SA in formulating opinions, as well as actively participating in industry organisations in the power sector through the Group's representatives therein.

Legal risk related to court and administrative proceedings pursued by or against Energa Group's entities

The risk is identified and managed both at the level of Energa SA as well as those of the individual subsidiaries that are a party to such proceedings. In order to mitigate legal risks and limit their impact, the organisation implements actions specified in Energa Group's Rules of Legal Assistance Coordination and collaborates with external law firms. Compliance monitoring is carried out as part of the Compliance System as well as opinions on sponsorship, CSR, PR and consulting contracts made without a tender process with respect to the compliance thereof are issued. Litigation (court disputes) is also analysed in terms of whether reaching a settlement agreement would be possible and the Group's legal and regulatory environment is monitored for material changes.

Risk of personal data protection

The risk includes issues related to ensuring the privacy and security of information of data subjects and compliance with regulations governing the protection of personal data (GDPR). Energa Group has implemented the Personal Data Protection Policy, which covers, among others, rules governing outsourcing of the personal data processing, rules of handling the data breaches, rules of obtaining the consents to process personal data, rules of complying with the disclosure obligations related to the processing of data, rules of exercising the rights of data subjects at Energa Group or rules of training on personal data protection. A regulation governing data retention has been drafted, and, in addition, a Personal Data Protection Coordinator is operating at the level of Energa SA and recommendations are issued by the Personal Data Protection Forum.

Fraud prevention area

Risk concerning situations and behaviours related to fraud

The risk includes a conflict of interest, corruption and embezzlement potentially committed by employees of Energa Group's subsidiaries and is identified and managed both at the level of Energa SA, as well those of the key Energa Group's subsidiaries. In order to reduce the potential for corruption and other fraud, the obligations under Energa Group's Fraud and Conflict of Interest Prevention Policy and Energa Group's Rules for Accepting and Offering Gifts have been implemented, among others with respect to preventing unfair competition in relations with counterparties (business partners) and external entities. In addition, ORLEN Capital Group's Code of Ethics has also been implemented, which specifies values which should be followed by employees and the organisation itself. Training courses and information (awareness) campaigns are organised for employees. Compliance management with respect to fraud is carried out, as well as opinions on contracts are issued and verification of counterparties (business partners) is conducted.

Operational area

Risks related to the core operations of Energa Group's individual subsidiaries

The risks are identified and managed in accordance with Energa Group's Risk Management Policy. Apart from the risks related to running the core business operations such as, among others, the risk of interruptions in the supply of materials, the risk of coal and biomass shortages, the risk of an asset failure, the operational area also includes risks to the security and safety of persons and property, including the cybersecurity risk which is related to incidents that might have a negative impact on the organisation's operations. The risk applies, first and foremost, to the information systems used to provide the key service. The risk is identified and managed, among others in the context of the requirements of the National Cybersecurity System Act, at the subsidiaries deemed to be the key service operators, as well as at the subsidiary that provides the cybersecurity services.

Risk of an interruption of business operations continuity

The risk is related to the interruption of the critical business operations and is identified, among others, in the distribution and generation lines of business. The risk covers issues related to the availability (dispatchability) of assets, their technical condition and efficiency, as well as the impact of weather and hydrological conditions, and random events. As part of the risk management the periodic (regular) inspections and assessments of the condition of equipment and machines are carried out, as well as the business continuity strategies and plans, emergency and recovery (restoration) procedures, infrastructure protection plans and rules of conduct in crisis situations are implemented.

Risk of IT/OT systems

The risk is related to ensuring the consistency of the implementation of individual IT portfolio projects with their defined goal, scope and budget, as well as the availability, integrity and confidentiality of information and telecommunications systems, including links between them/their integration. The risks related to the IT as well as the OT systems are managed at the individual subsidiaries. Energa Group's IT Policy applicable within Energa Group specifies the rules of the IT area's functioning and the selected issues related to the OT area.

List of disclosures presented in this chapter:

GRI 102-11 Whether and how the organization applies the Precautionary Principle

GRI 102-15 Key impacts, risks, and opportunities



4. Care for the environment

4.1. Managing the environmental footprint at Energa Group

Energa Group's operations comply with both the European Green Deal as well as the domestic regulations that set the framework and paths of energy transition in Poland. In 2021, we adopted the *Multi-Year Strategic Capex Projects Plan for 2021-2030* (Multi-Year Plan) and *Energa Group's Strategic Development Plan until 2030*. Based on these documents, we are planning to implement projects that will respond to the needs and challenges resulting from the ongoing energy transition and support objectives specified for the energy segment in *ORLEN Group's 2030 Strategy*.

In accordance with the Multi-Year Plan, we intend to increase the installed capacity of renewable energy sources to approx. 2.4 GWe within the next 10 years. We also want to develop prosumer and dispersed electricity generation, including setting up sustainable energy areas (energy clusters, energy cooperatives). This increases the dynamics of operation of the distribution system, which in turn forces greater automation of power grids and their adaptation to Smart Grid standards, an area where Energa Operator is the domestic market leader. All our operations are supported by a continuously improved integrated environmental and energy management system compliant with the *EMAS Regulation and ISO 14001:2015 and ISO 50001:2018 standards*.

4.1.1 Capex projects impacting the environment

As a result of implementing the Development Strategy for 2021-2030 and the *Multi-Year Strategic Capex Projects Plan for 2021-2030*, our capital expenditures in 2021 came in at PLN 2.1 billion, with PLN 1.5 billion of that amount spent on the capital expenditures in the Distribution Line of Business. The modernization of power lines and transformer/switching stations, as well as investments in renewable energy sources contribute to reducing greenhouse gas emissions and improving the energy efficiency. Energa Group's outlays on environment protection in 2021 stood at more than PLN 457m (approx. PLN 444m in 2020), including the capital expenditures aimed at reducing the environmental footprint coming in at more than PLN 197m (approx. PLN 238m in 2020).

Key investment projects with an environmental and energy impact in 2021

Energa OZE

- In Q2 2021, the modernisation of the power generating sections and replacement of transformers at the Rosnowo and Strzegomino hydroelectric power plants were completed. Modernisation improved safety of operation of the plants and reliability of the electricity generation process. Replacement of oil-immersed transformers with cast resin dry type transformers helps protect the environment from a potential leak and penetration of oil-based substances into the soil and water.
- Construction of the Gryf PV farm in the municipality of Przykona that would provide an additional 20 MW of green power into the Polish power grid was completed. The facility is scheduled to be brought online in 2022.
- PV installations with a total area of over 27 ha and a capacity of 12 MW at the Wielbark PV farm were acquired. Ultimately, the PV Wielbark project will have a total installed capacity of approx. 62 MW, generated by approx. 140 thousand photovoltaic panels. The final part of the transaction is scheduled to be completed in 2023.
- Construction of five smaller PV farms with a total installed capacity of approx. 5 MW, which are scheduled to be brought online in 2022, was commenced. Two of the farms are located in Samolubie (warmińsko-mazurskie province), and the other three in Czernikowo (kujawsko-pomorskie province), Przykona (wielkopolskie province) and Pierzchały (warmińsko-mazurskie province).

Energa Kogeneracja

- The capital expenditures programme of the Elbląg CHP Plant was continued. At the end of March 2021, three UNIMAT UT-HZ high temperature water boilers were installed, with a thermal capacity of 38 MWt each. Elbląg CHP Plant's new boilers are high efficiency installations thanks to the use of the three-pass technology and an integrated economiser, as well as the highest quality insulation materials, enabling the facility to achieve the highest possible energy efficiency of the heat generation process. The devices can be fired using not only natural gas from the gas network, but in the future also using other fuels, such as for example biogas/biomethane or hydrogen. The final part of the capital expenditures programme at the Elbląg CHP Plant will be the construction of a system of three gas engines with a thermal capacity of 10 MWt each. The cogeneration gas engine system is scheduled to be brought online in late 2025.
- Works on the optimisation of the biomass fired unit at the Elbląg CHP Plant have also been completed, increasing the installed thermal capacity of the unit to 60 MWt. The objective of the optimisation was to reduce the costs of generation of energy and improve the flexibility of the unit's operation. Previously the unit had been capable only of being cooled with water from the Elbląg river (extraction condensing unit). Currently, depending on the needs of the municipal district heating network and the situation on the energy market, the generating source is capable of operating by using water from the district heating network for cooling purposes.

Energia Ciepło Kaliskie

- The investment projects aimed at improving the quality of air in the city of Kalisz through an expansion of the municipal district heating network and connection of new consumers to the system were continued. As part of the smog (i.e. pollution produced primarily by households) prevention efforts, Energia Ciepło Kaliskie helps residents switch from heating their homes using individual heating sources, including the coal-fired ones, to the district heating. In 2021, companies **Energia Ciepło Kaliskie** and **Energia Serwis** subsidiaries connected two facilities to the municipal district heating network which had previously used other sources of heating, located in the area covered by the *Air Protection Scheme for the City of Kalisz Zone*. This enabled the liquidation of 10 residential heating systems that had used other sources of heat (including coal stoves) and 1 local coal-fired boiler house.

Energia Oświetlenie

- Projects and activities aimed at improving energy efficiency were carried out. As part of these activities, the subsidiary completed capex projects related to the modernization of the road lighting infrastructure, replacing approximately 24,338 old-type light fixtures (mercury, sodium) with energy-efficient fixtures. It is estimated that this will result in savings in electricity consumption of approximately 6,914.820 MWh per year, i.e. 594.568 toe/year, and will reduce CO emissions by 4,826.54 t/year.
- Projects related to the development of electromobility were continued. 5 new charging stations integrated with street lights were erected. Implementation of projects related to the development of electromobility using the existing infrastructure will indirectly contribute to the reduction in the consumption of raw materials and CO₂ emissions.

Energia Ciepło Ostrołęka

- In accordance with the approved capex projects plan, worn out district heating network duct technology pipes were replaced with pre-insulated pipes. The new pipelines have improved parameters and help significantly reduce heat losses.

Energia Operator carried out the following activities:

- replacement of 8 high/medium-voltage transformers and 167 medium/low-voltage transformers,
- replacement of 106.627 km of overhead medium-voltage power lines with underground power cable lines,
- replacement of 170.347 km of low-voltage power lines with insulated lines,
- modernisation of 7 pole-mounted substations,
- replacement of 32.244 km of medium-voltage power lines with partially-insulated lines,
- replacement of 3109 connectors with insulated connectors,
- installation of 473 new stork nest platforms and repair or replacement of 190 platforms,
- installation of 18 electroinsulating separators for birds (Koszalin Branch).

Projects planned for 2022:

- Continuation of the capex programme at the Elbląg CHP Plant (Energia Kogeneracja).
- Modernisation of road lighting infrastructure carried out by the Energia Oświetlenie subsidiary.
- Continuation of projects related to reducing the heat transmission losses in Ostrołęka. Tasks planned by the Energia Ciepło Ostrołęka subsidiary are related to the alteration of the district heating network pipelines – duct and overhead.
- In the area of operations of the Energia Operator subsidiary, we are planning to continue the replacement of high voltage/medium voltage and medium voltage/low voltage transformers, replacement of overhead medium voltage power lines with cable lines, replacement of low voltage lines with insulated lines and installation of white stork nest platforms.

4.1.2. Key projects in the Research, Development and Innovations area

SERENE

The objective of the SERENE project is to develop mechanisms and business models for new grid services that increase the flexibility of the medium- and low-voltage distribution grid, and implementation of technical solutions enabling the active management of the low-voltage grid using AMI metres (smart metres allowing for remote readouts). As part of the projects, a study will be performed in three demonstration areas on the territory of three European countries: Denmark, the Netherlands and Poland (in the municipality of Przywidz). The study will involve the analysis of the potential for the use of V2G and DSR solutions at industrial facilities, mobile energy storage facilities in the low-voltage grid and smart zero-emission buildings for the provision of the DSO services that increase the flexibility of the grid's operation. The project was granted a subsidy as part of the European Commission's Horizon 2020 programme in December 2020. In 2021, an information campaign on the activities performed as part of the project was prepared, obtaining of consents of local residents for the entrusting of personal data was commenced, and AMI meters in the demonstration areas specified in the project plan were replaced, which constituted the preparator work prior to the commencement of the study. Research work is scheduled to begin in May 2022. The project is implemented in accordance with the approved schedule and is set to conclude on 30 June 2025. The project will contribute to the development of the greenhouse gas (GHG) emissions neutral energy communities.

rSOC

In March 2020, the M. Faraday Research and Development Centre signed an agreement with the National Centre for Research and Development (NCBiR) for an EU subsidy for the rSOC project, i.e. the construction of a modular installation of reversible solid oxide cells producing hydrogen. The objective of the project is to develop and construct a system that generates hydrogen using process steam - power-to-gas (P2G) – based on a stack of solid oxide cells (SOC) operating in an electrolyser mode, which can also operate in a reversible mode. This installation can be a key component of energy storage systems with the use of excess energy, in particular generated from unstable (intermittent) renewable sources (wind and solar energy), with the reversible solid oxide cells, operating in the reversible mode (rSOC), improving the flexibility of the operation of conventional power generating units. Works carried out as part of the project in 2021 included the purchase of containers, subassemblies and components required to construct the stacks, tests of components performed by a subcontractor (IEN) and the preparation of a test installation in Elbląg for the commissioning. The project is progressing according to the adopted schedule and is set to be completed on 31 December 2022. Hydrogen-based technologies are an important tool for the decarbonisation of the power generation sector.

OneNet

The OneNet project was commenced in November 2019 and is carried out by Energa Operator with regard to testing flexibility services provided to DSOs and TSOs, using a digital platform where flexibility services involving load balancing, congestion management and auxiliary services involving voltage adjustment will be purchased and activated for the purpose of providing services to DSOs and TSOs and optimizing the parts of the project enabling the provision of high-quality supply of electricity and development of dispersed generation. The objective of the project is to develop new mechanisms and business models for new grid services that increase the flexibility of high-, medium- and low-voltage transmission and distribution grids, develop a new open-standard platform enabling the purchase and sale of grid services for DSOs and TSOs by the market participants, build a demonstration area for conducting tests (among others in terms of attracting customers, integrating and expanding IT systems) and test the potential of use of grid services to improve the efficiency and flexibility of the grid. Potential areas for the provision of flexibility services have been identified and works on preparing business use cases and an IT architecture model have been performed as part of the project. The project is being implemented as part of a European consortium, has received a subsidy as part of the Horizon 2020 programme, and its total costs (direct and indirect costs incurred by the entire consortium) amount to €28.07m. In 2021, a prototype of an IT platform enabling market participants to purchase and sell grid services for DSOs and TSOs was developed and brought online, a set of standardised TSO-DSO-Customer services was developed and an analysis of potential customers in selected areas covered by the medium-voltage grid (including in Przywidz, Puck and Kalisz) who had the technical capabilities for providing flexibility services was conducted. These activities were performed in collaboration with Enspiron and were aimed at bringing customers willing to provide flexibility services as part of a demonstration effort into the project. In Q4 of 2021, an initial testing plan as part of the Polish demo project was developed and new flexibility services were tested on the flexibility platforms with regard to load balancing, such as the registration and pre-qualification of aggregators (FSPAs) and entities responsible for load balancing (BSPs). The project is progressing according to schedule and is set to conclude in September 2023.

EUuniversal

The EUuniversal project was commenced in June 2018 and is being implemented by the Energa Operator subsidiary for the purpose of developing grid flexibility and the potential use of flexibility services in the power generation market in order to e.g. increase the share of dispersed generation, including renewables (RES) microinstallations. The project is implemented by a European consortium of 18 European entities related to the power generation industry and has received funding from the EU Horizon 2020 programme with regard to research and innovations. The said project will enable implementing changes to the consumption or generation of electricity, including from the renewable energy sources, in order to eliminate threats to the operation of the power infrastructure. Actions taken as part of the project will include, among others, the development of a new type of a medium-/low-voltage transformer station that will monitor and control the operation of the low-voltage grid. Works performed as part of the project in 2021 included the preparation of an IT environment for the installation of the AMS System, and in December 2021 the Energa Operator subsidiary signed an agreement with a contractor for the performance of the construction works related to the task named *Alteration (conversion) of 3 transformer stations into new, innovative medium-/low-voltage flex stations at the company's branches (local offices) in Gdańsk, Płock and Kalisz and delivery of prototypes of FS flex transformer stations (Flex Station – smart station)*. The project is progressing according to schedule and is set to conclude on 31 July 2023.

Bystra battery energy storage facility (NEDO)

In September 2021, in accordance with the project schedule, the Energa OZE SA subsidiary completed the performance of the NEDO project commenced in May 2017, the objective of which was to obtain knowledge and experience with regard to the possible use of the energy storage technology to increase the flexibility of the operation of the National Power System (KSE). The project involved the construction of a hybrid battery energy storage facility at the Bystra Wind Farm near Gdańsk. The construction of the energy storage facility was a part of the *Smart Grid Demonstration Project in Poland, implemented by NEDO*, a Japanese government organization. The project involved the collaboration of Polish and Japanese entities. Energa OZE was responsible for constructing the infrastructure required for the laying down of the foundations of components of the storage facility, integrating the storage facility with the National Power System (KSE) and operating the storage facility during the demonstration period, as well as testing all the functions of the storage facility's operation. In 2021 the storage facility was connected to the Bystra wind farm and commissioned.

The underground medium-voltage cable power line technical condition and failure risk evaluation system (SORAL)

Energa Operator continued working on the SORAL project, which involved the implementation of a system for the evaluation of technical condition and risk of a failure of medium-voltage underground power cable lines, based on offline diagnostics; the project received funding from the National Centre for Research and Development. Research and development work was performed as part of the project, which resulted in the development of a system used to evaluate the risk of a failure of medium-voltage cables based on their technical, operational and diagnostic data. Works performed in 2021 included the develop-

ment of a prototype of the SORAL IT system with an implemented Health Index of the power line, enabling the actual evaluation of the degree of risk of a failure on a given section of the line. As part of work on the project, a prototype IT system was tested and verified based on data of the medium-voltage underground grid in the pilot project area, which covered the Elbląg distribution district. The project progressed according to schedule and was concluded on 15 December 2021.

Based on the results of research and development work, a decision was made to start a new project aimed at implementing an IT system at Energa SA that would enable the evaluation of the technical condition of underground cable power lines based on the use of the results of diagnostic measurements made in the medium-voltage underground power grid. The new project is set to be launched in 2022. This project will increase Energa Group's resilience against the effects of climate change.

4.2. Consumption of raw materials

Raw materials/commodities consumed by weight and volume

Raw materials	2020	2021
NON-RENEWABLE		
coal [Mg]	831 183	1 257 163
natural gas [m ³]	871 065	3 773 265
heating oil [Mg]	4 938	8 806
diesel oil [Mg]	3 522	3 613
petrol [Mg]	794	835
other non-renewables [Mg]	171	259
consumption of other non-renewable raw materials [Mg]	18 068	34 085
TOTAL CONSUMPTION OF NON-RENEWABLE RAW MATERIALS [m³]	871 065	3 773 265
TOTAL CONSUMPTION OF NON-RENEWABLE RAW MATERIALS [Mg]	858 677	1 304 761
RENEWABLE		
biomass [Mg]	148 839	84 644
TOTAL CONSUMPTION OF RENEWABLE RAW MATERIALS [Mg]	148 839	84 644
consumption of direct materials (e.g. steel) [Mg]	167	5
TOTAL CONSUMPTION OF RAW MATERIALS [m³]	871 065	3 773 265
TOTAL CONSUMPTION OF RAW MATERIALS [Mg]	1 007 683	1 389 410

In 2021, the raw materials' consumption came in at **1 389 410 Mg** (including coal and natural gas), i.e. an increase of 381 727 Mg in comparison to the previous year. Coal consumption rose sharply in connection with the increased generation of electricity at Power Plant B in Ostrołęka. Energa Elektrownie Ostrołęka subsidiary is managing a generating unit that is operated to fulfil the needs of the National Power System (KSE). The need to satisfy the KSE's demand for electricity, based on the needs of consumers, operational conditions of the grid and generating units as well as the safety requirements of the system, is the factor that determines the required level of electricity generation by this subsidiary.

The increased generation of electricity from coal in 2021 was caused by a significant increase in demand for electricity and weather conditions unfavourable for renewable energy sources – wind and photovoltaic power plants.

The amount of natural gas consumed by the Energa Kogeneracja subsidiary increased in 2021 due to the use of the gas in the testing of equipment installed as part of the modernization of the Elbląg CHP Plant.

In 2021, **Energa Operator** continued its actions aimed at reducing its consumption of paper and transport fuels:

- *The project Implementation of the vehicle fleet monitoring and management system using GPS technology was concluded in December 2021. Expected benefits include, among others, a reduction in fuel consumption and improvement in the efficiency of logging and settling (accounting for) the use of dispatch vehicles. The implementation of the WFM (Workforce Management) system was commenced at the same time. The objective of the project is to optimize the use of the working time of employees completing orders (performing tasks) in the field and persons overseeing (accounting for) their work through the implementation of an IT tool supporting the management of activities of technical teams. The above optimisation will involve the digitisation of paper records and reduced need to print documents. The project lasted throughout 2021 and will be continued in 2022.*
- The subsidiary launched the ZET Mobile application, which helped automate work with respect to technical services for customers. It allowed for the complete abandoning of paper documents in favour of providing information in electronic form.

4.3. Consumption of water

Given the specific nature of the operations, the subsidiaries source water primarily from surface sources (rivers, lakes) and deep wells. In 2021, we sourced a total of **35 968 185 377 m³**, i.e. 147 967 411 m³ more than in the previous year. We use water primarily to produce electricity in hydropower plants and cool generating facilities.

The **Energa OZE** subsidiary was responsible for the largest intake of water - 35 534 456 354 m³. However, the **intake is fully returned**, i.e. the water flows through the turbines of hydropower plants and is returned to the environment in the same amount, without a significant change in its physical and chemical parameters. The subsidiary is gradually modernising its generating assets and optimising their operations, enabling more efficient generation while retaining similar intake parameters.

Energa Elektrownie Ostrołęka sources water from the Narew river and from deep wells, complying with the limits specified in water use permits and in the integrated permit. Thanks to its strictly supervised processes, the wastewater treatment facility, forming a part of the Flue Gas Desulphurisation Installation II, commissioned in 2020, contributes to ensuring that wastewater discharged into the Narew river meets the requirements of EU BAT conclusions applicable since 18 August 2021.

In 2021, as part of the capex projects completed, the PC-2 pump was replaced at Power Plant B, while the refurbishment works on the PC-1 pump are currently underway. The operating parameters of the pumps were adjusted to the actual needs of the cooling water installation. Actions performed contributed to increasing the efficiency of the pumps while increasing the efficiency of production processes.

In 2020, the **Energa Ciepło Ostrołęka** subsidiary completed the alteration of its storm drainage system near the office building. The project involved draining the rainwater using a network of storm drains and wells with an oil-based substance sedimentation tank into a watertight tank. As a result of the alteration, water is stored and used to irrigate green areas. The system enables a significant reduction in the use of water from the aqueduct system. The use of water from the aqueduct system to water plants was reduced by 28 m³ in 2021.

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

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

Total water intake by source

Line of business/ subsidiary (company)	Total volume of water sourced from all sources taken into account		Rivers (for cooling purposes)		Rivers (for purposes other than cooling)		Lakes (for cooling purposes)		Lakes (for purposes other than cooling)		Underground waters (for purposes other than cooling)		Water from municipal network		
	[m ³ /year]		[m ³ /year]		[m ³ /year]		[m ³ /year]		[m ³ /year]		[m ³ /year]		[m ³ /year]		
	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	
Services and other	3 543	3 105	0	0	0	0	0	0	0	0	0	0	0	3 543	3 105
Distribution Line of Business	55 799	51 574	0	0	0	0	0	0	0	0	215	204	55 583	51 370	
Supply Line of Business	3 440	3 437	0	0	0	0	0	0	0	0	0	0	3 440	3 437	
Generation Line of Business	29 820 155 184	35 968 127 261	334 794 054	440 813 900	29 137 300 998	35 115 011 017	3 484 820	3 883 300	344 198 160	407 985 240	319 268	384 784	57 884	49 021	
Energa OZE SA	29 490 973 525	35 534 456 354	10 786 210	12 452 112	29 132 499 620	35 110 131 204	3 484 820	3 883 300	344 198 160	407 985 240	1 815	1 734	2 900	2 764	
Energa Elektrownie Ostrotęka SA	316 130 654	419 456 252	311 167 681	414 366 696	4 645 520	4 706 314	0	0	0	0	317 453	383 050	0	192	
Energa Serwis Sp. z o.o.	1 794	1 087	0	0	0	0	0	0	0	0	0	0	1 794	1 087	
Energa Ciepło Ostrotęka Sp. z o.o.	447	391	0	0	0	0	0	0	0	0	0	0	447	391	
Energa Ciepło Kaliskie Sp. z o.o.	6 723	6 397	0	0	0	0	0	0	0	0	0	0	6 723	6 397	
Energa Kogeneracja Sp. z o.o.	13 042 042	14 206 781	12 840 163	13 995 092	155 858	173 499	0	0	0	0	0	0	46 021	38 190	
Energa Group	29 820 217 966	35 968 185 377	334 794 054	440 813 900	29 137 300 998	35 115 011 017	3 484 820	3 883 300	344 198 160	407 985 240	319 484	384 988	120 451	106 933	

4.4. Energy efficiency and energy consumption

As part of improving the environmental and energy management system, in 2021 we updated the energy audits of our subsidiaries with data for 2020. During these audits we identified areas where the energy efficiency could be improved, which allowed us to set specific goals and tasks to be completed, including, among others:

Energa Ciepło Kaliskie

- 28 pumping units (aggregates) were replaced with new, energy efficient, electronically controlled circulation pumps at 24 district heating substations and 2 individual substations (nodes) were refurbished;
- in collaboration with residential housing cooperatives (tenants' associations), the subsidiary is conducting a campaign involving the splitting of group substations into individual ones. In addition, residential housing cooperatives (tenants' associations) replace gas-fired boilers used to heat domestic water powered by these substations with central hot domestic water conditioning systems powered from district heating substations. In 2021, 6 group substations (nodes) were subjected to the above measures, which resulted in 17 individual substations (nodes) being set up, including 3 with already active domestic hot water conditioning systems.

Energa Elektrownie Ostrołęka

- Refurbishment of the PC-2 pump, resulting in annual energy savings of 160.721 toe and refurbishment of the WP air fans in unit 1, resulting in annual energy savings of 171.453 toe were completed.

Energa Operator

- The project named *Adaptation of the grid to the Smart Grid standards through the installation of smart metering systems and automation of the grid to entice consumers to improve the efficiency of energy use and implement efficient management of the power grid to ensure the security of electricity supply* was continued; actions performed as part of the project in 2021 included:
 - Installation of 275 medium-voltage disconnect switches along with the communications modems on the grid. Since the beginning of the project until the end of 2021, 1180 overhead disconnect switches had been installed out of a total of 1799.
 - Installation of over 600 indoor switchgears. Since the beginning of the project until the end of 2021, 1108 indoor switchgears with remote control systems and the TETRA communications modems had been installed out of a total of 1148.

Energa Informatyka i Technologie

- A comprehensive installation of PV panels was completed in the office building in Płock, which included the installation of 60 panel modules with a capacity of 22.5 kWp on the ground and 14 modules with a capacity of 5.25 kWp on the roof of the office building.

Energa Logistyka

- A ground-based photovoltaic installation with a total installed capacity of 30.1750 kWp was brought online in Płock. The installation will generate electricity to power the subsidiary's offices and warehouse.

Energa Ciepło Ostrołęka

- A ground-based photovoltaic installation with a total installed capacity of 18.48 kWp was commissioned in 2020. Electricity is generated by 56 modules with a capacity of 330 Wp each. By 31 October 2021, approximately 20 MWh of electricity had been fed into the grid, which had fully covered the power demand of the technical facilities owned by the subsidiary, located in Ostrołęka at Aleja Wojska Polskiego 24A. A photovoltaic installation with a total capacity of 22.5 kWp on a parking canopy located in Ostrołęka at ul. Celna 13 is planned to be brought online in Q1 of 2022. 60 modules with a capacity of 375 Wp each will be generating zero-emission electricity. This electricity will be partially used to power the operation of a test stand used as part of a project named *Innovative phase change heat and cold storage facilities in a modern district heating installation*. In addition, we have been replacing light fixtures and circulation pumps with energy-efficient models in order to improve our energy efficiency. Duct technology based district heating networks are also being systematically replaced with pre-insulated pipes.

Energa OZE

- In Q2 2021, the power generating sections of the Rosnowo and Strzegomino hydroelectric power plants were refurbished, including the replacement of transformers. The refurbishments improved the safety of the operation of the hydro power plants and reliability of the generation process. Average annual savings of final energy amounted to 5.08 toe at the Rosnowo hydro power plant and 2.17 Toe at the Strzegomino hydro power plant.

Total energy consumption at Energa Group rose to 8 843 774 GJ in 2021. The increase resulted from increased generation by the Energa Elektrownie Ostrołęka subsidiary (more on this in the section dealing with the consumption of raw materials).

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

Line of Business/ subsidiary (company)	Total energy from raw materials consumed [GJ]		Total energy from fuels made from non-renewable raw materials (in-house or purchased) consumed/used, by type of raw material [GJ]		Coal [GJ]		Natural gas [GJ]		Heating oil [GJ]		Diesel oil [GJ]		Petrol [GJ]	
	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
Services and other	82 981	11 259	13 000	11 259	0	0	1 105	714	36	0	5 949	5 523	5 911	5 022
Distribution Line of Business	165 694	170 170	165 455	169 884	103	103	19 383	21 150	2 772	2 240	125 021	126 403	18 176	19 988
Supply Line of Business	17 989	18 832	17 950	18 791	0	0	639	769	0	0	10 221	10 657	7 090	7 364
Generation Line of Business	25 651 007	34 338 077	18 818 204	28 061 964	18 586 408	27 562 990	10 176	115 763	203 406	367 186	14 188	11 494	4 026	4 531
Energa OZE SA	4 444 564	4 902 860	5 073	5 824	0	0	836	901	0	0	2 076	2 403	2 160	2 520
Energa Elektrownie Ostrotęka SA	17 408 660	25 345 383	15 828 677	25 345 383	15 651 811	25 164 180	0	0	168 379	176 045	7 912	4 626	575	531
Energa Serwis Sp. z o.o.	3 291	3 657	3 291	3 657	0	0	0	0	0	0	2 748	3 054	543	603
Energa Ciepło Ostrotęka Sp. z o.o.	334	328	313	306	0	0	0	0	0	0	287	278	25	28
Energa Ciepło Kaliskie Sp. z o.o.	332 972	374 947	332 972	374 947	322 709	364 771	9 340	9 224	0	0	785	810	138	142
Energa Kogeneracja Sp. z o.o.	3 461 186	3 710 902	2 647 879	2 331 847	2 611 888	2 034 039	0	105 638	35 027	191 141	379	322	585	706
Energa Group	25 917 671	34 538 338	19 014 609	28 261 898	18 586 511	27 563 093	31 303	138 396	206 214	369 426	155 379	154 077	35 203	36 906

Consumption of energy generated from renewable materials by type of material

Line of Business/ subsidiary (company)	Total energy from raw materials consumed [GJ]		Total energy from fuels made from renewable raw materials (in-house or purchased) consumed/used, by type of raw material [GJ]		Biomass [GJ]		Wind energy [GJ]		Solar energy [GJ]		Hydropower [GJ]	
	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
Services and other	82 981	11 259	69 981	0	0	0	69 981	0	0	0	0	0
Distribution Line of Business	165 694	170 170	239	285	0	0	0	0	239	285	0	0
Supply Line of Business	17 989	18 832	39	41	0	0	0	0	39	41	0	0
Generation Line of Business	25 651 007	34 338 077	6 832 803	6 276 113	2 393 290	1 379 055	1 757 193	1 662 634	17 934	17 561	2 664 386	3 216 863
Energa OZE SA	4 444 564	4 902 860	4 439 492	4 897 036	0	0	1 757 193	1 662 634	17 913	17 539	2 664 386	3 216 863
Energa Elektrownie Ostrołęka SA	17 408 660	25 345 383	1 579 983	0	1 579 983	0	0	0	0	0	0	0
Energa Serwis Sp. z o.o.	3 291	3 657	0	0	0	0	0	0	0	0	0	0
Energa Ciepło Ostrołęka Sp. z o.o.	334	328	21	22	0	0	0	0	21	22	0	0
Energa Ciepło Kaliskie Sp. z o.o.	332 972	374 947	0	0	0	0	0	0	0	0	0	0
Energa Kogeneracja Sp. z o.o.	3 461 186	3 710 902	813 307	1 379 055	813 307	1 379 055	0	0	0	0	0	0
Energa Group	25 917 671	34 538 338	6 903 062	6 276 439	2 393 290	1 379 055	1 827 174	1 662 634	18 212	17 888	2 664 386	3 216 863

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

Line of Business/subsidiary (company)	Total used/purchased energy consumed [GJ]		Electricity [GJ]		Heat [GJ]		Cooling [GJ]		Steam [GJ]	
	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
Services and other	19 652	19 563	14 716	14 869	3 916	3 419	1 020	1 275	0	0
Distribution Line of Business	4 920 775	4 408 357	4 867 919	4 342 527	52 856	65 830	0	0	0	0
Supply Line of Business	384 813	350 454	381 619	347 334	2 884	3 078	309	42	0	0
Generation Line of Business	1 423 046	1 562 018	21 605	25 296	1 211 335	1 347 473	0	0	190 107	189 250
Energa OZE SA	7 984	12 063	6 656	10 343	1 328	1 720	0	0	0	0
Energa Elektrownie Ostrołęka SA	0	0	0	0	0	0	0	0	0	0
Energa Serwis Sp. z o.o.	9 720	10 470	1 220	1 408	8 501	9 062	0	0	0	0
Energa Ciepło Ostrołęka Sp. z o.o.	913 953	1 003 185	2 945	2 873	720 901	811 062	0	0	190 107	189 250
Energa Ciepło Kaliskie Sp. z o.o.	485 887	531 117	5 282	5 489	480 605	525 628	0	0	0	0
Energa Kogeneracja Sp. z o.o.	5 502	5 183	5 502	5 183	0	0	0	0	0	0
Energa Group	6 748 287	6 340 392	5 285 860	4 730 025	1 270 991	1 419 801	1 329	1 316	190 107	189 250

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

Line of Business/subsidiary (company)	Total energy sold by the organisation [GJ]		Electricity [GJ]		Heat [GJ]		Steam [GJ]	
	2020	2021	2020	2021	2020	2021	2020	2021
Services and other	69 981	0	69 981	0	0	0	0	0
Distribution Line of Business	0	0	0	0	0	0	0	0
Supply Line of Business	1 121	1162	1 121	1162	0	0	0	0
Generation Line of Business	23 818 098	32 033 795	19 195 333	26 914 077	3 935 356	4 400 299	687 409	719 419
Energa OZE SA	4 357 130	4 807 599	4 357 130	4 807 599	0	0	0	0
Energa Elektrownie Ostrołęka SA	15 623 066	23 024 318	14 489 399	21 798 169	735 041	823 268	398 626	402 881
Energa Serwis Sp. z o.o.	0	0	0	0	0	0	0	0
Energa Ciepło Ostrołęka Sp. z o.o.	798 381	898 709	0	0	603 326	686 061	195 055	212 648
Energa Ciepło Kaliskie Sp. z o.o.	651 068	727 456	0	0	651 068	727 456	0	0
Energa Kogeneracja Sp. z o.o.	2 388 453	2 575 713	348 804	308 309	1 945 921	2 163 514	93 728	103 890
Grupa Energa	23 889 199	32 034 956	19 266 434	26 915 239	3 935 356	4 400 299	687 409	719 419

Total energy consumption within the organisation

Line of Business/subsidiary (company)	Total energy consumption within the organisation [GJ]	
	2020	2021
Services and other	32 653	30 822
Distribution Line of Business	5 086 469	4 578 527
Supply Line of Business	401 682	368 124
Generation Line of Business	3 255 956	3 866 301
Energa OZE SA	95 419	107 324
Energa Elektrownie Ostrołęka SA	1 785 594	2 321 065
Energa Serwis Sp. z o.o.	13 011	14 127
Energa Ciepło Ostrołęka Sp. z o.o.	115 906	104 804
Energa Ciepło Kaliskie Sp. z o.o.	167 791	178 608
Energa Kogeneracja Sp. z o.o.	1 078 235	1 140 372
Energa Group	8 776 759	8 843 774

Generating capacity
Maximum achievable generating capacity by main fuel types

Subsidiary (Company)	Energy source	2020		2021	
		Electricity [MW]	Heat [MW]	Electricity [MW]	Heat [MW]
Ciepło Kaliskie Sp. z o.o.	coal	0	58,00	0	58,00
Energa Elektrownie Ostrołęka SA	coal	633,00	201,4	633,00	201,4
	biomass	57,00	18,1	57,00	18,1
Energa OZE SA	hydro	359,29	0	359,29	0
	wind	243,85	0	243,85	0
	photovoltaics	5,41	0	5,41	0
Energa Kogeneracja Sp. z o.o.	coal	47	313,66	47	192,69
	biomass	25,26	60,24	25,26	60,24
	TOTAL	1370,80	651,40	1370,81	530,43

Energy generated

Net energy generated by main energy sources

Energy source	2020		2021	
	Electricity [MWh]	Heat [MWh]	Electricity [MWh]	Heat [MWh]
coal	1 513 050	735 360	2 386 213	745 187
biomass	179 964	179 830	76 128	193 138
hydro	788 298	0	935 067	0
wind	474 441	0	453 469	0
gas	0	8 865	0	56 433
photovoltaics	4 904	0	4 871	0
TOTAL	2 960 657	924 054	3 855 748	994 759

4.5. Greenhouse gas emissions

According to the International Energy Agency (IEA), global CO₂ emissions rose by 6 percent in 2021 – to the highest ever level of 36.3 billion tonnes. According to the most recent analysis, this is a result of the global economy using coal to bounce back from the crisis caused by the pandemic. In absolute terms, the increase in CO₂ emissions of 2 billion tonnes in the previous year was the highest ever. In 2021, we emitted 2 585 559 Mg of CO₂, i.e. 817 903 Mg more than in the previous year. The increase in direct emissions was primarily related to the generation of electricity by the Power Plant B in Ostrołęka, the only baseload (utility scale) power plant in north-eastern Poland, ensuring the safe operation of the National Power System. Significant factors contributing to the increase in the level of direct greenhouse gas emissions included not only a sharp rise in the demand for electricity, but also the instability of power generation based on renewable energy sources. In 2021, weather conditions were unfavourable for renewables (RES) and brought about an increase in the number of start-ups and shutdowns of coal-based power units at Power Plant B. The high load of the system was caused by reduced domestic generation of zero-emission wind and photovoltaic energy.

However, indirect greenhouse gas emissions in 2021 fell in comparison to 2020, among others, due to such factors as an improvement of energy efficiency at Energa Group's subsidiaries. To reduce indirect emissions resulting from the purchase of electricity to cover losses in the distribution grid, Energa Operator:

- systematically replaced transformers and refurbished its grid infrastructure, reducing these electricity losses. This helped avoid the emissions of 364.76 Mg of CO₂ in 2021.

Energa Group continues its operational and capex activities that have an impact on the direct and indirect emissions of CO₂, not only in the form of a systematic development of renewable energy sources (RES). We are also working on optimising our renewable energy generation assets. In addition, we use energy and raw materials in a rational manner and operate an efficient waste management system consistent with the principles of circular economy. These activities are described in detail in other sub-sections of the report.

Number of CO₂ emission allowances granted free of charge

CO ₂ emission allowances in the Generation Line of Business	12-month period 2020	12-month period 2021
Emissions generated by the installations	1 742	2 581
Number of free emission allowances granted	79	46
Volume of CO ₂ allowance purchases [k MWh]	1 662	2 535
Cost of CO ₂ allowance purchases [k PLN]	1 973	5 843
Price	119	230

Direct greenhouse gas emissions

Line of Business / subsidiary (company)	Greenhouse gas emissions [MgCO ₂]													
	Total direct emissions		Emissions related to the generation of electricity		Emissions related to the generation of heat		Emissions caused by gas leaks, including as a result of failures		Emissions from cooling processes and steam		Emissions related to the transport of materials, products and waste		Biogenic emissions	
	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
Services and other	934*	826	0	1	57	69	46	0	0	0	831*	757	0	0
Distribution Line of Business	14 175	12 939	385	859	1 288	1 259	2 423	867	0	0	10 081	9 954	0	0
Supply Line of Business	1 290	1 351	0	0	36	43	5	8	0	0	1 249	1 300	0	0
Generation Line of Business	1 751 257	2 570 443	1 417 472	2 225 387	331 618	342 749	48	58	1 092	1 101	1 027	1 148	236 996	133 380
Energa OZE SA	368	406	4	4	42	50	22	3	0	0	300	349	0	0
Energa Elektrownie Ostrołęka SA	1 477 938	2 330 815	1 369 580	2 201 541	107 999	128 844	25	54	0	0	334	376	157 998	0
Energa Serwis Sp. z o.o.	241	268	0	0	0	0	0	0	0	0	241	268	0	0
Energa Ciepło Ostrołęka Sp. z o.o.	1 110	1 115	0	0	0	0	1	0	1 092	1 101	17	14	0	0
Energa Ciepło Kaliskie Sp. z o.o.	27 906	32 164	0	0	27 839	32 095	0	0	0	0	67	69	0	0
Energa Kogeneracja Sp. z o.o.	243 694	205 674	47 888	23 842	195 738	181 760	0	0	0	0	68	72	78 998	133 380
Energa Group	1 767 656*	2 585 559	1 417 857	2 226 247	332 999	344 120	2 522	932	1 092	1 101	13 187*	13 159	236 996	133 380

* Adjustment of the data for 2020 related to an updated estimation of emissions related to transport in the services and other line.

Indirect emissions of greenhouse gases

Line of Business'sub subsidiary (company)	Indirect emissions of greenhouse gases [MgCO ₂]	
	2020	2021
Services and other	2 979	3 386
Distribution Line of Business	982 788	848 320
Supply Line of Business	1 662	1 717
Generation Line of Business	98 587	118 810
Energa OZE SA	1 580	2 143
Energa Elektrownie Ostrołęka SA	0	0
Energa Serwis Sp. z o.o.	1 172	1 147
Energa Ciepło Ostrołęka Sp. z o.o.	93 832	113 655
Energa Ciepło Kaliskie Sp. z o.o.	1 055	1 064
Energa Kogeneracja Sp. z o.o.	948	800
Energa Group	1 086 016	972 233

4.6. Pollutant emissions, including nitrogen and sulphur oxides

Energa Kogeneracja discontinued the use of its OP-130 coal-fired boilers, designated as K-5 and K-6. The third OP-130 coal fired boiler, designated as K-7, has had its capacity reduced to 42 MWt and will remain in use until the end of 2024, for most of the time as a backup and emergency source of power. In late March 2021, three UNIMAT UT-HZ high-temperature water boilers with a thermal capacity (output) of 38 MWt each. The new boilers at the Elbląg CHP Plant will ensure that the facility will achieve the highest possible energy efficiency of the heat generation process. The devices can be powered with natural gas, and in the future with biogas/biomethane or hydrogen as well.

Since 2020, Energa Elektrownie Ostrołęka has been operating two Flue Gas Desulphurisation Installations that use wet lime scrubbing with limestone dust used as a sorbent. The installation guarantees the reduction of the sulphur dioxide (SO₂) content in the flue gases to below 200 mg/Nm³, as specified in Directive 2010/75/EU of 24 November 2010, as well the company's compliance with new emissions limit values specified in the BAT conclusions (HCl, HF, Hg, NH₃), applicable from 18 August 2021. Furthermore, the subsidiary carries out overhaul and refurbishment works at the power generating units on an ongoing basis, maintaining their high efficiency and availability. This helps improve specific fuel consumption per unit of energy generated, resulting in a reduction in pollution emissions levels. In 2021, the subsidiary commenced work on enabling co-firing of biomass in an amount allowing unit 3 to reduce its emissions levels below 550 g CO₂/kWh, and co-firing of biomass in boilers no. 1 and 2, with the quantity of biomass constituting up to 10% of the energy mix in comparison to coal.

Due to the increased generation of electricity by the Energa Elektrownie Ostrołęka subsidiary (due to the increased demand from KSE), emissions of pollutions by Energa Group also rose to 6 095 Mg in 2021, i.e. an increase of 1 484 Mg in comparison to 2020.

Energa Ciepło Kaliskie continued its capex projects aimed at improving the quality of air in Kalisz by expanding the municipal district heating network and connecting new consumers thereto. In 2021, these activities enabled the liquidation of 1 local coal fired boiler house and 10 residential heating systems using other sources of heat, including coal fired stoves.

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

Line of Business/subsidiary (company)	Total emissions into the atmosphere [Mg]		NO _x [Mg]		SO _x [Mg]		Volatile organic compounds (VOC) [Mg]		HCL [Mg]		Dust (PM) [Mg]		Other emissions of compounds into the atmosphere [Mg]	
	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
Services and other	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Distribution Line of Business	96	119	3	3	1	1	34	42	0	0	0	2	58	72
Supplz Line of Business	2	2	0	0	0	0	2	2	0	0	0	0	0	0
Generation Line of Business	4 513	5 973	1 525	2 011	2 035	2 096	1	5	167	221	185	176	601	1 464
Energa OZE SA	22	0	0	0	0	0	0	0	0	0	0	0	22	0
Energa Elektrownie Ostrołęka SA	2 840	4 256	1 060	1 521	1 104	1 206	0	3	61	48	77	58	539	1 420
Energa Serwis Sp. z o.o.	1	2	0	0	0	0	1	2	0	0	0	0	0	0
Energa Ciepło Ostrołęka Sp. z o.o.	1	1	1	1	0	0	0	0	0	0	0	0	0	0
Energa Ciepło Kaliskie Sp. z o.o.	176	174	37	39	100	95	0	0	8	9	5	5	25	26
Energa Kogeneracja Sp. z o.o.	1 473	1 540	427	450	830	795	0	0	98	164	103	113	15	18
Energa Group	4 611	6 095	1 528	2 013	2 035	2 097	37	49	167	221	186	178	659	1 536

4.7. Waste management

The total amount of waste generated by our subsidiaries came in at 109 088 Mg in 2021, i.e. 90 536 Mg less than in the previous year. We make sure, above all, to prevent the generation of waste. As part of our management of waste generated by our companies, we sort, store, recycle and hand over the waste for disposal to authorised entities in accordance with applicable regulations. All our companies are subject to registration in the Waste Database (BDO).

In January 2021, the Energia Elektrownie Ostrołęka subsidiary obtained a decision approving the new regulations (manual) for the operation of its Łęg stockpile of waste other than hazardous and neutral, pursuant to which waste marked with code 10 01 21, previously stored in the stockpile, was allowed to be extracted. Generated waste marked with code 19 09 02, produced as a result of the treatment of water taken in for industrial purposes, is currently used as part of the R3 process to shape the top layer of the waste stockpile. Furthermore, on 2 June 2021 the company submitted an application to the Office of the Marshal of the Mazovia Province, requesting an amendment to the existing decision by allowing the use of synthetic gypsum, considered a by-product, as an additive in the production of mushroom substrates. Finding a new commercial use for gypsum will contribute to reducing the amount of waste generated.

Energia OZE has installed a grating cleaner at the Kępice hydroelectric power plant. Mechanisation of the process of cleaning solid grime from the grating will allow for the efficient removal of waste carried by the river, improve safety of operation of the plant and slightly increase the electricity generation parameters.

Energia Ciepło Ostrołęka purchased three composters in 2021. The equipment will help partially reduce the amount of household waste generated and produce natural fertiliser used to maintain green areas on the site.

We recorded no significant leaks into the environment as part of our operations in 2021.

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

Line of Business/subsidiary (company)	Total weight of waste [Mg]		Weight of hazardous waste [Mg]		Weight of waste other than hazardous [Mg]		Weight of bottom ash slags [Mg]	
	2020	2021	2020	2021	2020	2021	2020	2021
Services and other	128	163	0	1	128	162	0	0
Distribution Line of Business	5 945	6 604	2 265	1 840	3 681	4 764	0	0
Supply Line of Business	663	421	14	9	649	412	0	0
Generation Line of Business line	192 888	101 899	138	94	2 000	7 027	190 750	94 779
Energa OZE SA	364	473	70	34	294	439	0	0
Energa Elektrownie Ostrołęka SA	160 565	78 338	26	33	1 267	1 562	159 272	76 742
Energa Serwis Sp. z o.o.	255	671	1	10	254	661	0	0
Energa Ciepło Ostrołęka Sp. z o.o.	1	1	0	0	1	1	0	0
Energa Ciepło Kaliskie Sp. z o.o.	3 939	4 822	2	2	33	25	3 904	4 794
Energa Kogeneracja Sp. z o.o.	27 764	17 594	39	14	151	4 338	27 573	13 242
Energa Group	199 624	109 088	2 417	1 944	6 457	12 365	190 750	94 779

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

Line of Business/subsidiary (company)	Total weight of waste [Mg]		Recycling [Mg]		Recovery (including recovery of energy) [Mg]		Waste stored in landfills [Mg]		Waste stored on the plant site [Mg]		Other waste treatment methods [Mg]	
	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
Services and other	128	163	0	0	0	0	0	0	0	0	128	163
Distribution Line of Business	5 945	6 604	0	0	0	0	0	0	0	0	5 945	6 604
Supply Line of Business	663	421	0	0	0	0	0	0	0	0	663	421
Generation Line of Business	192 888	101 899	3 924	4 820	27 358	15 139	1 067	1 318	561	384	159 978	80 239
Energa OZE SA	364	473	0	0	0	0	0	0	0	1	364	472
Energa Elektrownie Ostrołęka SA	160 565	78 338	0	0	101	140	960	1185	194	14	159 310	76 998
Energa Serwis Sp. z o.o.	255	671	0	0	0	0	0	0	0	0	255	671
Energa Ciepło Ostrołęka Sp. z o.o.	1	1	0	0	0	0	0	0	0	0	1	1
Energa Ciepło Kaliskie Sp. z o.o.	3 939	4 822	3 924	4 820	15	0	0	0	0	2	0	0
Energa Kogeneracja Sp. z o.o.	27 764	17 594	0	0	27 242	14 999	107	133	366	366	49	2 097
Energa Group	199 624	109 088	3 924	4 820	27 358	15 139	1 067	1 318	561	384	166 714	87 427

4.8. Wastewater management

Total volume of wastewater by quality and destination

Line of Business/subsidiary (company)	Total volume of wastewater [m ³]		Wastewater drained into the sewer system [m ³]		Wastewater transported to sewage treatment facilities using means of transport [m ³]		Wastewater drained into surface waters (lakes, rivers, etc.) [m ³]	
	2020	2021	2020	2021	2020	2021	2020	2021
Services and other	3 516	3 091	3 516	3 024	0	67	0	0
Distribution Line of Business	56 149	51 305	54 361	46 145	1 787	5 159	0	0
Supply Line of Business	3 440	3 437	3 440	3 437	0	0	0	0
Generation Line of Business	339 966 543	447 503 756	61 321	53 250	1 308	1 519	339 903 915	447 448 987
Energa OZE SA	14 373 270	16 444 594	1 432	1 429	1 308	1 264	14 370 531	16 441 901
Energa Elektrownie Ostrołęka SA	312 524 622	416 829 859	34 732	32 431	0	255	312 489 890	416 797 173
Energa Serwis Sp. z o.o.	1 794	1 087	1 794	1 087	0	0	0	0
Energa Ciepło Ostrołęka Sp. z o.o.	396	356	396	356	0	0	0	0
Energa Ciepło Kaliskie Sp. z o.o.	816	767	816	767	0	0	0	0
Energa Kogeneracja Sp. z o.o.	13 065 645	14 227 094	22 151	17 181	0	0	13 043 494	14 209 913
Energa Group	340 029 648	447 561 589	122 638	105 856	3 095	6 745	339 903 915	447 448 987

4.9. Biodiversity and protection of water sources

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

The Energy of Biodiversity initiative, a comprehensive pro-environmental and educational project, is an example of such activities. The initiative involves creating flower-rich grasslands, and by extension restoring grassland ecosystems, helping foster biodiversity. The grasslands help save plant and animal species threatened with extinction and give sustenance to wild bees, providing them with living space in the summer and shelter in the winter. Furthermore, plants growing in the grasslands capture dusts responsible for the formation of smog and contribute to reducing the temperature of air. We launched the project in Ostrołęka in 2020, creating nearly 2.7 hectares of grasslands on the furnace waste storage site and in front of the head office of the Energa Elektrownie Ostrołęka subsidiary. In August 2021, we carried out further project works - cutting down grass, sowing new seeds and performing work related to the conservation of this ecosystem. Grass is cut down during the first year to keep it low and ensure that fledgling perennial plants can receive as much sunlight as possible. Invasive species were also removed from the area.

In 2021, Energa Elektrownie Ostrołęka commenced a study on the impact of the Ostrołęka B Power Plant on the fish fauna in the Narew River. The aim of the study is to determine the current condition of the fish fauna in the river and plan potential action aimed at eliminating the possible negative impact of the power plant on the condition of fish fauna in the Narew river. We were conducting the research and monitoring activities between April 2021 and the end of March 2022. As part of the first stage of our work we carried out the calculation of the composition, number and age structure of the fish passing through the river and we estimated the losses thereof caused as a result of the intake of water into the cooling system. We also examined the species structure and condition of fish caught and released back into the river. We will also analyse the impact of temperatures on individual habitats in the area covered by the study at 43 designated testing locations. The project will be concluded by a report on all completed studies and measurements, with an analysis and discussion of the obtained results of the study and potentially with a description of solutions that are optimal from the operational and environmental perspective.

Energa OZE counteracts the impact of hydropower plants on biodiversity in rivers and lakes and participates in monitoring the effects of its operations in this regard by:

- participating in regular restocking of fish in rivers and lakes, in collaboration with the relevant local branches of the Polish Fishing Association. The purpose of the restocking is to compensate for any losses in fish life by keeping the numbers of selected fish species at a constant level. Costs of restocking incurred by the company in 2021 amounted to PLN 149,680.93;
- gradually equipping each hydropower plant with fish ladders enabling migrating fish as well as other aquatic organisms, that engage in short-distance migrations at the relevant stages of their lifecycles, to pass through weirs;
- collaborating with the Polish Fishing Association in the regular relocation of specimens of selected fish species upstream of weir structures so as to enable them to migrate upriver;;
- collaborating with research institutions that monitor nature, including the Inland Fishing Institute in Olsztyn which carries out observations of eel populations on the selected hydroelectric plants' sites..

Furthermore, in cooperation with the Inland Fishing Institute in Olsztyn, Energa OZE SA has been monitoring the operation of the fish ladder at the Rościno Hydroelectric Power Plant using its own equipment, as part of the EU project named 'Protection of the Atlantic salmon and the River lamprey in the Special Area of Conservation the Parsęta River Basin' (PLH 320007)..

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

- 10 Natura 2000 special areas of conservation (SAC),
- 7 Natura 2000 special protection areas (SPA),
- 12 protected landscape areas,
- 3 national/landscape parks,,
- 2 nature preserves.

Energa Kogeneracja planted around 60 trees on the Elbląg Combined and Hea Power Plant's (CHP) site in 2021, including, among others, maples, rowans and spruces that came from a local agricultural and gardening farm. The replacement plantings are related to the capex project being implemented in the area, which includes the construction of a peaking and backup boiler house (KRS) with an installed thermal capacity of approx. 114 MWt. Thanks to this facility (and the construction of a gas engine system scheduled to take place during the next phase of the project), coal will no longer be the primary fuel used to generate heat at the Elbląg CHP plant.

Protected areas intersected by high-voltage power lines operated by Energa Operator

Protected areas	Number of areas	Length of high-voltage power lines (km)
Landscape parks	17	178
Landscape park buffer zones	12	221
Nature preserves	12	5
Nature preserve buffer zones	6	5
National park buffer zones	1	5
Protected landscape zones	91	1277
Natura 2000 network areas	68	617

Energa Operator's environmental impact reports are available online <https://energa-operator.pl/raporty-i-liczby/raporty-srodowiskowe>.

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

Second edition of the Planet of Energy Academy initiative, focusing on biodiversity

For more than 10 years now, Energa has been running the *Planet of Energy* educational programme, aimed at pupils of primary schools. The programme promotes knowledge of electricity, sustainable development and environment protection. The last two editions of *Planet of Energy* were accompanied by the *Planet of Energy Academy*, a campaign involving, among others, such initiatives as teacher workshops. These activities constitute an inspiration for the preparation of interesting lessons. The two-day workshop forming part of the second edition of the *Planet of Energy Academy*, a reward for teachers who won the 10th edition of the competition, included a class taught by, among others, Maciej Podyma from the Łąka Foundation. The workshop provided an opportunity for teachers to expand their knowledge of biodiversity and learn how to effectively convey that knowledge to children. The participants were taught, among others, how to set up flower-rich grasslands on school grounds. Teachers also received teaching aids and special seed mixes for use in setting up flower-rich grasslands.

Energa for Nature

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

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

For over 25 years we have been securing stork nests built on low-voltage power grid poles. We build new nests and maintain existing nest-supporting structures. There are around 12 thousand bird platforms within our area of operations. In 2021, we installed approximately 473 new and 190 renovated platforms in northern and central Poland.

We also continue to collaborate with experts on nature from the ProNatura foundation as part of the bociany.pl project. The experts on nature provide education and assist in the preservation of stork across the country. In 2021, we collaborated with the foundation in organising the second edition of the national *Flight of the Storks* competition.

Pre-schoolers and primary school grade 0-3 pupils from across the country learned about stork behaviour and methods of stork conservation, including the creative use of the *Flight of the Storks* booklet. Already the first edition of the competition – which in total attracted around 1000 contestants, despite the ongoing pandemic – proved that imagination is limitless. Thanks to the project, caregivers can not only inspire children to create art through fun, but also get them involved in protecting nature. 94 schools from across Poland and 108 families responded to our invitation to participate in the second edition of the competition. Participants sent in around 300 artworks (including spatial compositions) and 20 recordings of stage performances.

4.10. Compliance with TCFD recommendations

Corporate governance

Energia Group meets stringent requirements in the area of environment protection. The Group places particular importance on preventing pollution and reducing its negative impact on the natural environment. Risks and opportunities related to climate change are an important part of the Integrated Energy and Environment Management System put in place at Energia Group's subsidiaries already since 2016. The system is in compliance with the EU EMAS Regulation (Eco Management and Audit Scheme) as well as the ISO 14 001 and ISO 50 001 standards. Energia Group's subsidiaries have appointed environment and energy coordinators, whose responsibilities include, among others, climate risk and opportunity assessment and management. Energy committees collaborate with the environment and energy coordinators at every subsidiary and are responsible for coordination and improvement of the energy efficiency. Operating activities as part of the Energy and Environmental Management Programme (an attachment to *Energia Group's Environmental and Energy Policy*) are implemented by the programme coordinator (Energia Centrum Usług Wspólnych sp. z o.o.). Implementation of the *Energia Group's Environmental and Energy Policy and Climate Policy* across the Group is overseen by the ESG Department – an organisational unit within Energia SA. An independent external audit is performed at the subsidiaries on an annual basis by an accredited environmental verification entity. In 2021, the audit covered 386 locations in order to confirm that they meet the mandatory requirements and to keep Energia in the EU EMAS register.

In accordance with the division of responsibilities, Dominik Wadecki, as the Vice President for operations, is responsible at the level of the Management Board of Energia SA for environmental policy, including for issues related to mitigating the consequences of climate change by Energia Group and adapting to climate change across the entire value chain of the organisation.

Strategy

Strategia Grupy ORLEN do 2030 roku wyznacza m.in. następujące cele dla obszaru energetyki:

- Construction of gas fired generating units based on the CCGT technology. By 2030, the installed capacity of gas fired assets will increase 1.8-fold (in comparison to 2019) to 2 GW;
- As regards the generation of electricity and thermal energy (heat) – reduction of CO₂ emissions per MWh by 33% (in comparison to 2019) and achievement of emission neutrality in 2050.

Actions planned by Energia Group until 2030 (including, among others, the continued development of the renewable energy sources, digitisation of the distribution grid, installation of smart remote readout meters) are aimed at implementing decarbonisation, and the costs of these actions are accounted for in strategic documents - *Energia Group's Strategic Development Plan until 2030 and Energia Group's Multi-Year Strategic Capex Projects Plan for 2021-2030*. In Q1 2022, the Management Board of Energia SA will adopt an internal regulation titled *Energia Group's Climate Policy until 2030*, prepared in 2021 by the ESG Department.

Climate change affects processes related to the operations of the power industry companies (engaged, among others, in such activities as the generation and distribution of electricity) as well as market developments, such as demand for electricity and thermal energy (heat) or supply of capacity and stability of supply of energy carriers. Energia's risks related to climate change are physical risks (short- and long-term), primarily stemming from the fluctuating weather conditions, including extreme conditions, as well as risks related to the transition towards a circular economy, i.e. low-emission, energy-efficient economy resilient against climate change.

Short-term physical risk risk is related to the increase of frequency and strength of winds as well as temperature fluctuations. To counteract this risk (distribution grid failures), Energia is taking actions aimed at improving the grid's resilience by refurbishing the distribution lines, as well as by implementing the TETRA digital communications system, which enables the rapid determination of the location and cause of the failure. Replacement of overhead power lines with insulated or underground cable lines reduces the number of cases of interference caused by climate change, and in particular reduces the number of power outages and probability of fires caused by short circuits to a minimum. In addition, actions aimed at improving grid stability and reducing electricity losses in the electricity distribution grids are conducted as part of the Smart Grid project and the construction of new energy storage facilities.

Long-term physical risk is related to the decline of water levels in rivers and reservoirs, particularly during the summer as a result of prolonged droughts, bringing the risk of downtimes at hydropower plants or reduction in the amount of green energy generated. To counteract this risk, regular refurbishment and overhaul works are carried out by Energia OZE, with a view to increasing the energy efficiency of its hydropower plants.

Risks related to the transition towards a circular economy include technological, financial, regulatory and social risks, including the reputational risk.

To reduce **technological and financial risks**, Energia Group is developing renewable energy sources (RES) and continuously improving its management of water and non-renewable raw materials. To ensure the stability of the power system, which includes a continuously growing number of non-controllable (intermittent) renewable energy sources, Energia Group is planning to construct transitional low-emission CCGT power plants based on the CCGT technology, characterised by high

efficiency and low failure rate. It is also improving the operations of the distribution grid by using smart software to control it and constructing energy storage facilities for the electricity generated from the renewables (RES). Mitigation of financial risk will be achieved by improving Energa's financial results, among others as a consequence of cost savings (reduced consumption of raw materials and energy, increased efficiency of operations), increased production capabilities (leading to increased revenues) and an improvement of the credit rating, in accordance with the sustainable financing model.

To reduce **regulatory risk**, climate-related aspects have been accounted for in Energa Group's medium- and long-term business model and its adopted internal strategic documents, among others *Energa Group's Strategic Development Plan until 2030 and Energa Group's Multi-Year Strategic Capex Projects Plan for 2021-2030*. The responses to risks related to climate change include, among others, drafting of Energa Group's Climate Policy until 2030 in 2021.

The effects of climate on the power industry also include changes in attitudes and behaviours of customers. Energa Group reduces **social risks** by creating initiatives aimed at its stakeholders and designed to mitigate the consequences of climate change and adapt to this change. The group supports the development of dispersed renewable energy sources (RES), in particular microinstallations, enabling ever growing numbers of prosumers to connect to its distribution grid. The Supply Line of Business Line is offering customers comprehensive services related to the design and installation of photovoltaic panels as well as providing energy audits. Energa Operator is installing smart meters at the consumers' locations and developing consumer software and applications, enabling them to obtain information on their current electricity consumption levels and improve their management of the electricity consuming appliances. Energa currently boasts the largest number of smart meters installed at its consumers' among the four major energy conglomerates (around 2/3 of all remote readout electricity meters active in Poland). Domestic regulations assume that at least 80% consumers will be using AMI meters by 2026. According to Energa Group's Strategic Development Plan until 2030, 100% of Energa Group's customers are to be equipped with such meters already by 2026.

Adaptation of the group's power system to climate change and actions implemented in order to reduce its negative impact on the climate reinforce Energa's positive image among its stakeholders (mitigation of reputational risk). Building of the group's image as a brand committed to protecting the environment is carried out, among others, through such activities of Energa Group's marketing, CSR and communication campaigns (promoting products and services contributing to a reduction in the CO₂ emissions, e.g. PV, LED technology in light fixtures).

Energa Group's climate-related opportunities include, among others:

- Using efficient, low-emission processes to generate and distribute electricity;
- Developing renewable energy sources;
- Using more efficient means of transport;
- Reducing consumption of resources (raw materials, water, energy);
- Participating in innovative projects funded by the EU;
- Developing solutions for adapting to climate change.

Energa Group engages in the following activities in order to **adapt to climate change**, i.e. increase the resilience of its business model:

- Increasing the security of energy supply through, among others, such activities as the implementation of IT tools with respect to improving the monitoring and management of failure rate indicators, and acceleration of the implementation of a smart distribution grid;
- Systematically reducing the consumption of raw materials to build resilience against the depletion of natural resources in the organisation's value chain;
- Supporting the development of dispersed renewable energy sources (RES), in particular zero-emission prosumer microinstallations connected to Energa's grid.

Mitigating the effects of climate change involves reducing direct and indirect emissions of greenhouse gases. To efficiently and systematically reduce GHG emissions, Energa is implementing activities aimed at:

- reducing the share of coal in the production of electricity and thermal energy (heat) by developing renewable energy sources (RES) and transitional low-emission sources;
- improving energy efficiency, including by developing conscious frugal (cost effective) management of energy consumption among its customers;
- refurbishing power plants, CHP plants and heating plants (units), developing cogeneration;
- providing adequate conditions for increased use of the district heating;
- developing distribution infrastructure (among others by building power infrastructure required to reduce the emission levels of power systems);
- erecting energy storage facilities for storing electricity generated by the renewable energy sources (RES);
- developing low-emission transport, including electromobility;
- performing scientific research and developing innovative solutions in the power sector;
- supporting biodiversity and protecting ecosystems.

Risk

Climate risks have been included in environmental and energy risks of Energa Group. The risks are mitigated through strategic planning and risk management.

Periodic analysis and assessment of climate risks at each of the Group's subsidiaries is performed as part of supervision over the Integrated Environmental and Energy Management System put in place (in accordance with *Energa Group's Environmental and Energy Policy*) and as part of the Integrated Corporate (Enterprise) Risk Management System (ZSZR) (in accordance with *Energa Group's Risk Management Policy*).

1. The Integrated Corporate (Enterprise) Risk Management System (ZSZR) is implemented based on a uniform Group wide risk management process which is based on international standards (*ISO 31000, COSO, FERMA*) and covers all levels of the organisation and Lines of Business. The risk management process is composed of stages that mutually determine (impact) one another and are implemented on a continuous basis. The process runs across the Group, starting from the level of individual organisational units up to top management, from the level of the Group's subsidiaries up to Energa SA as the Parent Company.
2. Identified risks are subject to semi-annual, holistic reviews and ongoing updates. The results of risk analysis are reported to the Management Board of Energa SA in order to provide comprehensive knowledge on risks (threats) and opportunities, thereby supporting the planning and decision-making process. The Management Board of Energa SA makes decisions as to the level of appetite for risk and approves the risk management strategy or specifies the required activities to be undertaken. The results of the risk review are passed on to Risk Owners and reported to the Audit Committee.
3. As part of the Integrated Corporate (Enterprise) Risk Management System (ZSZR), the ESG Department of Energa SA developed a detailed Climate Change Risk Sheet, which covered such aspects as the impact of climate change on the operation of the distribution grid and productivity of Energa Group's generating units, adaptation of business operations of Energa Group's subsidiaries to the requirements with respect to climate risk management and reducing the negative impact of the subsidiaries' operations on the climate. The Director of the Corporate Management Department at Energa SA is the Risk Owner. Identification of climate risks, their analysis and actions taken in order to mitigate them, in the context of both implementing new pro-environmental solutions as well as control instruments, enables ensuring effective management without losing sight of Energa Group's financial results.

Indicators (metrics) and objectives (targets)

Energa Group identifies and analyses indicators (metrics) used to assess climate-related risks and opportunities, in accordance with the Environmental and Energy Policy adopted by the Group and the above risk management processes. At every stage of the Group's operations, starting from the management (parent) company – Energa SA – through all of the Group's subsidiaries and up to each individual installation and facility, objectives (targets) and indicators (metrics) have been adopted. Indicators (metrics) used to assess climate-related risks and opportunities are identified as part of the so-called environmental aspects. They are related not only to the operations of Energa Group's subsidiaries, but also to the operations of its suppliers and external associates (business partners, contractors, counterparties) that the Group is able to control or at least partially influence. Environmental aspects, including indicators (metrics) used to assess risks and opportunities, are described in the annual *Energa Group's Environmental Declaration*, available online at <https://grupa.energa.pl/otoczenie/polityka>.

Greenhouse gases (GHG) emitted by Energa Group primarily include carbon dioxide (CO₂), as well as smaller amounts of methane (CH₄), nitrogen suboxide (N₂O), hydrofluorocarbons (HFC5), perfluorocarbons (PFC5) and sulphur hexafluoride (SF₆). **Energa primarily emits scope 1 and scope 2 greenhouse gases and monitors its emissions management.** Scope 3 GHG emissions (other indirect emissions that occur in the entire value chain that are not a consequence of Energa Group's operations, nor are controlled by Energa Group) constituted a small part of total GHG emissions in 2021.

The direct GHG emissions (scope 1) are the emissions resulting from the production of electricity, gas leakage, cooling and steam processes as well as the transportation of materials, products and waste carried out using the cars operated by Energa. The emissions resulting from the production of electricity and heat, **in 2021**, constituted approx. 99% of Energa Group's total direct emissions. To reduce greenhouse gas emissions, Energa is systematically refurbishing its generating units and developing low-emission and renewable energy sources. Operating activities also include the rational use of raw materials and waste management in accordance with the tenets of circular economy. The direct emissions from transport in 2021 was reduced due to implementing a GPS system to monitor and manage the Group's vehicle fleet (route and business trip optimisation).

In 2021, **approx. 87%** of Energa Group's indirect (scope 2) emissions were caused by the distribution of electricity. These emissions resulted from the purchase of electricity by Energa Operator to cover electricity losses in the distribution grid (grid losses). The remaining 13% of indirect emissions included emissions resulting from the purchase of electricity by the Group's subsidiaries for their in-house use. Compared to 2020, these emissions fell due to an increase of energy efficiency at the subsidiaries, primarily the reduction in use of electricity and heat for administrative and economic (business) purposes related to the subsidiaries' operations (among others due to the refurbishment of small boiler houses, lighting infrastructure, replacement of IT equipment, installation of in-house RES microinstallations and improvement of thermal efficiency of buildings).

To reduce indirect emissions caused by electricity losses in the distribution grid (grid losses), actions aimed at improving energy efficiency were implemented in the form of:

- refurbishment of the grid infrastructure, including the replacement of high-/medium-voltage and medium-/low-voltage transformers, replacement of medium-voltage overhead power lines with underground cable lines and replacement of low-voltage power lines with insulated lines (emissions prevented),
- continued implementation of Smart Grid (including the construction of energy storage facility),
- encouraging customers – prosumers – to improve the efficiency of energy use (implementation of research projects of the Energia Operator SA subsidiary).

Striving to achieve climate neutrality, Energia Group plans to replace its coal-fired generating units with transitional high-efficiency and low-emission gas-fired CCGT units with the double capacity by 2026. Based on current and projected prices of gas, coal and emissions, technology based on natural gas will enable the generation of electricity at a rate cheaper than hard coal-based solutions. Therefore, the unit cost of generating electricity is lower for gas-fired units than in the case of coal-fired units. Another advantage of the gas-based solution is the greater flexibility of gas-fired units, which enables load balancing of electricity from renewable sources. CCGT power plants will be ready for the co-firing of a mixture of natural gas and green hydrogen obtained from excess renewable energy by the combined cycle power plants. Initiatives aimed at developing technologies involving the use of biomass and biogas will also be implemented by 2030. According to the Multi-Year Strategic Capex Projects Plan, the construction of Offshore Wind Farms is planned for 2028-2030, which will significantly reinforce the position of Energia of ORLEN Group as a leader of energy transition. Energia's financial outlays on pro-environmental projects in the Generation Line of Business in 2021-2030 (according to the Multi-Year Strategic Capex Projects Plan) will amount to approx. PLN 11.8b, in the Distribution Line of Business - approx. PLN 16b, and in the Supply Line of Business – approx. PLN 503m.

4.11. Description of policies implemented

Energia Group's Environmental and Energy Policy complies with the EMAS Regulation and ISO 14001:2015 and ISO 50001:2018 standards. We are improving our activities, among others, in such areas as optimisation of the use of resources, reduction of pollution emitted and amount of waste generated. Additional information on the Environmental and Energy Policy is provided in Energia Group's Environmental Declaration available on the website at <https://grupa.energia.pl/otoczenie/polityka>.

4.12. Due diligence procedures

EMAS system – Environmental management strategy

As part of our Environmental and Energy Management System that complies with the EMAS Regulation and ISO 14001:2015 and ISO 50001:2018 standards, we verify the compliance of our activities with applicable laws on an ongoing basis, monitor the accomplishment of objectives and tasks, implement actions aimed at minimising risks as well as improve our environmental and energy efficiency.

Between July and September 2021, Bureau Veritas Polska Sp. z o.o. carried out at our subsidiaries an independent recertification audit of our Environmental and Energy Management System, which covered 386 locations and 16 subsidiaries. The Group's subsidiaries obtained certificates confirming the compliance of the management system with ISO 14001:2015 and ISO 50001:2018 standards.

In September 2021, Energia SA applied on behalf of the Group's subsidiaries for a renewal of the registration of the above mentioned subsidiaries in the EMAS register, kept by the General Directorate for Environmental Protection. The administrative procedure carried out in this matter by the General Directorate for Environmental Protection was successfully completed on 4 October 2021.

Additional information on the environmental and energy policy is provided in Energia Group's Environmental Declaration available on the website at: <https://grupa.energia.pl/otoczenie/polityka>.

List of GRI disclosures presented in this chapter:

GRI 103-1	Management approach
GRI 103-2	
GRI 103-3	
GRI 102-12	A list of externally-developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes, or which it endorses
GRI 102-15	Key impacts, risks, and opportunities
GRI 203-1	Infrastructure investments and services supported
GRI 301-1	Raw materials used by weight or volume
GRI 302-1	Energy consumption within the organization
GRI 303-3	Total volume of water intake (consumption) by source
GRI 304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas
GRI 304-3	Habitats protected or restored
GRI 305-1	Direct GHG emissions
GRI 305-2	Energy indirect GHG emissions
GRI 305-5	Reduction of GHG emissions
GRI 305-7	Nitrogen oxides, sulphur oxides and other significant air emissions
GRI 306-1	Water discharge by quality and destination
GRI 306-2	Waste by type and disposal method
GRI 306-3	Total number and volume of significant spills
G4 EU1	Maximum electricity generation capacity, broken down by primary energy source
G4-EU5	Allocation of free CO2 emissions allowances
G4-EU2	Net amount of energy generated (produced) broken down by primary energy source



5. Lasting relations with customers

As used in this Agreement, the following meanings shall apply:

Definitions - The Pledgor and the Pledgee agree as follows:

Agreement - As used in this Agreement, the following initially defined terms have the following meanings:

Authorized Person of the Pledgor - is defined in Section 4 hereof.

Bankruptcy Law - means Title 11, United States Code, or any other federal law for the relief of debtors.

Certificate of Designations - means the Certificate of Designations, the Rights of 5% Mandatorily Convertible Preferred Stock and the Pledgor's Subscription Agreement.

Substantive Agreement - is defined in Section 2 hereof.

5.1. Consumers of electricity and services provided by Energa Group

Energa Group's strategic objective with respect to customer service is to ensure the highest level of reliability of supply of electricity for our consumers. To meet our customers' expectations, we have undertaken a number of actions aimed at expanding our offering, among others, by introducing 'green' products. Every year we engage in a dialogue with a customer and also strive to increase the security of energy supply and provide our customers and counterparties (business partners, contractors) with electricity at affordable prices and with adequate quality parameters. We engage in responsible marketing activities and customer communication. We are also monitoring customer satisfaction.

The Energa Obrót SA subsidiary, the leader of the Supply Line of Business, is responsible for implementing a business model based on a coherent and extensive range of products and service, while the Energa Operator SA subsidiary, the leader of the Distribution Line of Business, ensures the development and maintenance of a modern power infrastructure.

As part of its operations on the energy market, Energa Group engages in the supply of electricity, gas and additional services, as well as distribution of electricity. The consumers of the Group's electricity and services include all customer segments – manufacturing industry, large, medium and small enterprises as well as households. In 2021, Energa Group provided services to approx. **3.2 million customers**, of which over **2.8 million were private individuals** (households, residential customers). As of the end of 2021, Energa Obrót's network of sales outlets included **9 in-house sales outlets and 56 external agencies**, operated by agents.



Sales outlets and external agencies are located in the provinces of pomorskie, zachodniopomorskie, kujawsko-pomorskie, warmińsko-mazurskie, mazowieckie, łódzkie and wielkopolskie.

Number of consumers of Energa Obrót's services and electricity supply volume in 2021

Consumer type	Number of Power Delivery (Supply) Points*	Volume of electricity (TWh)
Private individual (household, residential customer)	2 999 800	7.55
Commercial (business) customer/ consumer	65 700	4.17
Public institutions	105 700	2.13
Industrial customer	26 700	4.65
Generators	2 735	0.04
TOTAL	3 200 635	18.54

* The number of customers of Energa Obrót is not identical to the number of power delivery (supply) points reported by Energa Operator, due to the fact that 1 customer may use several power delivery (supply) points.

Energa Operator is the operator of a distribution system operating in the northern and central parts of the country. The subsidiary provides services to all customers of Energa Group in this region, as well as TPA (Third Party Access) customers, i.e. customers who selected a different supplier than Energa Obrót with whom the subsidiary has entered into a contract for the provision of distribution services. The area of the company's operations covers nearly **75 thousand square metres**. As of the end of 2021, the number of users of the system stood at 3 246 033, and the total length of the power lines came in at over **193 thousand kilometres**.

Number of users of services of Energa Operator as of 31 December 2021

Consumer type	Number of users of Energa Operator
private (household, residential) user	2 941 191
industrial user	9 225
institutional user	11 842
commercial (business) user	283 775
TOTAL	3 246 033

Length of overhead and underground transmission and distribution lines by regulatory regime (km)

Branch	High-voltage power lines		Medium-voltage power lines		Power lines with grid connections	
	Overhead [km]	Underground [km]	Overhead [km]	Underground [km]	Overhead [km]	Underground [km]
Gdańsk	961	39	5121	4422	7683	12741
Kalisz	1099	0	9660	1829	14501	6542
Koszalin – Słupsk	1195	1	8612	3186	5475	8992
Olsztyn – Elbląg	1269	4	11584	2487	11716	7114
Płock	895	7	10744	1372	15896	4443
Toruń	1104	16	8785	2068	14294	7441
Energa Operator SA	6 523	67	54 506	15 364	69 565	47 273

5.2. Dialogue activities aimed at customers

The key role of customers as stakeholders means that we pay particular attention to a continuous dialogue with them. Energa Group develops and adapts the forms of its dialogue with customers on an ongoing basis to ensure that the cooperation between the company and the customers could result in a long-term loyalty building effect.

Basic forms of dialogue with customers and its effects

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

5.3. Responsible communication

Management of the customer communication process is handled by units such as the Customer Relations Department, Image and Brand Department, Press Office, sales units at Energa Obrót, Consumer Services Management Office as well as Communication and Promotion Office at Energa Operator. Collaboration among these units helps develop clear and consistent communication aimed at the individual (residential, retail) customer and other stakeholders. 2021 saw a number of new solutions with respect to customer communication, not only due to the pandemic, but also due to the continuous improvement of the communication process.

Major initiatives aimed at improving the efficiency and quality of communication with individual (residential, retail) customers include:

1. Implementing a visit booking system, which allows customers to book a date of visit or telephone consultation.
2. Introducing changes to contact channels as a result of COVID-19. The importance of the telephone channel and live chat significantly increased in that period. Thanks to the new website launched in 2019, entering into contracts online does not pose a problem.
3. Upgrading of electronic customer service systems – the ongoing communication was conducted, as part of which customers were provided with the information on what services (e.g. access to Energa24, topping up prepaid meters and Actual Billing) will be unavailable and when.
4. Making an online contact form available, which can be used to report matters that need taking care of to Energa Operator – <https://energa-operator.pl/formularz-zgloszeniowy/pytania-i-reklamacje>.
5. Implementing a sales and customer service standards manual for employees of sales outlets.
6. Creating an invoice guide and making it available to customers – the handbook comprises 6 pages with information on how to correctly read and understand electricity bills.

The Group maintained continuous communication with private customers via national media and on social media. As part of our educational activities aimed at customers, we conducted a communication campaign in regard to the benefits of generating electricity from renewable energy sources (RES), in particular photovoltaic panels. The campaign, dubbed Sun (Solar Power) on Every Family's Roof, aimed to make our existing and potential customers aware of the benefits of obtaining green energy and advantages of installing PV panels on their roofs. Information on the operations of all of the Group's subsidiaries and Lines of Business was actively communicated via Energa SA's social media – its Twitter, Facebook and LinkedIn accounts. All messages published on the website at media.energa.pl are also posted on social media (SoMe). Customers are informed of the company's (public) actions on an ongoing basis via SoMe.



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

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

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

Furthermore, in order to improve its customer communication process, Energa Obrót has for the past 4 years been consistently simplifying the language used by employees when communicating with one another and, more importantly, with the customers. Using plain language makes the message clear and comprehensible. Specific and general terms of our contracts, i.e. the documents that our customers take home and often keep for several years, were the first to be simplified. Our employees no longer use bureaucratic jargon in our new documents, do not refer to the customer in the third person and use plain language to explain definitions. That's why electrical energy is now referred to as electricity, and the metering and billing system is now referred to as a meter. Apart from the simplified documents, plain language is also used in announcements on the company hotline, in the letters with information and responses to customer queries.

On 20 December 2019, Energa Obrót was awarded a certificate by the Association of Energy Trading (TOE), confirming its accession to the Code of Good Practice for Electricity and Gas Suppliers. The award of the certificate was preceded by a detailed audit of the quality and reliability of customer service, carried out by an external certifying body.

The Code of Good Practice for Electricity and Gas Suppliers is a set of rules and highest standards in sales and fair customer service – starting from entering into a contract with a customer, through amending the terms of the contract and up to issues related to complaint handling or termination of the contract, drafted in 2018 by the members of TOE in collaboration with the Energy Regulatory Office.

In late 2021, Energa Operator launched a series of educational and image-building campaigns in regional media. The objectives of the campaign include, among others, drawing attention to the subsidiary's role as a Distribution System Operator, promoting available contact channels or publicising local projects. The company uses the campaigns to educate the public on the core operations and identity of Energa Operator in the context of the requirements of the Consistency Programme* and stresses the importance of continuity of supply of electricity. Promoting electronic customer service channels helps improve the efficiency of contacts between customers and the company, which is particularly important during the pandemic.

Regional media (print and online) active in the areas of the operations of Energa Operator are used in the campaign.

*Consistency programme – a programme aimed at ensuring the non-discriminatory treatment of any users of the distribution system, the objective of which is to ensure that all our customers, potential customers and entities that collaborate with us receive the same quality of service. The procedure implements strict definitions of customers and collaborating entities.

5.4. Monitoring customer satisfaction

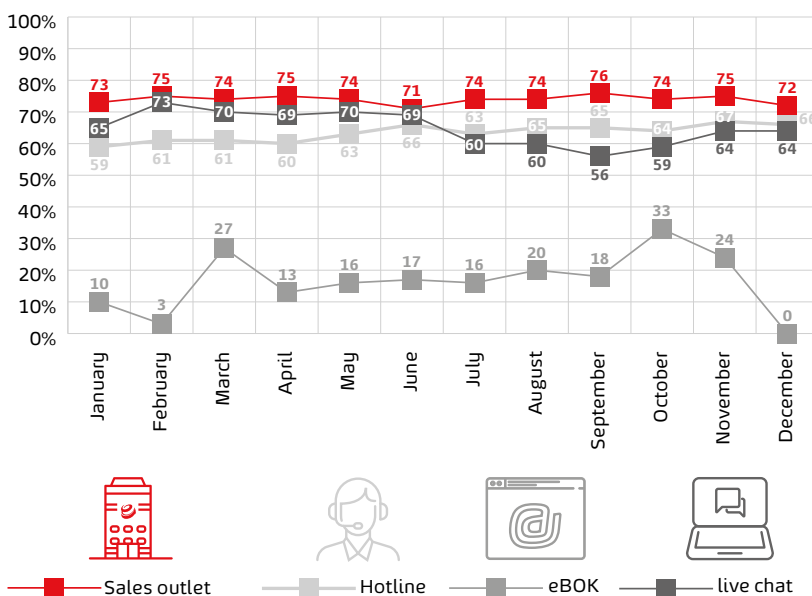
Energa Obrót is responsible within Energa Group for the supply of electricity and post-sale services provided to households (residential) and business customers. The expectations of our customers towards the subsidiary with regard to the quality of customer service provided are getting higher and higher, and the company therefore engages in continuous monitoring of quality standards in its sales and service channels, pursuing the research projects described below for this purpose.

Customer Experience indicators are measured on a continuous basis, using IVR voice recordings, through making automated calls to customers who visited a sales outlet, used a hotline, filled in a form in the Online Customer Service Centre (eBOK) or exchanged correspondence with the Customer Service Requests Handling Department (DOZ). The indicators include:

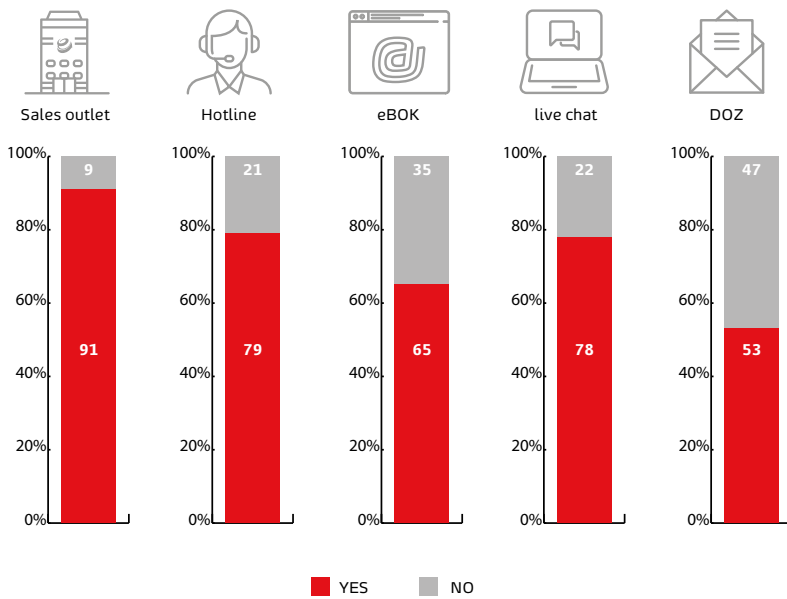
- NPS (Net Promoter Score),
- FTR (First Time Resolution),
- CSS (Customer Satisfaction Score).

Customer Experience indicators in 2021 for each contact channel were as follows:

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



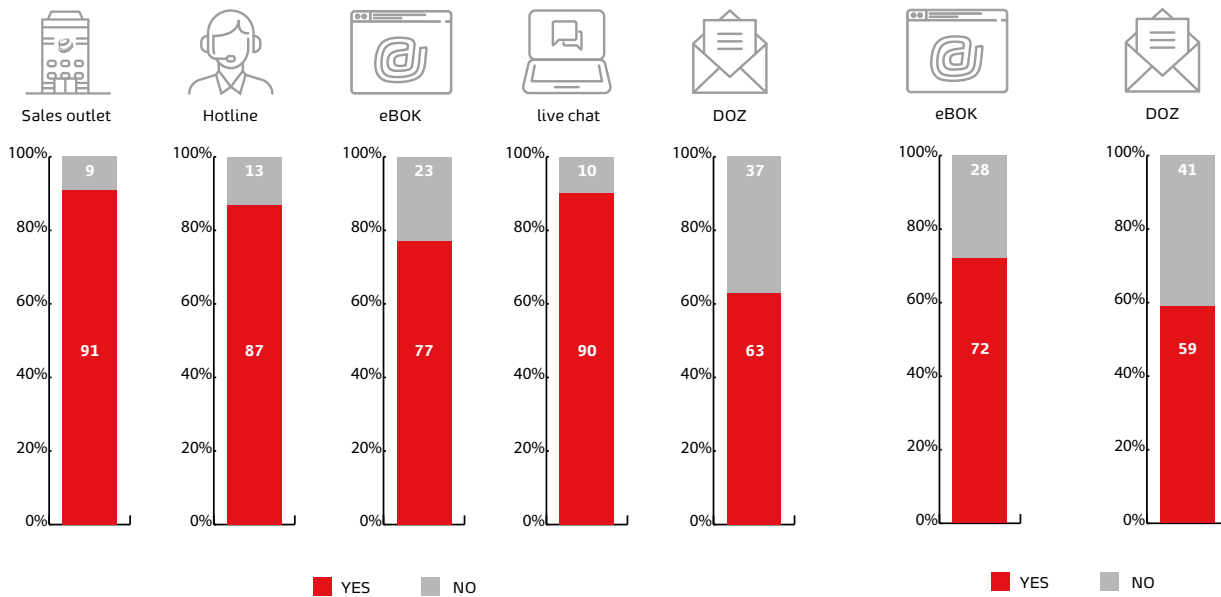
Results of the FTR measurement. Were we able to resolve your issue during contact?



Results of the CSS measurement. Customer satisfaction

Did we convey the information in an understandable manner?

Were you satisfied with the response time to your service request?



Summary of the measurement results:

- the NPS score was constant for all measured channels, which indicated that the company maintained a steady level of customer service quality;
- channels where employees are in direct contact with customers have higher FTR and CSS scores;
- lower FTR and CSS scores for eBOK and DOZ are a natural phenomenon due to the fact that they do not involve direct contact with customers..

However, this result requires a detailed analysis to verify whether the indicators can be improved.

The "Mystery customer" programme

The company examines customer service standards at its sales outlets on a monthly basis, using the "Mystery customer" method. The study involves a visit of a „mystery customer“, a trained auditor who is an actual customer of Energa Obrót SA, to a sales outlet. The purpose of the study is to verify the quality of customer service provided by employees. A single mystery customer visit was done once per month at each outlet, and the programme lasted from March until December 2021. During this period, sales outlets received 83% of positive ratings on average.

Customer service quality score in the „mystery customer“ programme

Sales outlets	External agencies
82%	83%

Satisfaction survey

The objective of the study was to determine the level of satisfaction of customers with their relationship with Energa. The survey was divided into households (residential) , SOHO and business customers. Aspects subject to evaluation included, among others, the product offering (including awareness of the company's PV panel offering), billing and invoices, contact with customer service (BOK, hotline, eBOK, live chat, traditional mail). The survey was carried out using the telephone interviewing method.

The following major conclusions were made based on an analysis of the results of the survey:

Indicator	Households (residential customers)	SOHO	Business customers
General satisfaction	72%	68%	68%

Households (residential customers):

- Nearly ¾ of Energa's customers (72%) are generally satisfied with its services. The indicator rose significantly in comparison to 2019 (by 8 percentage points). Those dissatisfied with the Group's services point to too high prices as the reason for their dissatisfaction.
- ¾ of Energa's customers surveyed are willing to use the company's products and services again.
- Energa's customers who have recently signed a contract for the purchase of electricity (sales process) declare a significantly higher level of satisfaction and higher willingness to recommend the company in comparison to the overall number of customers. On the other hnd, the level of satisfaction with general customer service-related inquiries is much lower among customers.
- Analyses aimed at investigating the impact of individual areas of relationship on satisfaction indicated that areas which require an urgent improvement, i.e. those that are deemed to be highly important but score relatively low among customers, include the clarity (comprehensibility) of the services price list, price per kWh of electricity, ability to easily contact the company and clarity (comprehensibility) of contracts.
- Customers who participated in the sales process indicated that areas in need of improvement include: amounts due as fees other than price per kWh, clarity (comprehensibility) of the services price list and satisfaction with additional products/services. The latter two areas as well as the ability to easily contact the company and clarity (comprehensibility) of contracts are areas of the customer service process that are important for customers.

SOHO customers:

- 68% of SOHO customers were satisfied with the company's services, 70% declared they would be willing to deal with the company again.
- Energa's customers who have recently signed a contract for the purchase of electricity (sales process) declare a higher level of satisfaction and loyalty as well as greater willingness to recommend the company in comparison to the overall number of customers. On the other hand, customers with general customer service-related inquiries were much more critical of the company.
- Analyses aimed at investigating the impact of individual areas of relationship on satisfaction indicated that areas which are deemed to be highly important but score relatively low among customers include the ability to easily contact the company, satisfaction with additional products/services, satisfaction with the contract, tariffs, price per kWh of electricity and amounts due as other fees.
- Similar areas were identified as particularly important from the perspective of customers who participated in the sales process. According to the customers the following areas of the customer service process required improvement: ability to easily contact the company, billing accuracy, length of contract and clarity (comprehensibility) of the services price list.

Business customers:

- The general level of satisfaction of business customers with services provided by Energa can be considered as high. 68% of the respondents were satisfied with the company, with one in three customers expressing the highest level of satisfaction.
- Strategic customers are a group of customers that positively stand out in terms of their satisfaction level. The survey showed that the needs of this group were met, both with regard to the service offering as well as customer service. This was particularly true with regard to looking after the needs of customers by account managers and the ability to easily contact Energa.
- SME customers stand out by reporting a high level of satisfaction with the ability to easily contact the company, in particular with regard to the complaint handling time.
- Customers sourced via agency sales are among those who are most infrequently looked after by account managers – only one in two respondents declared that they knew their account manager. The willingness to recommend their electricity supplier was the lowest among this group. Customers in this group also have a low opinion of the services offered by the company, are highly sensitive to costs and expect lower prices.

Public institutions were the customer group with the lowest satisfaction level. They were unsatisfied with both the services and products offered by the company, as well as, first and foremost, customer service-related matters – satisfaction with the contact and time of waiting for a response (44% of customers responded that their issue had not been resolved, although it bears noting that their service requests mostly concerned their contracts). The satisfaction with account managers was also very low in this group versus the other groups, even though most respondents from this group knew who their account managers were.

5.5. Meeting customer expectations through products and services

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

In 2021, Energa Obrót implemented a wide-reaching performance (efficiency) marketing campaign and an awareness campaign in the area of photovoltaic panel sales, which resulted in increased interest in the company's offering among its customers.

The sales process was additionally supported by a recommendation programme launched by the company.

The portfolio of products aimed at households (residential customers) and SOHOs (Small or Home Office) was modified and adapted to current needs and expectations of customers. The initiative was the effect of marketing research done in Q4 of 2020 and regular conversations with salespersons. Some of the most popular products in the new portfolio include offerings with complementary ORLEN and BLISKA petrol station discount cards. The cards can be used by both households (residential) as well as SOHO customers. The introduction of the cards was part of key product initiatives implemented in collaboration with PKN ORLEN, aimed at providing customers with actual benefits resulting from Energa's inclusion in the ORLEN Group. A charity product was also launched under the name "The Joy of Helping", where the company would donate PLN 100 to support selected child welfare centres for every new contract made.

The „Green Energy Package”, a new pro-environmental offering, was launched in Q4 of 2021. The offering was aimed at households, as previously only businesses had been able to purchase electricity from Energa Obrót on similar conditions. After choosing the Green Energy Package, customers will receive invoices in electronic format, contributing to a reduction in the consumptions of paper. They also receive a certificate with a guarantee that the energy they purchase was generated by renewable energy sources (RES), confirming their commitment to help reduce CO emissions into the atmosphere.

The package also includes 5 energy efficient LED lightbulbs. In connection with the new offering, Energa Obrót collaborates with the dotlenieni.org organisation, a pro-environmental initiative that works to expand green areas. Two times a year, in autumn and spring, the organisation plants new trees on behalf of the company. As part of our offerings aimed at SOHOs, we offered two new pricing plans for our customers: "Fixed and Steady Price" and "Basic Pricing Plan with a Fuel Discount". The first plan was implemented in response to the expectations of our customers with regard to offering fixed electricity prices. The proposal was received with significant interest and is often the most popular plan among two-year contract

plans. Another new product introduced in 2021 was a pricing plan conceived in collaboration with PKN ORLEN, which included a card that enabled its holders to receive discounts at ORLEN petrol stations, from 8 gr/litre (standard fuels) to 15 gr/litre (premium fuels).

In addition, customers also receive a 15% discount on a car wash and a 10% discount on windshield washer fluid. 2021 marked the first time that the Pakiet Eko Firma and Pakiet Eko Firma+ pricing plans, dedicated to smaller businesses, i.e. those from the SOHO (Small or Home Office) segment, were awarded a certificate of the Polish Power Exchange, confirming that the entire of electricity that they consumed in 2020 was generated from renewable sources.



5.6. Development of individual prosumer energy generation

Rising environmental awareness among the public and increasing electricity prices lead to the growing interest in using electricity generated from renewable energy sources among individual (residential, household) consumers. The simplification of formal and technical procedures, a government program offering subsidies for connecting micro-installations to the grid and storage of excess electricity generated in the utility scale power grid resulted in a significant rise in the number of prosumer PV installations. The majority of the installations were prosumer micro-installations connected to the low voltage grid based on a notification, without the need to amend the grid connection terms.

2021 was the second year in a row to see a very rapid growth in individual prosumer generating facilities using solar power. Over the course of 2021, Energa Operator connected nearly **77 thousand photovoltaic micro-installations** to the grid, an increase of over 27% in comparison to the previous year. This development constituted a significant organisational challenge. As per article 7, section 8d7 of the energy law act, the DSO is required to connect a micro-installation to the grid within 30 days of being requested to do so by the consumer. Changes to the request handling procedure enabled the subsidiary to handle **99.7% of all requests within the statutory deadline**, which constituted a significant improvement as compared to the 2020 performance.

The total installed capacity of micro-installations connected to the grid increased along with their number and reached **1 266 MW** at the end of 2021.

2021

Photovoltaic micro-installations connected to the grid	Grid connection requests handled on a timely basis	Total installed capacity
77 000	99,7%	1 266 MW

Number of micro-installations connected to Energa Operator's grid at each local branch in 2019-2021 based on a request

Local branch	as of 31/12/2019	as of 31/12/2020	as of 31/12/2021
Gdańsk	4 040	16 078	32 014
Kalisz	8 622	24 078	41 592
Koszalin	3 220	9 831	19 974
Olsztyn	4 005	12 929	23 965
Płock	3 964	12 448	23 158
Toruń	4 131	12 837	24 439
TOTAL	27 982	88 201	165 142

In order to ensure the continuous improvement of customer service standards, Energa Operator implemented and launched the Visit Booking System (SRW), another solution allowing our customers to receive rapid and efficient service, not only during the pandemic, but also after sanitary restrictions are lifted in the future. The System was launched as an additional contact channel, available on the company's website. It allows customers to book an available date to discuss their issue.

Bookings (service requests) made using the System are currently primarily handled by telephone or via an online form. Customers were also able to book an in-person visit at a local branch of Energa Operator.

Employees of the Distribution Services Department and the Grid (Service) Connection Handling Outlets are responsible for handling bookings (service requests) made using the system.

5.7. Complaint handling procedure

Each customer of Energa Obrót is entitled to submit a complaint, request, grievance or report. They can be submitted by mail to the company's registered office, using the hotline, via the online customer service centre, at physical establishments (outlets) of the company or using the subsidiary's website. Any issue raised by a customer must be handled (resolved) within 30 days of its receipt, unless the energy law act, tariff terms, the distributor's tariff terms or the Distribution Grid Code envisages a different deadline. A request or a complaint submitted by a customer related to the rules applicable to billing should be handled (resolved) within 14 days of receipt.

Timeliness of responding to complaints and service requests

	Complaints and service requests submitted by mail		Complaints and service requests submitted by email	
	Complaint	Service request	Complaint	Service request
2021	97%	99%	98%	98%
Change (increase/drop) in comparison to 2020	↑ 3%	↑ 5%	↑ 2%	↑ 1%

The Customer Ombudsman at Energa Obrót provides significant support in matters where customers were unsatisfied with the initial resolution.

Energa Obrót is the only company operating on the power market that employs a Customer Ombudsman.

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

In 2021, the Customer Ombudsman at Energa Obrót handled 675 matters.

Energa Operator accepts queries (service requests) and complaints both from salespersons as well as from customers. The Salesperson Portal available at <https://swi.Energa Operator.pl> is the company's dedicated tool for communicating with salespersons, where salespersons are able to submit requests and complaints using the Portal. Each salesperson is given access to the portal and assigned its own login and password (credentials). Dedicated Salesperson Advisors provide additional support in the handling of urgent and emergency issues. The procedure applicable in respect of handling complaints and associated deadlines are described in the Distribution Grid Code (IRIESD), in section H: Complaint procedure and information (disclosure) obligations.

Complaints submitted by customers of Energa Operator are received via all standard communication channels, i.e. in electronic format, by phone, by regular mail and during in-person visits. 7 248 valid complaints were submitted by customers in 2021.

Number of complaints submitted using each contact channel

E-mail	Correspondence	Telephone	In-person
79.75%	15.82%	0.88%	1.32%

Overall timeliness of responding to service requests as of the end of 2021 was –

98%

Monetary value of material penalties imposed for contravening the laws and regulations related to the supply and use of products and services [PLN]

Subsidiary (company)	Total amount of penalties [PLN] imposed on the organisation for contravening the laws and regulations related to the supply and use of products and services		
	2019	2020	2021
Energa Operator SA	831 000*	0	50 000*
Energa Obrót SA	353 216,23	0	0

* Penalties were imposed as a result of proceedings conducted but were not paid in 2021 due to pursuing appeals.

5.8. Reduction in the number and duration of power outages

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

Despite the implementation of the above measures, primarily aimed at improving the resilience of the grid against weather anomalies and reducing the extent and duration of power supply outages at Energa Operator's consumers, erratic and adverse weather conditions that have increased in strength and become more frequent in recent years have had a material impact on the reliability indicators recorded by the subsidiary. These conditions cause interruptions in the operation of the distribution grid, as well as extensive failures and wide-spread damage to the power infrastructure that is primarily composed of overhead power lines.

The weather anomalies that took place in 2021 and resulted in mass and increased numbers of outages (failures) in Energa Operator's grid translated to a rise in the indicators of power reliability. With respect to the SAIDI indicator, the actual performance of which amounted to 208.1 min/consumer in 2021, as much as 74.9 min/customer corresponded to mass outages caused by weather anomalies. In the case of the SAIFI indicator, the impact of mass outages caused by weather anomalies came in at 0.30 interruptions/customer, out of a total 2021 level of 2.45 interruptions/customer.

Frequency of interruptions in the supply of electricity to the consumers of the Energa Operator subsidiary in 2021

Types of interruptions	SAIFI ² (number of interruptions/customer/year)
Scheduled interruptions and unscheduled interruptions, including catastrophic outages (excluding mass outages)	2.15
Interruptions related to mass outages	0.30

Average duration of interruptions in the supply of electricity distributed by the Energa Operator subsidiary in 2021

Types of interruptions	SAIDI ¹ (minutes/consumer/year)
Scheduled interruptions and unscheduled interruptions, including catastrophic outages (excluding mass outages)	133.2
Interruptions related to mass outages	74.9

¹ SAIDI (System Average Interruption Duration Index) – wskaźnik przeciętnego systemowego czasu trwania przerwy długiej i bardzo długiej, wyrażony w minutach na odbiorcę na rok, stanowiący sumę iloczynów czasu jej trwania i liczby odbiorców narażonych na skutki tej przerwy w ciągu roku, podzieloną przez łączną liczbę obsługiwanych odbiorców.

² SAIFI (System Average Interruption Frequency Index) – wskaźnik przeciętnej systemowej częstości przerw długich i bardzo długich, stanowiący liczbę odbiorców narażonych na skutki wszystkich tych przerw w ciągu roku, podzieloną przez łączną liczbę obsługiwanych odbiorców.

5.9. Major refurbishment capex projects

Refurbishment of the existing distribution infrastructure, aimed at improving the reliability of supply of electricity by reducing the number of grid outages (failures), improving the quality of electricity supplied and shortening power supply restoration times, is a strategic part of Energa Operator's operations and constitutes Energa Operator's primary task as a Distribution System Operator. In accordance with the requirements of its licence to conduct electricity distribution operations, the subsidiary is responsible for the development, operation and refurbishment of the distribution infrastructure in the area of its operations and for ensuring the provision of electricity of adequate (correct) quality parameters to the consumers connected to its power grid. Capex projects related to the refurbishment and replacement of grid assets are carried out as part of the capital expenditures (capex) plan. Implementation of capex projects as part of this group of capital expenditures is in particular aimed at ensuring the further regular improvement of the SAIDI/SAIFI grid reliability indicators. To this end, a number of power lines were refurbished in 2021.

Capex projects completed in 2021 include, but are not limited to:

- Alteration of the Kutno – Krośniewice high-voltage overhead power line – adaptation of the line to handle temperatures up to 80°C, replacement of old pole (tower) attachment hardware – 12.5 km.
- Alteration of the overhead power line between Dębica Kaszubska and Słupsk Poznańska – 12.8 km.
- Alteration of the overhead power line between Gałąźnia Mała and Dębica Kaszubska – 14.7 km.
- Refurbishment of the high-voltage overhead power line between Podolszyce and Plebanka – 7.5 km.
- Alteration of the Krośniewice high-/medium-voltage transformer station.
- Alteration of the Olsztyn Jaroty high-/medium-voltage transformer station (replacement of the medium-voltage switchgear).
- Alteration of the Lubawa high-/medium-voltage transformer station (replacement of the medium-voltage switchgear).
- Alteration of substations at the Zaspas 01500 high-/medium-voltage transformer station. Upgrade of external lighting of the substation. Demolition of a telecommunications mast.
- Alteration of substations at the Wielki Kąck high-/medium-voltage transformer station – comprehensive refurbishment: replacement of 110 kV disconnecter switches (2 pcs), replacement of 110 kV current transformers (2 assembly sets), replacement of 110 kV combined transformers.
- Alteration of the Olsztyn Północ 03 high-/medium-voltage transformer station – replacement of the 220V DC batteries.
- Alteration of the Olsztyn Północ 04 high-/medium-voltage transformer station – replacement of the 220V DC batteries.
- Alteration of the Reszel high-/medium-voltage transformer station – upgrade of automatic load shedding facilities (SCO).
- Refurbishment of the Morąg high-/medium-voltage transformer station – replacement of field terminals, disconnecter switches electromechanical interlocks, current and voltage transformers.
- Alteration of the Iława Wschód high-/medium-voltage transformer station – replacement of the 220V DC batteries.
- Refurbishment of the Radziejów high-/medium-voltage transformer station – replacement of transformers, refurbishment of the medium-voltage switchgear; the task partially funded with EU subsidies.
- Refurbishment of the Basen Górniczy high-/medium-voltage transformer station.
- Refurbishment of the Mrągowo high-/medium-voltage transformer station – installation of automatic reserve activation system at the 15kV switchgear.
- Refurbishment of the Kętrzyn high-/medium-voltage transformer station – replacement of the 220V DC batteries.
- Refurbishment of the Bartoszyce high-/medium-voltage transformer station – replacement of the 220V DC batteries.
- Alteration of the Górowo Iławeckie high-/medium-voltage transformer station – refurbishment of automatic load shedding facilities (SCO).

- Refurbishment of the Nidzica high-/medium-voltage transformer station – installation of the Automatic Transfer Switching Equipment (ATSE) at the 15kV switchgear.
- Refurbishment of the Obłęże high-/medium-voltage transformer station.
- Refurbishment of the Radziwie high-/medium-voltage transformer station.
- Works related to the adaptation of the high-/medium-voltage grid to the requirements of the grid code were performed at the following sites: GPZ (transformer/switching station) Krotoszyn, GPZ (transformer/switching station) Koło, GPZ (transformer/switching station) Kępno, GPZ (transformer/switching station) Kalisz Północ, GPZ (transformer/switching station) Jarocin Południe, GPZ (transformer/switching station) Lipno.

5.10. Description of policies implemented

The Energa Operator subsidiary follows the policy of Energa Group with respect to the Information and Communications Systems Security.

In 2021, customer service was based on the following procedures:

- handling customer service requests in the distribution and emergency areas,
- handling salesperson service requests (inquiries),
- setting individual payment due dates for amounts due under distribution service provision agreements,
- handling (processing) requests for the registration of micro-installations based on the procedure for registering (filing a notification)/obtaining permission for the use of a type A generating module with an installed capacity of up to 50 kW,
- billing distribution services,
- terminating an electricity distribution service agreement,
- creating a plan for and setting restrictions in respect of the supply (delivery) and intake (consumption) of electricity in the normal mode,
- choosing and switching the supplier under a general distribution agreement (GUD),
- entering into agreements for the provision of distribution services with electricity consumers (based on a request) and switching the supplier under a general distribution agreement (GUD),
- entering into agreements for the provision of distribution services with electricity consumers (based on a statement) and switching the supplier under a general distribution agreement (GUD),
- handling debt collection process,
- general certification on the capacity market,
- updating the Distribution Grid Code,
- certificating DSR (Demand Side Reduction) Facilities (Units) as part of the Simplified Current Scheme,
- providing the metering operator service for the DSO,
- procedure in the event of receiving an outage report from the area of operations of another electricity distribution system operator,
- procedures in respect of handling automatic price discounts (§ 43 of the Regulation on Tariffs),
- providing electricity supplier of last resort service (ESLR),
- procedures in respect of confirming receipt of downside adjustment sales invoices.

Furthermore, Energa Operator has implemented a Consistency Programme, which specifies the initiatives to be taken by the company in order to aimed at ensuring the non-discriminatory treatment of any users of the distribution system. In June 2021 Energa Operator implemented the document titled "Policy of communication, CSR, charity, marketing and sponsorship activities at Energa Operator", which defines a number of activities in the areas listed above.

Customer service provided by the Energa Obrót subsidiary in 2021 was based on 10 customer service standard manuals:

- Customer service standards manual for employees of sales outlets.
- Customer service standards manual for consultants in the brick and mortar retail sales Mass Market Division – in-house retail outlets.
- Manual of standards applicable to customer service and sales using a tablet.
- Customer service standards manual for consultants replying to letters, emails and live chats.
- Customer service standards manual for a mobile business (corporate) customer advisor.
- Customer service standards manual for a business (corporate) customer advisor in brick and mortar outlets.
- Customer service standards manual for consultants in the D2D mass market network.
- Customer service standards manual for consultants providing the first and second line service at the Customer Service Call Centre.
- Customer service standards manual for consultants in the mass market mobile sales network.
- Customer service standards manual for telephone sales channel.

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

5.11. Due diligence procedures

1. Energa Operator has implemented the DSO Good Practice Code developed as part of the Polish Power Transmission and Distribution Association (PTPIREE} activities.
2. We apply a number of due diligence procedures with respect to customer service: Energa Obrót follows the Code of Good Practice for Electricity and Gas Suppliers developed by the Association of Energy Trading (TOE) – a set of rules specifying what the customer may expect from a reliable supplier.
3. Actions aimed at improving and developing better communication with individual (residential, retail) customers (households) are described in the section titled Responsible Communication.
4. The certificate awarded by the Association of Energy Trading (TOE), confirming accession to the Code of Good Practice for Electricity and Gas Suppliers, is described in this chapter in the section titled Responsible Communication.
5. Customer satisfaction surveys are described in the section titled Monitoring customer satisfaction.
6. The Energa Obrót Customer Ombudsman institution is described in the section titled Energa's Complaint handling procedure.
7. Information on appointing an additional team to receive emergency calls to the 991 number can be found in the section titled Meeting customer expectations through products and services.
8. Our due diligence practices with respect to ensuring personal data protection are described in the section titled Ensuring the protection of personal data.

List of GRI disclosures presented in this chapter:

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



6. Social Engagement

6.1. Society as the pillar of Energa Group's efforts for sustainable development

Energa Group's management processes with respect to corporate social responsibility take into account all stakeholder groups, including local communities. We consciously play our role of a responsible business, employer, and member of the local community. We strive to ensure that our activities comply with the principles of sustainable development. We treat business objectives and social objectives as equally important, which allows us to build the value of our company. Management decisions on pursuing corporate social responsibility objectives are taken based on their material impact on the future prospects and development of the local community and the environment. The allocation of funds to this area is well thought through and taken into account at the stage of planning business activities. Funds allocated to CSR-related, charity or sponsorship activities support programs related to healthcare, education, professional and amateur sport, promotion of culture and art as well as development of urban infrastructure. All these activities have a direct or indirect impact on the development of the country's social, economic and environmental conditions. They are also an important factor that affects the decisions taken by the stakeholders.

Planning activities aimed at benefitting the local communities forms the basis of the concept of Energa Group's sustainable development. Pursuing activities in this area is the objective of such organisational units as the ESG Division, Energa Foundation, Sponsorship Division.

Division of responsibilities and major groups of beneficiaries of activities

Framework for action	Energa Group's Strategic Development Plan for 2021-2030		
	Energa Group's Sustainable Development and Corporate Social Responsibility Strategy, Principles of CSR Activity, Energa Foundation's Articles of Association		Principles of Energa Group's Sponsorship Activity
Units involved	Energa Foundation	Energa SA's ESG Division	Energa SA's Sponsorship Division
Main beneficiaries	<ul style="list-style-type: none"> natural persons, including: <ul style="list-style-type: none"> employees of Energa Group and their relatives, children, adults and senior citizens, legal entities, including: <ul style="list-style-type: none"> non-governmental organisations/foundations, healthcare institutions, educational institutions, cultural institutions, local government units, including: <ul style="list-style-type: none"> religious organisations, state institutions. 	<ul style="list-style-type: none"> non-governmental organisations, public educational institutions, foster care institutions, sports clubs, healthcare institutions, volunteer fire brigade, municipal social economy entities, religious organisations 	<ul style="list-style-type: none"> customers, business partners, shareholders, investors, employees, opinion-forming groups, including municipal, local government, provincial and regional authorities.

Energa Group's *Sustainable Development and Corporate Social Responsibility Strategy* applies to all of the Group subsidiaries. Until January 2022, the Strategy had been implemented primarily by the ESG Division though actions aimed at the local community, stakeholders of the subsidiaries, employees, customers and their environment. Since February 2022, CSR activities have been performed by the Marketing Department but supervised by the ESG Division. Initiatives pursued in this area are not commercial in nature, are not directly related to achieving a specific economic effect and take the form of CSR contracts. The ESG (*Environmental, Social, Governance*), Division, structurally a part of the Department of Corporate Management at Energa SA, is the competent entity to manage activities in the area of corporate social responsibility.

Charitable activities are implemented by a separate entity – Energa Foundation. **Energa Foundation** had been established in 2009 and was granted the status of a public benefit organisation in 2011, entitling it to receive donations through the 1% of tax allocation scheme. Energa Foundation pursues objectives specified in its Articles of Association, which primarily include: providing support to employees, their families and relatives, assisting disadvantaged children as well as institutions and organisations that provide support for them, helping victims of natural disasters, funding the purchase of health- and life-saving equipment. The Foundation supports initiatives aimed at fostering the development of science, culture, education and religious life in Poland. It also supports the development of public health care institutions and operations of emergency services, assists initiatives aimed at treating and caring for sick children and young people. The Foundation's activities are overseen by Energa SA's ESG Division.

Sponsorship activity is a notable part of the Company's many activities aimed at local communities and initiatives in support of sports and culture. However, it bears underlining that the nature of this activity is different than the CSR initiatives. Principal assumptions with regard to sponsorship projects and instructions governing the purchase of sponsorship activities are provided in *Principles of Energa Group's Sponsorship Activity*. The Sponsorship Division, structurally a part of the Marketing Department, is responsible for managing sponsorship activities. Apart from commercial considerations, sponsorship activity is aimed at creating and reinforcing a positive image of the Group's brand through the public activities of its partners (counterparties) and is pursued in four areas: sports, culture, social projects and business. A Sponsorship Agreement is a formal document confirming the expenditure of funds.

6.2. Dialogue with local communities and their results

Every year Energa engages in a dialogue with local communities and other stakeholder groups. Such activities are among the most important tools for creating close relations and good cooperation. Dialogue conducted with local communities also includes numerous meetings with representatives of our stakeholders. Furthermore, in order to facilitate contacting us and engaging in collaboration in the activities conducted, Energa of ORLEN Group operates a platform titled Request for Financial Support as part of CSR Activities. The platform is a dedicated channel for submitting requests for financial or in-kind support. The platform is designed for stakeholders whose projects align with Energa Group's Sustainable Development and Corporate Social Responsibility Strategy. Online solutions were received with huge interest, as they enabled interested parties to quickly and safely submit an online request, and allowed the Group to handle these requests much more efficiently. This was of particular importance in the case of initiatives related to combating COVID-19. The online application form is available at <https://wniosekcsr.energa.pl/>. In 2021, the ESG Division received 71 CSR requests, with 25 having been granted.

683 agreements were signed by Energa Foundation in 2021, including 521 with natural persons and 153 with legal entities. The Foundation provided support for 71 employees of Energa Group, as well as their families and relatives, for a total amount of PLN 884 000. Funds were primarily used for regular rehabilitation, medical procedures, surgeries, purchase of medical and rehabilitation equipment as well as life-saving medicines. Support was provided for the treatment of illnesses such as cancer, heart attacks, strokes, cerebral palsy, autism, epilepsy, major multiple organ failure or Down syndrome. In 2021, Energa Foundation received 1307 requests for support, including requests for modifying the purpose of donations and extending the deadline for settling (accounting for) donations.

Applications for sponsorship are submitted using the *Sponsorship Request* form found online at <https://wnioseksponsoringowy.energa.pl/>. The website is designed for stakeholders whose projects are aligned with *Principles of Energa Group's Sponsorship Activity*. In 2021, the Marketing Department received 417 applications via the form, with nearly 100 having been granted. Energa SA provided sponsorship support to 56 various entities in 2021. During this extremely unique period that continues to be impacted by the COVID-19 pandemic, Energa remained committed to supporting its partners (counterparties). The company developed equivalent solutions to, on one hand, enable local communities to develop their planned projects, although frequently in a modified form, while, on the other hand, allowing Energa to reap the intended benefits from these initiatives.

6.3. Indirect economic impact on local communities

Funds allocated to supporting local communities are part of a calculated budget policy. As a company whose distribution grid covers 24% of Poland's territory, we are aware of Energa's strategic role not only in ensuring the country's energy supply security but also in counteracting energy poverty. Our activities have an impact on many dimensions of social life – on companies forming part of our supply chain as well as on the maintenance and creation of jobs in regions with higher unemployment rates. We also strive to implement actions that will materially improve social and environmental conditions. Investments in modern environmental infrastructure, social programmes significantly improving the life of the local community and informed sponsorship of sports initiatives are among our actions that also aim to obtain an extended social mandate for the operations of the company. Both well thought through and informed allocation of funds to social activity as well as expectations of the market allow us to continuously improve the efficiency of our investments. Actions taken for this purpose are reflected in the new *ORLEN Group's Sustainable Development Strategy for 2021-2023*, developed by PKN ORLEN in collaboration with its subsidiaries, including Energa Group, and in *Energa Group's Climate Policy until 2030*.

The right development direction was confirmed - once again - by the Vigeo Eiris agency, which awarded Energa 46 points in its annual ESG rating, the company's highest ever score and an improvement of 9.52% on last year's result. To keep on improving the Group's score in the ESG area, Energa is continuously expanding the range of tools used in the internal analysis of indicators. Work has been commenced on the *ESG Code*, a comprehensive document streamlining the process of aggregating the data of interest to domestic and international stakeholders.

In January 2021, Energa was granted the status of a "Supporter" of initiatives pursued by the *Task Force on Climate-Related Financial Disclosures* (TCFD), an entity created by the Financial Stability Board to develop guidelines on how to improve the disclosure of climate-related information. As a result, the process of implementing the TCFD recommendations was commenced. Energa also continues to be a member of organisations that are important for the development of corporate social responsibility, i.e. the UN Global Compact and Responsible Business Forum.

In 2021 actions aimed at achieving the Sustainable Development Goals (SDG) were implemented. Particular attention was given to initiatives related to goal number 7 – *Clean and Accessible Energy* – as evidenced, as the best example, by our new in-house project – *Houses of Good Energy* – that involved the installation of photovoltaic panels on the roofs of orphanage homes. Actions aimed at achieving goal number 13 – *Climate Action* – pursuing projects such as *bociany.pl*, *Flower-rich Grasslands in Ostrołęka*, *The Great Global Cleanup*, *Crayfish Stocking in the Narew River* were also intensified. These projects constitute initial action aimed at fostering biodiversity and protecting ecosystems.

Dialogue conducted between Energa and stakeholders and local communities allows for identifying and understanding the needs and expectations of the public. To conform to international standards in this area, works related to a review of the application and implementation of the *ISO 26000 International Corporate Social Responsibility Standard* were completed in 2021. The works resulted in the implementation of all key solutions provided for in the *ISO 26000* standard in everyday operations of Energa SA, as confirmed by the *CSR Silver Leaf* honourable mention awarded to the company. The award is presented by the "Polityka" weekly, Deloitte and the Responsible Business Forum to companies that comply with all key solutions provided for in the *ISO 26000* standard with a distinction.

We submitted ten good practices implemented by Energa to the *Responsible Business in Poland 2021. Good Practices report*. The report is the most important regular publication of the Responsible Business Forum and has been published since 2002. Good practices described in the report are presented in the context of UN's Sustainable Development Goals formulated in 2015, i.e. in accordance with Agenda 2030 and in line with the individual areas covered by the *International ISO 26000 standard*.

The ESG division allocated funds to the in-house projects, such as *Houses of Good Energy*, *Planet of Energy* or *Packages of Good Energy*, as well as projects related to CSR requests submitted by the local community. A significant portion of the funds was also apportioned to the development of municipal infrastructure. The most material areas include the development of renewable power and low-emission transport, energy audits for businesses and investments in the quality of electricity supply.

6.4. Key initiatives implemented in local communities

Our long history of fostering mutual relations and ensuring our presence in the everyday life of local communities mean that Energa of ORLEN Group has for many years now supported initiatives that promote values which unify the community and build common awareness. Every year we implement numerous initiatives to the benefit of local communities.

Key initiatives of Energa Foundation

Funds allocated to individual programmes by Energa Foundation

Name of programme	Amount expended
Energa Foundation for employees, their relatives and ex-employees	PLN 884,000
Energa Foundation for Children	PLN 1 466 400
Energa Foundation for Adults	PLN 736 940
Energa Foundation for Sports	PLN 233 000
Active and Charitable - ACHA	PLN 200 000
Energa Fund for the protection of cultural property and national heritage	PLN 819 000
Energa Foundation for the development of education, science, culture, ecology and support of patriotic attitudes as well as historical and religious events	PLN 438 900
Energa Foundation for public benefit organisations and organisations supporting health care, protection of property and emergency rescue	PLN 1 151 000
Fortuitous event fund	PLN 110 000
Scholarship programmes	PLN 200 000

Energa Foundation for employees, their relatives and ex-employees

In 2021, Energa Foundation provided support to as many as 71 employees of Energa Group, amounting to a total sum of PLN 884 000. Support was primarily given to fund treatment, rehabilitation, rehabilitation stays and medical procedures. The foundation also provided support to the families of employees who died of COVID-19.

Energa Foundation for Children

Financial support in the amount of PLN 1 466 400.00 was provided. Donations were used primarily to fund treatment, rehabilitation, rehabilitation stays, surgeries in Poland and abroad and the purchase of medical equipment.

Energa Foundation for Adults

Assistance provided by Energa Foundation to adults in 2021 amounted to a total of PLN 736 940.00. Support was mainly used to fund treatment, rehabilitation and rehabilitation stays.

Energa Foundation for Sports

As part of the programme, the Foundation supported such initiatives as, among others, the organisation of sports and educational events as well as the purchase of sports equipment.

Active and Charitable (ACHA)

The 8th edition of the *Active and Charitable* project took place in 2021. The aim of the campaign is to bring employees of Energa Group, their relatives and friends together. By jogging, riding bicycles, rollerskating or hiking, participants in the initiative attempt to cover a specific distance in kilometres. In 2021, the target distance was 500 000 km. Thanks to those who took part in the project, Energa Foundation donated PLN 300 000 in support to orphanage homes and social welfare homes.



Energa Fund for the protection of cultural property and national heritage

The Fund supported numerous initiatives aimed at protecting both tangible as well as intangible national heritage. One of these initiatives involved financial assistance to the Gdańsk Chapter of the Polish Scouting Association.

Energa Foundation for the development of education, science, culture, ecology and support of patriotic attitudes as well as historical and religious events

In 2021, the Foundation provided funds to such initiatives as, among others, organising Christmas packages for Poles living in the Vilnius Region, buying additional equipment for language and multimedia rooms at schools and organising charity events. Assistance was also provided to the Skowrońska-Fularczyk-Malinowski Active Development Foundation for the organisation of the ECOACTIVE project, the aims of which included, among others, promoting a healthy lifestyle and popularising pro-ecological attitudes among children and young adults.

Energa Foundation for public benefit organisations and organisations supporting health care, protection of property and emergency rescue

As part of the initiative, the Foundation provided assistance in such undertakings as, among others, the purchase of personal protection equipment (used for example in fighting COVID-19) or the purchase of medical equipment (including defibrillators and ambulance furnishing) for selected hospitals. Financial support was also provided to Emergency Medical Teams (EMTs) and numerous Volunteer Fire Brigades for the purchase of specialised equipment. The Foundation provided financial assistance to non-governmental organisations involved in such initiatives as, among others, helping children and senior citizens. The first ever surgery to treat scoliosis using the VBT (*Vertebral Body Tethering*) method in Poland was made possible thanks to the support of the Energa Foundation.



Fortuitous event fund

Funds were used to support initiatives that included, among others, the reconstruction of family flats damaged as a consequence of a gas explosion in their building.

Scholarship programmes

In 2021, Energa Foundation once again participated in two scholarship programmes, in collaboration with the ORLEN Foundation and the Gdańsk University of Technology. Scholarship programmes help students and doctoral students develop their skills, carry out research projects or expand their knowledge in various areas. As part of the Gdańsk University of Technology's programme a commission selected 2 students and 1 doctoral student specialising in energy, electricity generation and heating industry to participate in the programme.

Donations in kind

Energa Foundation also distributed donations in kind in 2021. The Foundation donated a total of 28 monitors, 52 computers, 13 docking stations and 43 Cisco headsets. Selected educational institutions and an independent (autonomous) welfare organisational unit also received support.

Key initiatives supported by the Energa SA's Marketing Department

Sponsorship activities are complemented by marketing projects featuring elements of corporate social responsibility, managed by the Image and Brand Management Division, part of Energa SA's Marketing Department. For many years now, Energa has been pursuing initiatives aimed at improving brand recognition and awareness by encouraging the largest possible social groups to participate and their active inclusion in its activities.

Image and Brand Management Division's in-house projects

Shine with Energa

is a national image building charity initiative, as part of which Polish citizens vote for the city or town with the most beautiful Christmas illumination, with the winners receiving prizes in the form of household appliances worth PLN 200 000 to be donated to those in need. The campaign inspires local patriotism, encourages various communities to work together around the idea of voting for their local little homeland and helps bring charitable support to various areas of Poland. During the first stage of the contest, held at provincial level, 16 winning cities (provincial champions) are chosen that will then compete for the title of Poland's Capital of Light. 188 cities and towns participated in the 12th edition of the event. The winning town of Chełm received the main prize in the form of charitable aid worth PLN 50 000, while the other 15 cities or towns received prizes of PLN 10 000 each. A total of approximately 300 modern household appliances and UV-C lamps helping the fight against viruses and bacteria were donated to private individuals, families and welfare institutions. Since the start of the campaign, we have provided charitable support to residents of over 200 care institutions around Poland as well as to hundreds of families. Every year we donate refrigerators, washing machines and other appliances that make everyday life easier for those in need and help reduce the consumption of electricity and water, thus contributing to the protection of natural environment.



Energa Team

is a sports and educational project launched back in 2018. In light of issues related to the decline in popularity of physical activity and increase of obesity among children, further exacerbated by the coronavirus pandemic and remote learning, Energa has implemented a project aimed at encouraging children in grades 5-8 to engage in physical activity and demonstrating that everyone can do sports. Pupils receive recordings of exercises prepared by outstanding sportspeople and ambassadors of the initiative who, in the 4th edition of the project, which took place in the spring of 2021, included Paulina Guba, Przemysław Świercz, members of the Polish U-19 amp national football team and members of the Polish women's and men's national basketball teams. Simply qualifying for the project is sufficient for schools to receive support, as each participating school receives a set of branded sports kits.



Each participant in the project, irrespective of the school they represent and no matter where they live, is able to compete on an equal footing with students from the largest metropolitan areas in the country. Above all, the competition rewards healthy competition in the spirit of fair play and teamwork – the more children from a given school participate and record their exercises, the higher the chance to win prizes – cheques to be spent on sport equipment for the school that all pupils will be using. Ensuring gender equality and non-discrimination of any students is an important aspect of the initiative – all students are invited to do the exercises and compete, irrespective of their gender or aptitude for sports (in the grand final of the 4th edition of the competition schools were required to ensure that their teams were made up of an equal number of girls and boys).

Sponsorship activities

Amp Futbol

is football (soccer) for amputees or those suffering from congenital limb defects. The commitment and determination displayed by members of the Polish national Amp Football team prove that there are no barriers to dreams. Energa has been supporting Amp football players since 2018. Since that date, the *Junior Amp Football* project has joined the list of initiatives supported by the company.

In the 8 years since its inception, our senior national team has joined the ranks of the global top teams. The *Junior Amp Football* project complements this mission, allowing children and young people to



pursue their passion for football by participating in free-of-charge, regular and professional training camps and sessions as well as international matches. These children are often able to attract their healthy siblings or friends to the football field, act as an example, excellent model and great motivation for many social groups. The project is supported by UEFA and the Polish FA, as well as famous ambassadors and supporters, including Robert Lewandowski, Grzegorz Krychowiak and Kamil Grosicki.

Energa also supported the organisation of the 2021 Amp Football European Championships in Kraków, where the Polish national team sponsored by the company won a bronze medal. The event was watched by thousands of fans in the stands, hundreds of thousands in front of TVs and millions on social media. The Championships tournament was reported by all major Polish media, as well as TV stations in other countries that participated in the event, among others BBC World.

The Polish AMP Football National Team was also nominated for the Team of the Year award in a poll organised by the Przegląd Sportowy daily, an extremely prestigious category with no separate voting for healthy and handicapped sportspeople – a huge honour for the team and its coaching staff.

Giżycko Boat Racing Group under ORLEN'S Sails

In 2021, Energa joined the *Giżycko Boat Racing Group (GGR) under ORLEN'S Sails* project, implemented by the PRO NAUTIS Sailing Foundation. For over 20 years now, the GGR Group has been providing sailing training courses and currently has around 100 members (including over seventy with sailing licenses of the Polish Sailing Association) who compete in Optimist, 420, Laser 4.7, Laser Radial, Laser Standard 29er and Techno (Windsurfing) classes.

The project enables sportspeople to participate in sports training and boat racing competitions at various levels, starting from provincial and national level events, with the top participants competing in world and European championships. The project is aimed at young members of the Giżycko Boat Racing Group aged 7 to 30.



Beniaminek Krosno Football Academy

The Academy engages in sports activity and provides football training for girls and boys. The Academy operates teams from the U4 to the U15 categories, providing training to around 500 young sportspeople as part of the Beniaminek Football (Soccer) Preschool, Beniaminek Soccer Schools League, Beniaminek Girls and Beniaminek PRO. The most promising trainees and coaches can participate in a development programme offered by the Academy. In 2021, the organisation was successfully verified (vetted) by the Polish Football Association and received the highest Gold Certificate of the FA for 2022-2023, a huge success of the entire Beniaminek Academy, its management as well as the coaches themselves. The Academy capped 2022 off by promoting participation in the 13th edition of the Shine with Energa competition.

Organisations such as the Beniaminek Krosno Football Academy are extremely important for the community, as they help young people develop their talents to the greatest extent possible, but most importantly condition (educate) them by promoting physical activity, hard work and working as a team with their peers while retaining their own responsibility, which is of great value in each walk of life.

Polish basketball – successes of 3x3 basketball players

2021 featured numerous events with the involvement of Polish 3x3 basketball national teams, supported by Energa as a strategic sponsor. After successful matches in qualifying events for the Tokyo Olympic Games, the 3x3 basketball national team competed in this prestigious event in July, finishing seventh. All games were broadcast on TVP Sport. After their showing in Tokyo, which they were not fully satisfied with, the Polish basketball players went to the European Championships in Paris and returned from France with a bronze medal after two exciting days of games. The historic 3rd place in the European Championships was won two years after the team had won the same medal at the World Championships in Amsterdam.

Both our U23 national teams also had excellent tournaments in September in Bucharest, where they competed in the finals of the 3x3 basketball Nations



League in this age category. The men's team won the gold medal in the Romanian capital, while the women finished third, winning the bronze medal. As a reward for winning the Nations League, the men's 3x3 national team will participate in the prestigious FIBA 3x3 Men's Pro Circuit event.

Successes of our teams have resulted in an increased interest in this sport among both children and adults. Recent months have seen an increasing number of basketball academies, local events with the participation of national team members or clubs with professional 3x3 basketball training sessions being set up.

Gdańsk Music Festival

Despite the pandemic-related restrictions, the 2021 edition of the Gdańsk Music Festival held in a hybrid format was very well-received. Organisers of the festival launched a campaign to let those interested in participating know that the event would be held online, and the loyal fans of the festival took heed. The event featured concerts by many outstanding musicians, including Janusz Olejniczak, one of today's most eminent Chopin interpreters, Jean-Jacques Kantorow, a phenomenal violinist, and Janusz Mozdzer, an exceptional pianist and composer, with the latter performance taking place in front of a live audience.

Other sponsorship activities

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

Sponsorship of the Lechia Gdańsk football team competing in the highest tier of the Polish professional football league, various basketball-related projects in collaboration with the Polish Basketball Association and men's and women's top tier basketball leagues, the Tour de Pologne race, participation of volleyball and handball teams representing the MKS Kalisz club in top tier leagues, the Energa 77 Racing sailing team or the KH Energa Toruń ice hockey team are among our initiatives in the area of professional sport which are important for local communities, but take place on the national arena. A show commemorating the anniversary of the outbreak of World War II or the Energa Camerimage festival are examples of cultural initiatives and projects on a national or international scale.

We also pursue a number of social projects in areas related to sports, culture, education and business. Our sports projects include senior teams and youth academies, such as Beniaminek Krosno, Giżycka Grupa Regatowa, Energa Toruń, Gryf Słupsk, SKB Czarni, Energa MKS Truso Elbląg, Zawisza Bydgoszcz or Bałtyk Gdynia. Initiatives in the area of culture include collaboration with the Polish Baltic Sea Philharmonic, sponsorship of the Gdańsk Music Festival or the Festival of Associations (Clubs) of Farmers' Wives. The provincial and metropolitan bible knowledge competition organized in collaboration with the Diocesan Catholic Action Institute of the Gdańsk Archdiocese is now a regular fixture in the calendar of educational activities. We also provide assistance for the events aimed at supporting business relations, such as the National Energy Summit OSE in Gdańsk, the National Business Summit in Lublin, the European Summit of Local Governments or the Power Industry Innovations Congress, as well as the annual commemoration of events related to December 1970.

Sponsorship activities are complemented by marketing projects that include corporate social responsibility features and are the responsibility of the Image and Brand Management Division, which is a part of Energa SA's Marketing Department at Energa SA. For many years now, Energa has been pursuing initiatives aimed at improving brand recognition and awareness by encouraging the largest possible social groups to participate in activities and promoting their active inclusion in its activities.

Key initiatives implemented by Energa SA's ESG Division

Houses of Good Energy

As part of the project, photovoltaic panels were installed on the roofs of orphanage homes by Energa Obrót. The project has also received support from the ORLEN Foundation. During the first stage of the project in 2021, solar energy panels were installed on two privately-run orphanage homes: in Gostynin and Szczawin Kościelny, as well as two state-operated orphanage homes in Rypin and Kaczki Średnie in the Turek county. The orphanage homes participating in the project are producing green energy to satisfy their own needs. This way they are reducing the costs incurred to run the facilities as well as decrease the direct impact of the homes on the environment. Clean and accessible sources of electricity help build more balanced (sustainable) and inclusive communities while reducing the impact of climate change. Photovoltaic installations supplied by Energa Obrót are made of high-quality components manufactured by reputable manufacturers and, in addition, they



offer a long warranty period. The capacity of the installations was dimensioned so as to ensure that the volume of electricity they generate annually should fully cover the ongoing demand for electricity by the orphanage homes, which will allow for reducing electricity bills by up to 90%.

As part of the project the children living in the orphanage homes were also able to learn about the world of power generation and innovative, environmentally-friendly solutions. As part of the programme, the children from the orphanage homes were able to visit such places as, among others, the Museum of the Power Industry in Toruń or the wind farm in Przykona.

Planet of Energy

The educational programme has been in existence since 2010 and for years it has been helping in teaching children about energy and ecology in an interactive and engaging way and, as a result, they are able to become familiar with the topics related to the functioning of our planet in an interesting way. A new part of the project – The Land of Waste – was launched in 2020 to reinforce actions aimed at raising awareness and broadly defined environmental education, teaching children on how to sort waste, what happens after we throw waste into the bin and how to prevent the generation of waste, thus helping save precious Earth resources.

A competition for schools was resolved in 2021, with one school having been granted the title of the Ambassador of the Planet of Energy and receiving a cheque for PLN 12 000, and a further three schools receiving PLN 10 000 each for educational purposes and the opportunity to host the ambassador of the program - Tomasz Rożek, a PhD - in their school. Honourable mentions in the form of a cheque for PLN 2 000 were given to a further 10 schools. An additional prize was the opportunity to participate in the 2nd edition of the **Planet of Energy Academy** – a two-day workshop for teachers who received prizes and honourable mentions.



Packages Full of Good Energy

Energa provided support to children living in orphanage homes and hospitals, as well as homeless adults. Packages went to the children living in orphanage homes in Jarczewo (kujawsko-pomorskie province), Kaczki Średnie (wielkopolskie province) and Rypin (kujawsko-pomorskie province), i.e. areas where Energa Group's subsidiaries conduct their business operations. Young patients recovering at the hospitals in Gdańsk – the Maciej Płażyński Polanki Children's Hospital and the Paediatrics, Oncology and Chemotherapy Clinic at the University Clinical Centre – also received gifts. Energa provided additional packages to homeless adults. This support was provided to a total of 13 welfare centres in the Tri-City area, operated by the Saint Brother Albert Aid Society. The *Packages Full of Good Energy* initiative was combined with the support provided to social economy entities that create jobs for the local community and help those who have found themselves in a difficult situation. The packages contained Christmas products made by those taken care of by such organisations as, among others, the Świat Wrażliwy Foundation, HuManus Foundation, Dla Was Foundation, Twoja Rola Foundation and Negocjator Social Cooperative.



Footwear donation for the homeless campaign

As part of the campaign, employees of Energa donated 374 pairs of winter boots to those taken care of by the Saint Brother Albert Aid Society in Gdańsk. As part of the campaign organised by the WoshWosh company a „second life” was given to winter boots that were no longer needed by their owners. The footwear was cleaned, refurbished or repaired and donated to those in most need. In addition, Energa financed the renovation of a thousand pairs of boots donated during the entire campaign.

Angels of Good Energy

A charity initiative initiated by the Pomorze Dzieciom Hospice in Gdańsk. Thanks to the commitment of the employees of Energa, we were able to support over 960 hours of specialised medical care to terminally ill children. The aim of the campaign was to provide palliative care to terminally ill children in their own homes.

Support for social welfare homes

As part of its assistance provided to the Gdańsk Chapter of the Saint Brother Albert Aid Society, Energa funded equipping a computer room and a bocchia playing field for the homeless. One of the rooms in the home was renovated to that it could house the computer room. It was equipped with furniture and lighting, and made accessible for the disabled. Computer equipment and a broadband internet connection were installed in the room.

Youth Sailing Academy

During workshops young trainee sailors were learning the ins and outs of sailing and how to prepare a yacht for regattas. Participants in the workshops included members of sailing clubs in the Pomerania region aged 15 to 20, who attended classes organised last season by the 77 Racing Sailing Academy. Classes organised by the 77 Racing Youth Sailing Academy included sailing courses for preschoolers and children living in orphanage homes in the Gdańsk area. The workshops were held at the Energa 77 Racing base near the Wisłoujście Fortress in Gdańsk.

BTT Boxing Team. From exclusion to success

The aim of the programme was to prevent the effects of social exclusion of children and young adults and alleviate the consequences of social dysfunction. The initiative gave young people a place where they could find assistance, a warm meal and a moment of peace. By creating a space for training, children from dysfunctional families, as well as those threatened with exclusion and endangered by diseases of civilisation were provided with adequate care and a place for development. Physical education classes in the form of boxing training were organised regularly throughout the entire first semester of the 2021/2022 school year, with around 150 children participating. The classes were organised by the Brzostek Top Team sports club.

Set course for Lego with Energa

Pupils at the Primary School in Bierkowo were designing and constructing water vessel models from plastic brick sets. The young designers built four ships under the watchful eyes of their teachers, and then programmed them using the Scratch virtual language so that they moved in prearranged patterns. The watercraft models built by the pupils were used to clean up the pond located near the school. Cameras were also installed on each model, helping the children explore the underwater world. The pupils prepared a guide on the plant life in the Bierkowo pond and a list of organisms living under the surface of the small body of water.



Energy of Integration

The objective of the project was to organise meetings between foster children from the *Młody Las* Orphanage Homes Centre in Toruń and senior citizens. The primary location of the meetings was the so-called Tenement of Initiatives, but the majority of activities took place in separate spaces. Participants in the project took part in various initiatives, integration activities or collective walks aimed at enabling the practical implementation of dialogue between various generations. The project was resumed after a break caused by the pandemic. Energa supported the initiative as the patron of the project.



Specialised biofeedback room for the school in Jezierzycze

As part of the *We Talk, We Speak and We Have a Good Time Together*, Energa funded the creation of a specialised biofeedback room, used to stimulate the development of speech and brain training in children. The support was provided to the Primary School in Jezierzycze, where fifteen of the pupils attending the school have various types of disabilities.



Music Does Wonders

Music Does Wonders is a charity concert, with proceeds being used to fund the purchase of medical equipment for the new Children and Youth Surgery and Urology Clinic at the University Clinical Centre in Gdańsk.

Help and assistance for children with FASD and their families

As part of the project, Energa provided support for the activities related to individual and group therapy as well as a specialised diagnosis for FASD. The project was implemented in collaboration with the *FASCYNACJE* Foundation for Children and Families. It was aimed at residents of the Pomerania region, in particular the Tri-City, and specifically addressed to adoptive and natural families, foster families and specialist institutions.

Support for children and families taken care of by the *Pomorze Dzieciom* Hospice

Energa funded a month of round-the-clock medical and nursing care, including scheduled and emergency visits aimed at alleviating persistent symptoms, improving the quality of life, reducing pain and guiding the family through death. At the same time the hospice provides palliative care for 20 families dealing with the terminal illness of children, living within 150 km of Gdańsk.

Support for the Gdańsk branch of the Polish Association for the Prevention of Cystic Fibrosis. "Breath Full of Energy"

A project that enables children suffering from cystic fibrosis to partake in physiotherapy, nutritional advice, psychological care and physical activity. As part of the project and CSR collaboration, children can take part in consultations, learn how to act on an everyday basis so as not to exacerbate their illness, as well as how to improve their everyday fitness. *Breath Full of Energy* is an initiative that primarily aims to make its participants aware that caring for each part of their lives, i.e. physical activity, nutrition, physiotherapy and mental health, is extremely important in treating and dealing with their illness.



Support for the Effetha Association of the Deaf, Their Families and Friends in Gdynia

We donated computer equipment necessary for everyday work and holding workshops for the deaf from the Effetha Association of the Deaf, Their Families and Friends in Gdynia. The objective of the Association is to connect, integrate and rehabilitate those who are disabled, deaf-mute, deaf and otherwise hearing impaired. Funding helped purchase and modernise electronic equipment and software, which will be used by around 1000 people every year.

ENERGA helps protect nature - Bociany.pl

The **Bociany.pl** project involves contacting people interested in the protection of storks in Poland, as well as stork lovers and institutions who are involved in the protection of these birds. Informational, educational and assistance activities were carried out based on the www.bociany.pl website, focusing on ensuring active protection of the white stork and its habitats in Poland. The main purpose of the project was to operate the national 801 BOCIAN hotline.



Initiatives implemented as part of the project also included:

- **Looking for wintering storks** – the initiative was aimed at all of Poland's residents and involved gathering information on the increasingly frequent wintering of storks in our country.
- **Gather strings** – protect the storks – the initiative involved encouraging local communities to gather agricultural strings, fishing lines, etc. found in the wild. Storks bring such materials to their nests, causing chicks to become entangled with them, putting them in grave danger.
- **Flight of the storks** – a national educational initiative with a competition for children, the second edition of which took place in 2021, with nearly 100 schools and preschools as well as over 100 families participating. Participants created and published online several hundred various artworks, with around 1200 children having been involved in their creation. The jury granted honourable mentions to 50 institutions and awarded 50 individual prizes.
- **Day of the stork** – every year, around 31 May, i.e. the Stork Day, Energa implements initiatives aimed at improving awareness of the need to protect this species. Thanks to the collaboration with the Polish TV and newspapers from the Polska Press Group, we were able to show how power industry employees help storks and encourage viewers and readers from across the country to care for the environment, in particular by gathering strings that pose a mortal danger to stork chicks.

Energa supported the youngest hockey players from the GKS Stocznowiec club

We supported training provided to hockey players born between 2010 and 2012, the youngest age group competing in the junior pupil category. As part of the CSR agreement, such equipment as, among others, new hockey sticks for the players were purchased. Professional equipment is a must in the process of training children so that in the future they can play not only for the club, but also for the national teams in the individual age categories and compete in major domestic and international events.

Mlexer Elbląg Sports Club

We supported an initiative involving the promotion of table tennis among children and youth in Elbląg. In order to rebuild Elbląg's potential in table tennis, the Mlexer Elbląg Sports Club started intensive work on training children and youth. Students from early grades of elementary schools around Elbląg have been recruited to play for the children's team over the last two years. The club collaborates with the Elementary School no. 16 in Elbląg, located close to the club's training centre. The collaboration has led to an improvement of the organisational level of sports activities and helped raise the commitment among children and their parents. More children have been participating in training sessions and young players representing the club have won multiple medals and cups at numerous sporting events.



Initiatives implemented by Energa Group's other subsidiaries

Energ(y)a for Science!

'Energ(y)a for Science!' is a program of collaboration with secondary schools and colleges. As part of the program, Energa Operator SA has been offering its patronage since 2012 to individual classes in schools and entire majors at universities that educate students in the fields related to the power industry. One of the objectives of the program is to reduce the generation gap by attracting the best graduates of secondary schools and universities available on the market. As part of the program, young people who in the future will be working as electrical installers, engineers and technicians have an opportunity to learn the ins and outs of the work performed by the people employed in the power industry. The best pupils and students will receive scholarships and non-cash prizes, while secondary schools are provided with new equipment for their power (electricity) laboratories. The programme also includes visits of students of secondary schools to the company's interesting locations as well as internship and apprenticeship placements in the company. At the moment, 18 secondary schools and 5 universities are participating in the program. In 2021, the company awarded:

- scholarships for 168 pupils of secondary schools and 26 university students,
- funding for the equipment for the power (electricity) laboratories at 4 secondary schools,
- non-cash prizes for 40 best pupils in vocational courses.

Efficiency is measured based on the data gathered from educational institutions with which the company is collaborating.

Proving Grounds in Bąkowo

The proving grounds facility in Bąkowo, owned by Energa Operator, is used as a training centre providing specialist training courses both for the employees of the Group as well as external companies operating in the power sector. Courses are mainly devoted to safety during live wire works, both on the low- as well as the medium-voltage power lines. Priorities in 2021 included the provision of training courses named *Live wire works on overhead and underground power lines as well as on the switchgears operating at a voltage of up to 1 kV and Live wire works on overhead 15 and 20 kV power lines both for electrical installers as well as supervision employees*. In addition, other training courses related to safety while working at heights, live wire disconnection and connection of earthing cables on overhead power lines up to 20 kV and live wire inspection of power equipment up to 30 kV were also conducted. A total of 1333 employees received training in 2021, including 46 employees of external companies and 75 representatives of the State Fire Brigade. The remaining trainees were employees of local branches of Energa Operator and the related companies. Live wire works are an important subject, as a significant focus is placed on employee safety. Awareness of potential hazards, use of insulating equipment, and particular attention to occupational health and safety protect the participants from possible risks while performing the work.



The remaining trainees were employees of local branches of Energa Operator and the related companies. Live wire works are an important subject, as a significant focus is placed on employee safety. Awareness of potential hazards, use of insulating equipment, and particular attention to occupational health and safety protect the participants from possible risks while performing the work.

Museum of the Power Industry. The Polish Power Industry Traditions Centre

The Polish Power Industry Traditions Centre aims to gather, protect, examine and exhibit historical artefacts of the Polish power industry. By popularising and promoting knowledge of the Polish power industry, the Centre develops interest in this field of science and its traditions. Archival documents and museum exhibits that bore witness to the birth of the Polish power industry and achievements of its representatives during the interwar period are a major part of the Centre's resources.

In 2021, the Centre significantly expanded the scope of themes it conducted research on, completing the work on preparing a section on the development of the power grid in Pomerania prior to 1939 and additionally describing and illustrating political and economic events associated with this process. Nearly 600 scans of photos, maps and technical documentation were accumulated and made, and nearly 200 biographical notes of outstanding representatives of the power industry were compiled.



Resources of the Centre are on display in exhibition rooms or made available to interested individuals or institutions for scientific (research), publishing and promotional purposes. In 2021, the Centre began collaborating with such institutions as, among others, the Regional Museum in Stalowa Wola, commencing the preparation of a section devoted to the history of electrification of the Central Industrial District and, in cooperation with the Historical Chapter of the Association of Polish Electrical Engineers, compiled and provided numerous illustrations for selected chapters in a monograph on the life of the representatives of the power industry in the Pomeranian region (Pomeranian and Grudziądz Chapters, Toruń and Baltic Sea Coast Branches) in the 20th century.



Patronage over vocational education in Ostrołęka

In June 2017, the Energa Elektrownie Ostrołęka subsidiary and the city of Ostrołęka commenced collaboration to support the development of vocational education and provide endorsement to a school unit at the Cardinal Stefan Wyszyński Vocational School Complex no. 3 in Ostrołęka that was offering vocational electrical technician education courses. The subsidiary undertook to equip a classroom and practical study labs with teaching aids and tools, organise trips for the school's students to visit power plants/CHP plants/energy facilities operated by Energa Group in other cities and to launch the class under the patronage of the local chapter of the Association of Polish Power Engineers.

Between May and June 2021, an internship programme was organised for students of grade 3 of the Secondary Vocational School no. 3 in Ostrołęka, studying to become power (electrical) technicians. There were 19 students in the class included in the internship programme, who were remotely taught about the specifics of the power plant's operation. The thematic scope of the programme was prepared by persons appointed from among the employees of Energa Elektrownie Ostrołęka.

Patronage over classes with the power technician specialisation is a long-term initiative that in the future will bring both economic and local benefits, as well as secure the interests of Energa Group with respect to future expansion (development).

Energy of Biodiversity – flower-rich grasslands

The initiative is aimed at restoring grassland ecosystems in wastelands and areas transformed as a result of the Group's operations. In total, the company planted nearly 2.7 hectares of flower-rich grasslands in a furnace waste dumping area as well as in front of the head office of Energa Elektrownie Ostrołęka in order to foster biodiversity and ultimately save wild bees and honey bees. Flower-rich grasslands help save forgotten species of plants and animals, provide food and a habitat to wild bees, and give them shelter in the winter. Plants growing in grasslands contribute to reducing air temperature. Implementation of this project will enable developing wastelands located in the Narew basin. During the first stage, a special mix of flower seeds were prepared and planted in collaboration with the Łąka Foundation. The first effects of the works completed were observed in the spring of 2021, which was followed by maintenance work (cutting grass). The grasslands should reach their full biodiversity potential in 2022.

Flower-rich grasslands give shelter to even 300 species of plants and animals. Plants growing in the grasslands are able to better absorb dusts that create smog and contribute to reducing the temperature of air; their roots can be up to 25 times longer than the roots of lawns, which means that their demand for water is much lower. Grasslands also absorb twice as much water, and therefore provide protection during both floods as well as droughts. Grasslands also require cutting less frequently than lawns, resulting in lower emissions of noise and hazardous pollution to the natural environment.

6.5. Volunteering among employees

Starting from June 2021, volunteering initiatives at Energa Group were formally structured. As part of the new version of the employee volunteering programme, employees of Energa Group may submit proposals of their own initiatives and thus support local community. Each employee may receive a grant of up to PLN 3 000 for their planned initiative. In order to propose a project, a team composed of at least two persons must be created. Relatives and friends of employees may also join the initiative. The employee volunteering programme is coordinated by the ORLEN Foundation, which signed 86 employee volunteering agreements in the past year, of which 11 were concluded with the employees of Energa Group. These included:

1. Cleanup of the Vistula – cleaning the banks of the Vistula river.
2. Cleanup of the Omulew – cleaning the banks of the Omulew river.
3. Stars Friendly to Other Stars (Disabled People) – the objective of the project was to show space to disabled persons and educate them in this respect.
4. Horticultural Therapy – development of an area next to a school for children with special needs.
5. Share Your Passion! – workshops for children from a local Private Orphanage Home.

6. Movember. Be Brave – raising awareness among both men as well as women with regard to the prevention and early diagnosis of testicular and prostate cancer.
7. Brzostek Top Team Reading Corner – assistance for children from poor or dysfunctional families who attend training at the Brzostek Team sports club. As part of the initiative, the employees of Energa prepared a space where children from excluded communities will be able to spend some time, eat a warm meal and read donated books in peace and comfort.
8. Become a helper of Santa Claus – three initiatives that involved giving Christmas packages to mums and their children living at the Home for the Protection of Conceived Life at the Congregation of the Sisters of Jesus the Merciful in Odolanów (around 100 individuals), pioneers, i.e. the first settlers in Koszalin after the end of World War II, senior citizens who were members of the Association of Friends of Koszalin, as well as senior citizens from the city of Płock.
9. Simply the Breast!

Simply the Breast!

A pilot prevention campaign, created as a grassroots initiative of employees with the professional assistance of the Pink Butterfly Association and the Breast Diseases Centre at the University Clinical Centre, and with the organisational and communication assistance of ORLEN Foundation, Olivia Business Centre and Radio Gdańsk. The primary objective of the Simply the Breast! campaign was to demystify cancer, help the community so that it no longer fears it and starts treating it as any other illness. Thanks to this grassroots employee initiative, both the employees of Energa group as well as other residents of the Pomerania province were able to expand their knowledge on cancer and were encouraged to go in for regular examinations. A number of activities were organised as part of the campaign, including, among others, a video promoting regular breast examinations published in Energa Group's intranet and on its social media accounts, the Pink Ribbon Run accompanied by a donation drive to fund the purchase of sofas for patients awaiting chemo at the Breast Diseases Centre at the University Clinical Centre, a meeting with oncology experts, examinations in a mammography bus organised at the Olivia Business Centre complex for women aged 50 to 69.

Droplet of Energy

In collaboration with Energa Foundation and Energa SA, *Droplet of Energy* organised a total of seven blood drives at the site of the Olivia Business Centre complex in 2021. A total of 134.55 litres of blood were donated as part of the drives. A further 144.450 litres were collected in the drives organised in other cities across the country. In total, the Foundation collected 279 litres of blood from 620 donors. Between 1 March and 31 December 2021, the Foundation organised the 3rd National Power Industry Blood Drive, under the Honorary Patronage of the Ministry of Health and the Ministry of State Assets. Each donor was able to participate in this initiative by submitting their donations under the *Droplet of Energy* heading. The objective of the campaign was to integrate the community of Honorary Blood Donors dispersed around the country and provide support to local Blood Banks (a total of 21 local Regional Blood Donation and Blood Treatment Centres) in effectively reaching donors with urgent requests (appeals) to donate blood. Between October and November, Droplet of Energy agreed to arrange an additional ambulance at the Olivia Business Centre in response to urgent requests (appeals) for blood donations for two employees of Energa Operator and PKN ORLEN. The Foundation's task was to coordinate donations across the country and accept submissions from donors. The initiative was successful – over 93 litres of blood were donated in total.

Between 2nd and 10th December 2021, Droplet of Energy organised the 5th **Gala of Distinguished Honorary Blood Donors**, which took place on a remote basis due to the ongoing COVID-19 epidemic and the government's restrictions imposed in connection with the intensifying 4th wave of the pandemic. The gala is a way to thank those who are most involved in promoting the idea of honorary blood donations and supporting the development of the Droplet of Energy. As many as 120 Honorary Blood Donors were thanked during this year's edition. This group also included 15 Donors who received merits of Distinguished Honorary Blood Donors of the Polish Red Cross of the 1st, 2nd and 3rd degree.

6.6. Number of actions with a negative impact on local communities

In 2021, Energa Group's subsidiaries recorded no activities that received a negative response from the public. In 2020 we introduced, in the *Integrated Environment and Energy Management System* in place at Energa Group, a special procedure that significantly limited the potential for such situations to occur. The purpose of the procedure is to notify the public opinion in advance of any changes in the environment caused by the operations of our subsidiaries. We came to the conclusion that local communities must know in advance even of minor but visible changes (including refurbishments and small overhauls that do not require environmental permits) which may have a detrimental impact on the tourist and recreational values of a given area. The projected environmental and energy consequences of such works are announced a month in advance, in the form of external communication (message) addressed to such entities as, among others, local government units and local NGOs.

6.7. Description of policies implemented

Applicable policies and internal organisational statutes with respect to social issues include, but are not limited to:

Agreement on Collaboration Within Energa Group

On 20 December 2017, 31 of Energa Group's subsidiaries entered into an *Agreement on Collaboration Within Energa Group*. The agreement redefines the philosophy of the Group's activities, describes most important procedures and defines standards of conduct. The document clearly specifies a change in the concept behind the operations of Energa Group's subsidiaries. The agreement marks a departure from the previous freedom of the activities of individual subsidiaries and a move towards an intra-group synergy and good collaboration. Synergy exists when the subsidiaries act based on shared values, exchange experiences, engage in consistent communication with stakeholders, coordinate operations as well as purchase and provide services within the Group. Adoption of shared and uniform rules of collaboration is meant to act as the basis for the Group's continued development. The *Agreement on Collaboration Within Energa Group* is a document that assists parties to the agreement in finding their place in the new realities and rising to meet new challenges related to the dynamics of their environment.

Energa Group's Strategic Development Plan for 2021-2030

On 31 May 2021, the Company's Supervisory Board adopted a resolution approving *Energa Group's Strategic Development Plan for 2021-2030* (hereinafter the SDP). The SDP replaces *ENERGA Group's Strategy for 2016-2025 and determines the framework of Energa Group's operations and development until 2030, in accordance with the Strategy of the ORLEN Capital Group until 2030 announced by PKN ORLEN S.A.*, the Company's strategic shareholder. The SDP described Energa Group's contribution to the implementation of the above *Strategy of the ORLEN Capital Group*. It also takes into account the implementation of major initiatives that are a part of the integration process of both groups and key trends affecting the shape and functioning of the domestic energy market.

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

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

ORLEN Group's Sustainable Development Strategy for 2021-2023 was developed in the second half of 2021. The new strategy was developed by PKN ORLEN (with a contribution from Energa SA) and approved by the Management Board and the Supervisory Board of PKN ORLEN. Based on that strategy, Energa SA developed *Energa Group's Sustainable Development Strategy for 2021-2023* and commenced its implementation in the Group's subsidiaries in late 2021. *Energa Group's Sustainable Development Strategy for 2021-2023* will replace *Energa Group's Sustainable Development and Corporate Social Responsibility Strategy of 17 December 2018*.

Principles of Energa Group's Sponsorship Activities

The Principles specify directions and tenets of engaging in sponsorship activities by Energa Group's subsidiaries. The tenets adopted in the document stem from the objectives set for the sponsorship activities, which are meant to support the mission, vision as well as the strategic values and objectives of the Group. As part of the Group's integration with PKN ORLEN SA, the regulation was expanded by adding the provisions related to the instructions (manuals) regarding purchasing of sponsorship services applicable within ORLEN Group which, among others, introduced the sponsorship plan (budget) as the main tool for planning Energa SA's sponsorship activities and budget.

Principles of applying the organisational standard with regard to supervising the Foundations in which PKN ORLEN or Subsidiaries that are a part of the ORLEN Capital Group act as sponsors (hereinafter the Principles)

The Principles were adopted within Energa Group on 27 January 2022, effective from 1 January 2022, and specify the rules governing the exercising of owner's supervision over the foundations in which Energa Group's subsidiaries act as sponsors.

Foundation's Articles of Association

The Foundation's Articles of Association set socially useful objectives. The Foundation engages in socially useful activities with respect to public tasks as defined in the public benefit activities act, to the benefit of the general community, and in particular to the benefit of individuals, establishments, centres and institutions. These activities constitute the sole statutory activities of the Foundation.

Environmental and Energy Policy

Energa Group's Environmental and Energy Policy complies with the *EMAS Regulation as well as ISO 14001:2015 and ISO 50001:2018 standards*. We continue to improve our activities, including with regard to, among others, optimising the consumption of resources, reducing emissions and decreasing the amount of waste generated. Additional information on the Environmental and Energy Policy is available in Energa Group's Environmental Declaration, available at <https://grupa.energa.pl/otoczenie/polityka>.

The above policies and internal organisational acts support efficient collaboration with our direct environment (stakeholders), which reinforces the sense of connection and community as well as allows Energa Group to be perceived as a reliable partner.

6.8. Due diligence procedures

The applicable due diligence procedures are the result of policies and internal organisational acts adopted by the Group. Procedures are improved on an annual basis as a result of expectations of the company's environment (stakeholders). In 2020, the need for improving activities in the area of environmental communication was identified. In August 2020, Energa SA implemented a detailed procedure within its environmental and energy management system, obligating Energa Group's subsidiaries to report, in advance, any planned activities, including minor overhaul or refurbishment works, that might result in visible changes to the environment, e.g. reduce the appeal of a given area in terms of tourism and recreation. Such reports will be submitted one month in advance, in the form of a public announcement (message), to entities including, but not limited to local government institutions and local non-governmental organisations.

In case of any failures and other unplanned events with a material impact on the environment, an announcement (message) on actions taken by Energa in order to minimise any damage to the environment will be sent out to the media, local government units as well as local ecological and tourism organisations.

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

As part of the application of the organisational standard with respect to supervising foundations where PKN ORLEN or Energa Group's subsidiaries act as sponsors, a number of due diligence procedures related to the owner's supervision over the foundations were developed, specifying the rules of exercising the owner's and substantive supervision as well as the activities required as part of ongoing supervision over the foundations. Actions to be carried out as part of ongoing monitoring of the situation in foundations by members of Foundation Boards and rules governing collaboration between members of Foundation Boards and separate organisational units created within PKN Orlen and Energa SA to exercise the owner's supervision were also specified.

List of GRI disclosures presented in this chapter:

GRI 102-1	
GRI 102-2	Management approach
GRI 102-3	
GRI 102-12	A list of externally-developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes, or which it endorses
GRI 102-43	The organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group
GRI 102-44	Benefits provided for full time employees that are not provided for temporary or part time employees
GRI 413-2	Occupational Health and Safety (OHS) management system



7. Responsible Employer

7.1. Employees – Energa Group’s greatest asset

Energa’s strategy of action is based on building commitment, loyalty and motivation of our employees, sharing knowledge and developing competences. We offer better working conditions than required under generally applicable laws.

People are our most important value (asset). Together, we are creating an organisation that is open, accepts diversity, values experience, skills and knowledge. Our task is to provide conditions that promote development and taking on new challenges. Our objective is to ensure that all employees can perform their duties safely, in a friendly atmosphere and with mutual respect. We also place a strong emphasis on ensuring that employee’s salaries are adequate to the specifics of their duties, qualifications and professional experience. The majority of our staff are employed based on employment contracts with an indefinite term.

These activities contribute to building Energa Group’s image as an attractive employer. In 2021, Energa’s integration with the ORLEN Group continued to play a key role in shaping Energa Group’s processes. Many activities in the human resources area were integrated, creating an environment of equal opportunity for employees which guarantees fair and safe working conditions across the entire ORLEN Group. We pursue our priorities and major tasks related to personnel policies, developed based on the best market practices, on an ongoing basis.

A number of regulations applicable within Energa Group specify clear and transparent compensation systems, including collective bargaining agreements. *Agreement on Securing Labour, Social and Trade Union Rights*, as well as the compensation regulations. We are continuously striving to create a work environment that fosters effective collaboration and work-life balance.

7.2. Structure of employment at Energa Group

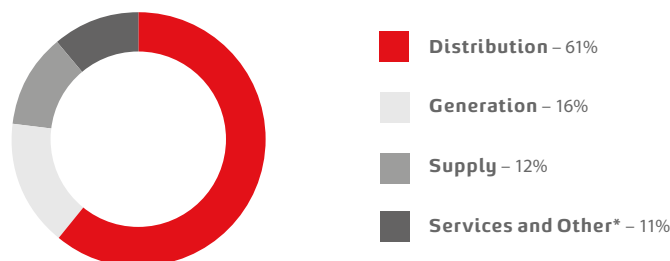
At the end of 2021, Energa Group employed **8888 persons**. A change in comparison to the previous year is the result of the integration with the ORLEN Capital Group. Two of Energa Group’s subsidiaries (Energa Centrum Usług Wspólnych Sp. z o.o. and Energa Ochrona Sp. z o.o.) and their employees were acquired by ORLEN Centrum Usług Korporacyjnych Sp. z o.o. and ORLEN Ochrona Sp. z o.o., respectively. The largest portion of Energa Group’s employees work for the subsidiaries operating in the Distribution Line of Business – Energa Operator and Energa Operator Wykonawstwo Elektroenergetyczne.

The structure of Energa Group’s workforce is typical for its profile of operations. Men constitute as much as **74%** of the headcount, which is a result of the specific nature of the industry.

52% of the employees hold a university degree, with technical specialists who completed secondary education constituting the second largest group of the personnel. Over **99%** of Energa Group’s workforce are employed full time.

Due to the extensive territorial coverage of Energa Group’s operations, as well as the new opportunities created by the merger with ORLEN Group and the resulting benefits, such as the mobility programme, employees have gained new opportunities for professional development in line with their career expectations and private circumstances. As much as **92%** of our staff are employed based on indefinite term employment agreements, making us a reliable employer that guarantees a stable job.

Employment at Energa Group by Line of Business



* As of 31 December 2021, excluding the Energa Ochrona Sp. z o.o. and Energa Centrum Usług Wspólnych Sp. z o.o. subsidiaries.

Employment at Energa Group by education level*



* As of 31 December 2021, excluding the Energa Ochrona Sp. z o.o. and Energa Centrum Usług Wspólnych Sp. z o.o. subsidiaries.

Energa Group's workforce by education level

	2020				2021			
	Primary	Vocational	Secondary	Tertiary	Primary	Vocational	Secondary	Tertiary
Services and Other*	58	82	347	1 082	2	41	165	749
Distribution Line of Business	51	696	2 274	2 589	42	662	2 213	2 538
Supply Line of Business	2	43	254	795	2	40	244	787
Generation Line of Business	48	295	571	544	44	278	551	530
Energa Group	159	1 116	3 446	5 010	90	1 021	3 173	4 604

* As of 31 December 2021, excluding the Energa Ochrona Sp. z o.o. and Energa Centrum Usług Wspólnych Sp. z o.o. subsidiaries.

Energa Group's workforce broken down by gender, age, employment type, region

Statistical data on Energa Group's workforce in 2021 is provided in the below tables. A year on year comparison of data shows no significant changes in the employment structure.

Number of employees by gender

	2020		2021	
	Women	Men	Women	Men
Services and Other*	649	920	360	597
Distribution Line of Business	1 124	4 486	1 084	4 371
Supply Line of Business	627	467	617	456
Generation Line of Business	224	1 234	215	1 188
Energa Group	2 624	7 107	2 276	6 612

* As of 31 December 2021, excluding the Energa Ochrona Sp. z o.o. and Energa Centrum Usług Wspólnych Sp. z o.o. subsidiaries.

Number of employees by gender and age bracket

	2020						2021					
	Women			Men			Women			Men		
	Aged <30	Aged 30-50	Aged >50	Aged <30	Aged 30-50	Aged >50	Aged <30	Aged 30-50	Aged >50	Aged <30	Aged 30-50	Aged >50
Services and Other*	75	440	134	85	552	283	45	263	52	54	402	141
Distribution Line of Business	78	715	331	386	2 276	1 824	70	669	345	335	2 153	1 883
Supply Line of Business	61	498	68	44	338	85	45	482	90	38	330	88
Generation Line of Business	18	138	68	72	521	641	17	133	65	66	481	641
Energa Group	232	1 791	601	587	3 687	2 833	177	1 547	552	493	3 366	2 753

* As of 31 December 2021, excluding the Energa Ochrona Sp. z o.o. and Energa Centrum Usług Wspólnych Sp. z o.o. subsidiaries.

Number of employees by gender and working time

	2020				2021			
	Full time		Part time		Full time		Part time	
	Women	Men	Women	Men	Women	Men	Women	Men
Services and Other*	627	895	22	25	350	585	10	12
Distribution Line of Business	1 120	4 485	4	1	1 077	4 370	7	1
Supply Line of Business	622	466	5	1	613	454	4	2
Generation Line of Business	222	1 231	2	3	215	1 184	0	4
Energa Group	2 591	7 077	33	30	2 255	6 593	21	19

* As of 31 December 2021, excluding the Energa Ochrona Sp. z o.o. and Energa Centrum Usług Wspólnych Sp. z o.o. subsidiaries.

Number of employees by type of labour contract and region in 2021

	Services and Other*				Distribution Line of Business				Supply Line of Business				Generation Line of Business				Energa Group			
	A	B	C	D	A	B	C	D	A	B	C	D	A	B	C	D	A	B	C	D
kujawsko - pomorskie	5	67	0	0	44	710	1	3	1	59	2	1	1	30	0	0	51	866	3	4
łódzkie	0	4	0	0	5	79	1	0	0	0	0	0	0	25	0	0	5	108	1	0
mazowieckie	33	184	4	0	53	646	3	1	2	108	0	0	28	751	1	0	116	1 689	8	1
pomorskie	62	438	4	5	94	1 539	17	7	44	583	5	10	12	156	5	1	212	2 716	31	23
warmińsko - mazurskie	5	46	0	0	77	748	9	2	5	115	0	0	1	202	0	0	88	1 111	9	2
wielkopolskie	0	64	0	0	45	868	6	5	3	81	0	2	7	135	0	0	55	1 148	6	7
zachodniopomorskie	3	33	0	0	44	441	5	2	1	51	0	0	1	47	0	0	49	572	5	2

KEY: A – Fixed term, B – Indefinite term, C – Probationary period, D – Replacement contract

* As of 31 December 2021, excluding the Energa Ochrona Sp. z o.o. and Energa Centrum Usług Wspólnych Sp. z o.o. subsidiaries.

Energa Group's headcount fluctuations

The headcount fluctuations in 2021 remained on a roughly similar level as in the previous year. 2021 saw a normal level of employee attrition at Energa Group, including due to retirements. Rapid changes on the energy market and the development of the photovoltaics-related industry are among the factors affecting fluctuations in the Group's headcount.

Number of newly-hired employees by gender and age

	2020						2021					
	Women			Men			Women			Men		
	Aged <30	Aged 30-50	Aged >50	Aged <30	Aged 30-50	Aged >50	Aged <30	Aged 30-50	Aged >50	Aged <30	Aged 30-50	Aged >50
Services and Other	13	21	3	15	35	9	19	37	5	28	31	11
Distribution Line of Business	16	22	0	61	65	10	8	19	2	81	65	3
Supply Line of Business	13	23	2	14	19	1	11	15	0	9	17	2
Generation Line of Business	1	5	0	17	27	6	3	4	0	3	11	1
Energa Group	43	71	5	107	146	26	41	75	7	121	124	17

Percentage of newly hired employees by gender and age*

	2020						2021					
	Women			Men			Women			Men		
	Aged <30	Aged 30-50	Aged >50	Aged <30	Aged 30-50	Aged >50	Aged <30	Aged 30-50	Aged >50	Aged <30	Aged 30-50	Aged >50
Services and Other	0.8%	1.3%	0.2%	1.0%	2.2%	0.6%	1.2%	2.4%	0.3%	1.8%	2.0%	0.7%
Distribution Line of Business	0.3%	0.4%	0.0%	1.1%	1.2%	0.2%	0.1%	0.3%	0.0%	1.5%	1.2%	0.1%
Supply Line of Business	1.2%	2.1%	0.2%	1.3%	1.7%	0.1%	1.0%	1.4%	0.0%	0.8%	1.6%	0.2%
Generation Line of Business	0.1%	0.3%	0.0%	1.2%	1.9%	0.4%	0.2%	0.3%	0.0%	0.2%	0.8%	0.1%
Energa Group	0.4%	0.7%	0.1%	1.1%	1.5%	0.3%	0.4%	0.8%	0.1%	1.3%	1.3%	0.2%

* Percentages for each Line of Business Line are calculated relative to the total number of employees in the given Line of Business.

Number of employee departures by gender and age

	2020						2021					
	Women			Men			Women			Men		
	Aged <30	Aged 30-50	Aged >50	Aged <30	Aged 30-50	Aged >50	Aged <30	Aged 30-50	Aged >50	Aged <30	Aged 30-50	Aged >50
Services and Other	15	34	20	8	56	46	8	39	23	23	53	22
Distribution Line of Business	7	23	40	22	57	141	2	18	46	42	60	167
Supply Line of Business	20	63	17	9	27	8	8	28	5	6	22	12
Generation Line of Business	2	7	17	2	17	81	1	4	9	4	15	41
Energa Group	44	127	94	41	157	276	19	89	83	75	150	242

Percentage of employee departures by gender and age*

	2020						2021					
	Women			Men			Women			Men		
	Aged <30	Aged 30-50	Aged >50	Aged <30	Aged 30-50	Aged >50	Aged <30	Aged 30-50	Aged >50	Aged <30	Aged 30-50	Aged >50
Services and Other	1.0%	2.2%	1.3%	0.5%	3.6%	2.9%	0.5%	2.6%	1.5%	1.5%	3.5%	1.4%
Distribution Line of Business	0.1%	0.4%	0.7%	0.4%	1.0%	2.5%	0.0%	0.3%	0.8%	0.8%	1.1%	3.1%
Supply Line of Business	1.8%	5.8%	1.6%	0.8%	2.5%	0.7%	0.7%	2.6%	0.5%	0.6%	2.1%	1.1%
Generation Line of Business	0.1%	0.5%	1.2%	0.1%	1.2%	5.6%	0.1%	0.3%	0.6%	0.3%	1.1%	2.9%
Energa Group	0.5%	1.3%	1.0%	0.4%	1.6%	2.8%	0.2%	0.9%	0.9%	0.8%	1.6%	2.6%

* Percentages for each Line of Business are calculated relative to the total number of employees in the given Line of Business.

7.3. Additional employee benefits

Energa Group's successes are born out of the energy created by the passion, commitment and development of your employees. Energa Group is aware of this fact and therefore offers employees and their families a number of non-salary benefits that foster effective collaboration, which include, among others:

- access to private medical care,
- life insurance on preferential terms,
- benefits under the Company Social Benefits Fund,
- discounts on electricity prices,
- Employee Retirement Programme,
- Employee Capital Plans,
- additional cash bonuses for holidays,
- ORLEN Gift Card,
- extra day off on Power Engineer's Day.

Staff employed under a labour contract are entitled to certain benefits as part of the Company Social Benefits Fund, irrespective of whether they are employed full-time or part-time, including, among others:

- employer subsidised Multisport cards,
- holiday grants,
- housing loans,
- financial aid in fortuitous events,
- gift cards for children for holidays.

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

The Family-Friendly Employer programme

Aside from the rights stemming from the Labour Code, employees and their families have access to dedicated additional benefits for parents as part of the **Family-Friendly Employer** programme:

- additional two days off to provide care for a child under the age of 3,
- additional two days off to provide care for a disabled child aged 4 to 24,
- additional hour off for feeding,
- participation in the national "Two Hours for the Family" initiative.

The above solutions provide support for the employees in finding balance between their professional and private lives, in particular in terms of their parental responsibilities.

Additional day off for staff involved in employee volunteering projects at ORLEN Group

Employees participating in volunteering initiatives organised by the ORLEN Foundation can take an additional day off in every calendar year.

Discount benefits

Thanks to the Collaboration Agreement signed by PKN Orlen, Energa SA and Energa Group's subsidiaries, employees of Energa Group were provided with discount benefits under the scheme stemming from ORLEN Group's common HR strategy, including, among others:

- discounts on glasses and ophthalmology services,
- dedicated bank services offering,
- discounts on long-term rental of new and used cars, individual car financing plan, Car Platform – a virtual dealership offering long-term rental of new vehicles of various makes,
- discounts on phones and computers,
- discounts on cycling products and services,
- discounts and promotions for the Employee Capital Plans participants,
- special mobile phone payment plan offering.

7.4. Professional development opportunities at Energa Group

Training

Energa Group's subsidiaries give their employees an opportunity to develop at each stage of their professional career path. The practical application of new skills on the job and sharing knowledge with other members of the team are important parts of employee development.

In 2021, Energa Group's subsidiaries adopted the *Rules of Providing Training for Energa Group's Subsidiaries* – a consistent set of training regulations governing the principles of scheduling training, procedure for submitting training (funding) requests and funding tiers. As part of the Group's training funding scheme, employees have an opportunity to improve specialist qualifications, enroll at higher or postgraduate studies or develop their soft or language skills.

In 2021, Energa Group's management staff joined a management development programme named **Engaging Leadership**. The programme is based on the Leadership Performance Pipeline (LPP) concept and has been specifically tailored to the needs of Energa Group. Its purpose is to create a consistent standard for the development of management skills, with a focus on key aspects of an engaging workplace, among others, appreciation and non-financial incentives, providing feedback or subordinate development.

Electrical technicians employed by Energa Operator are provided with internal training at the Proving Grounds, which enables effective management of professional competencies of employees. Many training courses in 2021 took place online, affecting the average number of training hours per employee which increased in comparison to the previous year.

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

	Employees holding management and higher positions				Employees holding positions lower than management			
	2020		2021		2020		2021	
	Women	Men	Women	Men	Women	Men	Women	Men
Services and Other	28	39	50	40	19	11	19	12
Distribution Line of Business	20	11	78	10	7	13	20	22
Supply Line of Business	49	52	46	109	17	15	14	13
Generation Line of Business	27	11	30	46	10	11	10	8
Energa Group	29	17	54	27	13	12	18	18

Internship programmes

In 2021, Energa joined the **Direction: ORLEN** internship programme, created in order to facilitate the professional development of university students and graduates. The objective of the programme is to enable interns to gain practical on-the-job experience and unique knowledge in collaboration with experts in the implementation of projects at a company of strategic importance to the Polish economy.

As part of their internships, students and graduates will be able to:

- become familiar with the operations of a power company (electric utility),
- learn about power facilities and equipment,
- get to know the rules of safe work in the power industry,
- check their aptitude for working in a specific area.

The Group has also been running the **Energ(y)a for Science!** programme for the past several years, aimed at promoting education in areas related to the power industry. The programme is addressed to secondary school pupils and university students who in the future may be employed by the Group in engineering and technical positions, which have been increasingly difficult to fill with external candidates. Energa Operator is currently collaborating with 18 secondary schools and 5 universities as part of the programme.

The programme involves various forms of collaboration:

- scholarships for secondary school and university students,
- non-cash prizes for top secondary school students,
- partial funding of power lab classrooms,
- organisation of apprenticeships and internships,
- field trips,
- interpersonal skill workshops.

In 2021, at the schools under the patronage of Energa Operator:

- 168 top secondary school pupils and 26 top university students were granted scholarships,
- 40 top secondary school pupils in vocational subjects received non-cash prizes,
- 4 schools received funding for their power lab classrooms.

Age management

This year Energa Group has also implemented the Age Management Policy, the purpose of which is to build awareness among the management staff responsible for staffing levels in their subordinate areas, fostering intergenerational diversity and communication, as well as ensuring the transfer of knowledge and skills. Managers supervise and monitor staffing levels in their units, report on their needs with regard to hiring, training and promotions, for purposes that include, among others, managing the generational gap, taking into account the business development directions as well as the efficiency of processes.

7.5. Employee health promotion programmes

To ensure that our employees comprehensively look after every aspect of their health and develop a habit of doing regular check-ups, dedicated prevention campaigns are organised at Energa Group's subsidiaries that promote various types of health examinations. **The Simply the Breast!** campaign was organised in 2021 with the purpose of demystifying cancer, giving employees a sense of agency (control) and encouraging them to go in for regular preventive health check-ups.

Events organised as part of the initiative included the Pink Ribbon Race and a meeting with experts in oncology. Those who couldn't personally participate in the meeting were able to watch a live online stream or rewind it on Facebook.

All participants were also able to sign up for a preventive health check-up in the mammography bus and an outpatient clinic at the University Clinical Centre in Gdańsk. Employees were able to take paid time off from work for the duration of their participation in the initiatives related to the *Simply the Breast!* campaign. A prostate cancer awareness campaign was also conducted, encouraging men to go in for preventive health check-ups.

Employees are notified of various health-related campaigns organised by the National Health Fund or dedicated health care centres on an ongoing basis. Articles discussing issues such as a healthy life style, healthy and balanced diet, physical activity and general care for mental and physical well being are also published on the Group's Intranet.

Furthermore, as part of additional health care services, the health care provider enables employees to undergo preventive health check-ups and first aid training as well as access occupational rehabilitation once per year; the provider also organises educational and disease prevention campaigns, with a particular focus on preventing cancer and recommending correct diagnostic and medical interventions. Furthermore, employees have access to vaccinations against flu and tetanus as part of their health services package.

Additional day off for vaccinating against COVID-19.

In connection with the programme aimed at supporting the National Vaccination Programme and to encourage employees to vaccinate against COVID-19, employees of Energa Group were given an additional paid day off.

In order to receive the additional day off, employees had to present a document confirming that they had received two doses of a COVID-19 vaccination, or one dose in the case of single-dose vaccines.

The Energa for Health health promotion programme was continued in 2021 at all of organisational units of Energa Operator; the primary aim of the programme is to take care of the mental and physical health of employees of the company.

The *Energa for Health* perfectly embodies the Group's policy of improving the quality of life and health as well as raising consumer awareness. Numerous initiatives are implemented as part of the programme, with the aim of drawing the attention of the Group's employees to important aspects related to maintaining a healthy diet, going in for preventive health check-ups and staying physically active which directly translates to fewer absences at work due to illness, improved comfort in the work environment as well as an increased sense of being part of the company among employees. First aid training is very popular among employees of the company, who appreciate the training as it enables them to be more confident in their abilities should they be required to provide first aid to an injured person in their workplace.

Restrictions related to the pandemic severely limited the scope of actions and initiatives as part of the programme, but we were nevertheless able to successfully organise the following events:

- fruit(ful) Thursdays – delivery of healthy food to employees of the Company's Head Office in Gdańsk and Local Branches in Koszalin, Kalisz and Gdańsk,
- healthy food packages for the employees of the Local Branch in Olsztyn,
- delivery of honey and juice to the employees of the Local Branches in Płock and Toruń.

7.6. Dialogue with employees of Energa Group and employee organisations

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

Social dialogue is a continuous process of mutual interactions between employers and social partners (workforce), focused on seeking constructive and long lasting solutions in the area of collective labour law. Dialogue takes place based on shared values and mutual trust, primarily in the form of regular information meetings, consultations, negotiations and arrangements. Last year, these actions were mostly implemented using remote means of communications. At the end of 2021, **there were 33 inter- and intra-plant trade unions active within Energa Group**, trade union organizations represented on the national level – the 'Solidarność' Independent Self-Governing Trade Union, the Engineers and Technicians Trade Union and the Association of Power Engineers Trade Unions. As of 31 December 2021, **61.7% of employees of Energa Group were members of trade unions**, i.e. approximately **5.5 thousand individuals**.

Trade union membership at Energa Group



Social dialogue within Energa Group takes place in accordance with applicable regulations, in particular the provisions of Labour Code, Trade Unions Act of 23 May 1991, Collective Dispute Resolution Act of 23 May 1991, as well as the *Agreement on the Protection of Labour, Social and Trade Union Rights of Employees of Energa Group of 18 September 2017*.

The subjects of the Dialogue in 2021 were, among others, such matters as the integration of Energa Group and ORLEN Group, compensation and benefits for employees and retirees, social assets, organisational changes and standardisation of intra-company sources of labour law.

28 collective disputes took place at Energa Group in 2021. The disputes were primarily related to the increase of salaries of employees in 2022 (disputes raised in December 2021) and changes to the intra-company collective bargaining agreement.

7.7. Occupational health & safety management system

The occupational health and safety (OHS) area, one of the key areas of our responsibility, is closely related to the Group's business operations. Occupational health and safety issues are regulated by external regulations (labour code and other acts, detailed regulations and standards). Energa Group's Occupational Health and Safety Policy is the most important internal regulation that describes basic guidelines for the Group's entities in respect of actions to be taken to ensure a high level of safety both for employees and external contractors. All employees of the Group and contractors acting on instructions of Energa Group's subsidiaries are involved in the implementation of the Policy. Work Regulations applicable at the individual subsidiaries, collective bargaining agreements, local agreements made in the form of memorandums of agreement and additional protocols amending collective bargaining agreements are important components of shaping internal normative acts. As a result of the merger with the ORLEN Group, in 2021 Energa Group's subsidiaries commenced the implementation of Energa Group's Occupational Health and Safety (OHS) Strategy for 2021-2023, spread over the period of three years. The strategy describes six key areas of process and personal safety, with several dozen activities and initiatives to be implemented by Energa Group during the next three years in each area.

An Occupational Health and Safety Management System was in place at four of the Group's subsidiaries in 2021:

- Energa Serwis and Energa Invest subsidiaries have an externally-certified system based on the PN-ISO 45001:2001 standard in place,
- Subsidiaries operating in the Distribution Line of Business (Energa Operator and Energa Operator Wykonawstwo Elektroenergetyczne) have a non-certified system based on the OHSAS 18001:2007 standard in place.

Occupational health and safety service unit set up by the Group's subsidiaries performs advisory and supervisory functions and its activities are carried out in accordance with the external law regulations applicable in this regard and the requirements specified in Energa Group's Occupational Health and Safety (OHS) Policy.

Work is organised in accordance with occupational health and safety (OHS) regulations and principles, in particular by ensuring compliance with regulations and principles as well as reacting to any needs in this regard. Nonconformities are detected during regular occupational health and safety reviews, inspections and audits. Under labour regulations, each employee is entitled to refuse to perform work if working conditions pose a direct threat for their health or life and do not comply with applicable occupational health and safety requirements.

In order to ensure safe and healthy work conditions, hazards are identified and occupational risk in each workplace is assessed, in accordance with legal regulations and procedures applicable within the specific subsidiaries.

Occupational risk assessment sheets are updated, among others, after an accident, when changes are made to the workplace, changes are made to regulations or at intervals specified by individual subsidiaries. Furthermore, hazards are also identified in connection with the monitoring of the work conditions as a result of regular work environment measurements or the issuing of written work orders and permits to perform particularly hazardous work. Elimination and limitation of risks related to factors present in the workplace takes place, among others, as a result of the correct organisation of workplaces in accordance with the principles of ergonomics, monitoring of the working conditions and implementing post-inspection recommendations, regular measurement of factors present in the workplace, choosing appropriate collective and individual protection equipment as well as organising training courses to improve the level of the knowledge and awareness of employees.

In early 2021, Energa implemented Energa Group's Rules for the Management of Personal and Process Safety Indicators (Metrics), prepared based on the technical standard applicable at ORLEN Group. In addition, the Rules of Reporting and Analysing Occupational Health and Safety (OHS) Incidents have been issued and implemented, a regulation that specifies uniform rules and procedure with regard to the immediate and effective notification of any accidents or fires that occur, and introduces mechanisms to be applied to conduct detailed (in-depth) analyses of incidents. Information on accidents that took place at Energa Group and conclusions from deep dive analyses of these accidents are provided to all of the subsidiaries in order to enable the exchange of knowledge and implementation of corrective actions.

Best practice

In 2021, Energa Operator comprehensively updated all procedures of the Occupational Health and Safety (OHS) Management System and performed a series of internal occupational health and safety audits, aimed at assessing the effectiveness of the functioning of implemented components of the system.

Actions taken in connection with the COVID-19 risk

In connection with the state of epidemic introduced on the territory of Poland in March 2020, Energa Group continued in 2021 a number of actions aimed at minimising the risk of infection with the SARS-CoV-2 virus, with the safety of both its employees as well as the external contractors in mind.

The newly set up COVID-19 Response Team is primarily tasked with coordinating actions, in particular gathering and analysing information at Energa Group on risks related to COVID-19. The purpose of these actions is to ensure safe working conditions and continuity of operations of Energa Group's subsidiaries in the face of the epidemiological risk. The Team issues recommendations and guidelines concerning the prevention of hazards related to COVID-19. Furthermore, individual Energa Group's subsidiaries set up emergency teams tasked with managing the continuously changing situation on an ongoing basis.

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

- purchasing and distributing personal protection equipment, as well as other materials necessary to disinfect workplaces and maintain a high level of hygiene and safety,
- developing and distributing information materials for employees (posters and leaflets) containing quick reference guides on safety rules,
- implementing changes to work organisation aimed at reducing direct contact between employees (e.g. remote work, work in a rotation system, starting work at 15-30 minute intervals, curtailing business trips and in-person meetings, organising online meetings, carrying out inspections in the form of observation along with a rapid response in crisis situations,
- providing particular protection of access to rooms where critical processes ensuring business continuity take place,
- entering into contracts with external laboratories to enable testing employees for SARS-CoV-2 infections.

Workplace accidents and occupational diseases

Energa Group performs regular tests and measurements of factors harmful for health. As part of preventive measures, collective protection equipment is used and employees are given suitable personal protection equipment.

All employees are provided with medical care, as part of which they undergo initial, regular and, if needed, follow-up examinations.

In 2021, Energa Group recorded **46 workplace accidents** which directly resulted in the issue of a medical certificate confirming unfitness for work. 43 incidents were classified as minor accidents and 3 incidents were classified as major (severe). The majority of accidents were related to moving around (walking from place to place, entering and exiting means of transport), while the remaining accidents took place during maintenance of operations, upkeep, overhaul works, as well as daily operation of installations and devices.

Activities related to workplace accidents involving employees in 2021

Daily operation of installations and devices	Moving around	Maintenance of operations, upkeep, overhaul work	Driving means of transport	Operating objects	Manual transport	Presence in a hazard zone
7	20	9	3	4	2	2

Energa Group's incident TRR (Total Recordable Rate) came in at **2.29** at the end of 2021 (accounting for workplace accidents and manhours worked by the employees of the Group's subsidiaries and external contractors). In this regard, the Group achieved an improvement in the form of a year-on-year reduction of the TRR rate by 0.38 (14%). No new cases of occupational diseases were recorded in Energa Group in 2021.

Energa Group's incident TRR (Total Recordable Rate)

2020	2021
2.67	2.29

Employee participation in consultations and communication on occupational health and safety

In accordance with the requirements of the Occupational Health and Safety (OHS) Policy, the Group's subsidiaries (employers) consult with their employees or their representatives on any material actions related to occupational health and safety. At the subsidiaries where this is required under applicable laws, an Occupational Health and Safety (OHS) Commission is set up, acting in an advisory and opinion-giving role to the employer.

According to applicable provisions of the Labour Code and the uniform standard of the functioning of the Occupational Health and Safety Commission at Energa Group, this body, comprised in equal numbers of the representatives of the employer and employees, supports the employer in its activities aimed at ensuring occupational health and safety in the workplace.

Sessions of the OHS Commission take place at least once per quarter, and the Commissions set up at the Group's subsidiaries are responsible for a regular assessment of the status of occupational health and safety (OHS), reviewing work conditions and formulating conclusions concerning an improvement of work conditions, drawing up opinions on measures taken by the employer to prevent workplace accidents and occupational diseases, as well as collaborating with the employer in connection with the performance of its duties with respect to occupational health and safety.

Apart from participating in the Occupational Health and Safety (OHS) Commission, employee representatives are also members of such bodies as, among others, teams tasked with developing protective clothing and footwear as well as personal protection equipment (PPE) distribution lists (allocation standards), they formulate opinions on development projects in the area of occupational health and safety (OHS), participate in consultations concerning workplace meals provided by the employer or identification of risks and assessment of occupational risk.

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

Best practice

In 2021, all of Energa Group's subsidiaries implemented a uniform standard describing the rules of the functioning of the Occupational Health and Safety (OHS) Commissions.

Best practice

Subsidiaries operating in the Distribution Line of Business have implemented a practice where teams with the mandatory participation of employee representatives prepare plans for the improvement of occupational health & safety conditions for every year.

Training initiatives and information campaigns related to OHS

In order to ensure the safety of employees of Energa Group and external contractors, they are all required to complete a mandatory occupational health and safety (OHS) training course. Recurring training courses for employees are provided free of charge, during working hours.

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

In 2021, works were continued as part of projects aimed at consolidating the model of providing periodic occupational health and safety training at the subsidiaries operating in the Distribution Line of Business.

At the end of 2021, 32 internal coaches were involved in providing periodic training in the form of lectures. In 2021, the coaching team completed professional workshops in techniques of providing TTT (Train the Trainers) training and prepared a complete set of materials useful in the provision of periodic occupational health and safety training for the largest professional group at Energa – electrical technicians. With the state of pandemic being extended into 2021, the provision of pilot training and the entire training cycle were postponed for the following year.

Another task force, responsible for developing a model for periodic occupational health and safety training delivered electronically (e-learning) for employees of engineering and technical or administrative and office positions, was able to complete the full range of its works scheduled for 2021. A complete set of materials was prepared in the form of modules on the internal e-learning platform.

From the beginning of the year, each group of employees gained access to the resources on the training platform and successively completed training courses that ended with an exam. Over the course of 2021, another training course for supervisors (managers) (in non-technical units) was developed and made available. As part of activities related to the implementation of a new model of periodic occupational health and safety training, the Distribution Line of Business updated its internal procedure describing the process of providing occupational health and safety training to include training delivered electronically via the e-learning platform.

An hour for Safety

In order to improve the flow of information with respect to occupational health and safety and enhance dialogue between the management and rank-and-file employees, the Hour for Safety initiative was continued in 2021 in the Distribution Line of Business. Quarterly meetings of the management staff with electrical technicians groups were dedicated to issues related to occupational health and safety. The meetings were based on training materials prepared by the Occupational Health and Safety Management Office at the Head Office of Energa Operator. During the meetings, employees were able to submit their remarks and exchange experiences with respect to safe organisation of work. In addition, in 2021 the initiative was expanded to include engineering and technical employees of all organisational units responsible for the planning and coordination of works conducted on the power grid.

Safety Days 2021

In mid-September 2021, all of the Group's subsidiaries participated in the Group-wide Safety Days 2021 campaign. As part of the project, the subsidiaries implemented a number of proprietary internal initiatives addressed to employees and external contractors, which included:

- inspections of technical condition and documentation of company vehicles,
- demonstrations on the use of personal protective equipment,
- meetings between managers, supervisors and rank-and-file employees,
- medical consultations and thematic meetings as part of the agreements signed with the health care provider and organised by the National Health Fund (NFZ),
- workplace reviews performed by an employee of the occupational health and safety service and a Social Labour Inspector,
- field visits by upper management related to occupational health and safety,
- building emergency evacuation drills and demonstrations of the use of firefighting equipment,
- first aid training for employees.

In addition, the Safety Days 2021 campaign was also promoted by Energa Operator at the ENERGETAB international power industry fair held between 14 and 16 September 2021 in Bielsko-Biała.

Proving grounds in Bąkowo

Professional training of both employees as well as external contractors is essential to ensuring occupational health and safety. We are able to provide such training at the proving grounds in Bąkowo, where power industry experts have been honing their skills for years now. The proving grounds in Bąkowo are owned by the Energa Operator subsidiary and constitute a training unit where specialised training is provided both to employees of the Group, as well as external contractors from the power industry. The proving grounds specialise in providing training in live wire work on the low- and medium-voltage power lines.

In 2021, priority was given to training programs under the name *Live Work on Overhead and Underground Power Lines as well as Switchgear up to 1 kV for Electrical Technicians and Live Wire Work on 15 and 20kV Overhead Lines*. Training was also provided on safety while working at heights. Other training courses covered such topics as, among others, live wire disconnection and connection of earthing wires to overhead power lines up to 20 kV for electrical technicians, live wire inspection of power devices up to 30 kV for electrical technicians, measurements of earthing wires and anti-electric shock protection. In 2021, **1333 employees of local branches and related companies** received training, including 46 employees of external companies and 75 representatives of the State Fire Brigade (PSP). Live wire electrical work is extremely important due to the significant focus placed on employee safety.

Awareness of potential hazards, use of insulating equipment, and particular attention to occupational safety protect the workers from possible risks during live wire work. A high quality of training courses provided at the proving grounds is ensured by the training staff, who have received extensive instruction in live wire work, as well as adequate equipment available at the training centre. This guarantees that live wire work will be performed based on uniform standards, reducing the risk of an accident to a minimum.

7.8. Respect for human rights

Energa Group objects to any form of violating human rights. The Group is operating within a legal framework that prohibits any human rights violations. The Group has also internally implemented the ORLEN Group's Code of Ethics, which obligates each employee to comply with the law, act with integrity, respect others, communicate in an open and considerate way, ensure a friendly and safe work environment, collaborate with business partners (counterparties) in an honest manner, refrain from abusing the Group's resources and remain neutral in terms of their worldview (religious) and political opinions. The Code regulates ethics-related matters concerning the operations of the Group and its employees and, as a consequence, regulates rules governing our conduct in relations with the external environment (stakeholders) and within the Group. We are creating a culture of respect for the diversity among our employees and fostering an atmosphere of dignity and mutual respect at the workplace.

Every employee is a source of inspiration for improvement and development. We also make sure that our organisation is free of any irregularities (abuse) in the form of any discrimination, mobbing or harassment.

7.8.1. Diversity and equal opportunity

Our policy of diversity in respect of our employees is formulated in various internal documents and was not codified into a single document in 2021. A diversity policy as a separate document will be implemented at all of Energa Group's subsidiaries through signing an agreement on collaboration in 2022.

In accordance with the provisions of ORLEN Capital Group's Code of Ethics and ORLEN Capital Group's Employee Potential Management Policy, we respect human dignity and guarantee that all employees will be receiving equal treatment irrespective of their gender, age, education level, professional position, disability, race, religion, nationality, political opinions, membership in trade unions, ethnic or religious background, sexual orientation and whether they are employed pursuant to a fixed-term or indefinite term labour agreement or on a full-time or part-time basis.

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

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

We support initiatives that ensure a work-life balance. To enable employees to combine their professional and parental duties, they are able to work based on an individual schedule, flexible working time hours or also work remotely. Employees may take advantage of rights afforded to parents under generally applicable laws, i.e. maternity leaves, parental leaves, paternity leaves or time off to care for a sick child. Group's subsidiaries (employers) also subsidise private healthcare for the entire family and vacations, reimburse costs of purchasing school handbooks and offer prepaid debit cards for the purchase of children's supplies. On 15th May of each year, Energa Group celebrates the International Family Day. On this day, employers shorten the working day by 2 hours, as part of the 2 Hours for the Family initiative, encouraging their employees to spend time with their loved ones.

Composition (membership) of the supervisory bodies (boards) by gender and age. Number of members of the supervisory board.

	2020						2021					
	Women			Men			Women			Men		
	Aged <30	Aged 30-50	Aged >50	Aged <30	Aged 30-50	Aged >50	Aged <30	Aged 30-50	Aged >50	Aged <30	Aged 30-50	Aged >50
Services and Other	0	3	2	0	2	1	0	3	2	0	2	0
Distribution Line of Business	0	2	1	0	1	1	0	3	0	0	4	2
Supply Line of Business	0	2	0	0	2	3	0	2	1	0	4	2
Generation Line of Business	0	3	1	0	7	10	0	4	2	1	5	10
Energa Group	0	10	4	0	12	15	0	12	5	1	15	14
including foreign citizens	0	0	0	0	0	0	0	0	0	0	0	0

**Composition (membership) of the management boards of by gender and age.
Number of members of the management board**

	2020						2021					
	Women			Men			Women			Men		
	Aged <30	Aged 30-50	Aged >50	Aged <30	Aged 30-50	Aged >50	Aged <30	Aged 30-50	Aged >50	Aged <30	Aged 30-50	Aged >50
Services and Other*	0	4	2	0	13	2	0	3	0	0	14	2
Distribution Line of Business	0	0	1	0	2	2	0	0	1	0	2	3
Supply Line of Business	0	2	1	0	6	0	0	2	0	0	6	2
Generation Line of Business	0	0	1	0	8	7	0	1	1	0	12	6
Energa Group	0	6	5	0	29	11	0	6	2	0	34	13
including foreign citizens	0	0	0	0	0	0	0	0	0	0	0	0

* As of 31 December 2021, excluding the Energa Ochrona Sp. z o.o. and Energa Centrum Usług Wspólnych Sp. z o.o. subsidiaries.

7.8.2. Preventing mobbing and discrimination

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

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

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

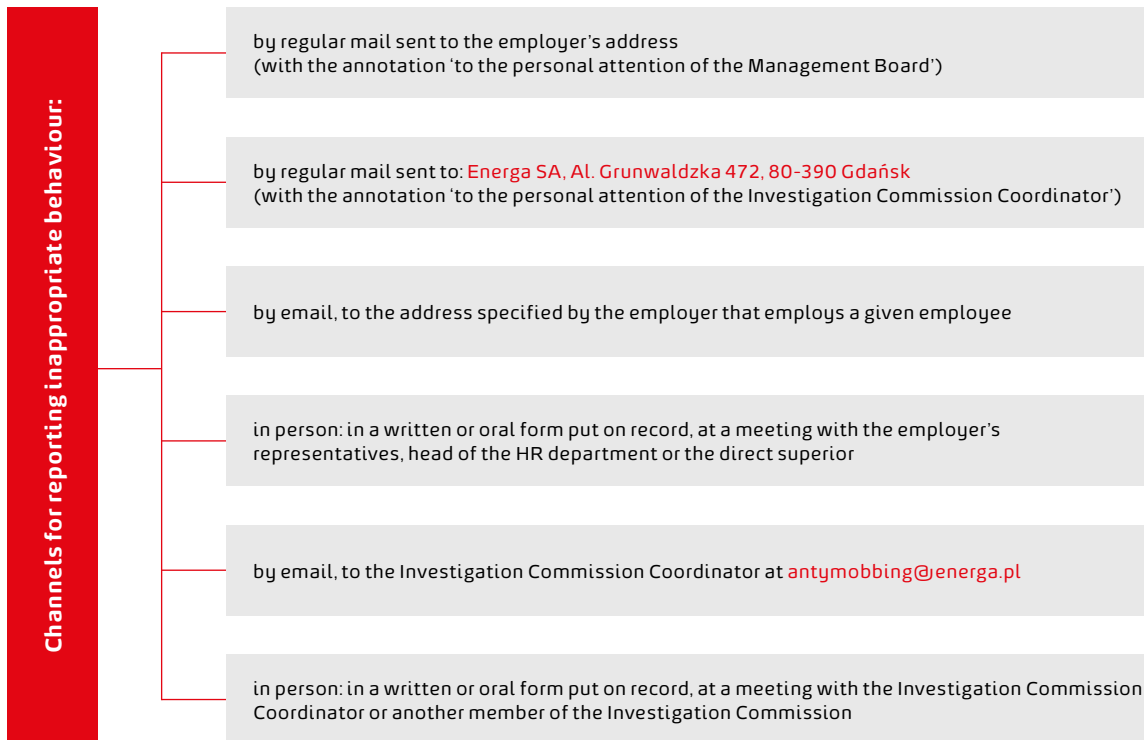
Channels for reporting inappropriate behaviour

Complaint

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

Employee

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



Prompt action, confidentiality, impartiality and independence are the guiding principles of the anti-mobbing and discrimination program operated by Energa Group. The metrics that are used to monitor the efficiency of the activities conducted include: the number of reports concerning inappropriate behaviour, timeliness and quality of investigations carried out by the Investigation Commission at Energa SA and Quick Response Teams at the Group's subsidiaries. If any complaints are found to be valid, the organisation takes additional actions as part of its control mechanism (ensuring compliance of actions performed by each role in the mobbing and discrimination prevention process at Energa Group in accordance with the policy adopted):

1. Ongoing actions – carried out as part of a given Investigation Proceedings/Quick Response Proceedings.
2. Periodic actions (taken at least twice in a calendar year) – related to the verification of progress in the implementation of guidance/recommendations specified in Reports (documents created as a result of work done by Quick Response Teams/Investigation Commissions) concerning actions that the Employer should take in connection with complaints submitted by employees in the same year and in preceding years.

The anti-mobbing programme implemented by Energa Group was recognised as an exemplary CSR practice in the 2020 Report on Responsible Business in Poland – an annual publication by the Responsible Business Forum Association that puts the spotlight on the best practices implemented by Polish companies in the area of corporate social responsibility.

Number of complaints in 2021

Complaints received	13
Complaints resolved	12
Complaints under investigation	1
Complaints upheld (total)	5
<ul style="list-style-type: none"> related to mobbing 	0
<ul style="list-style-type: none"> related to discrimination 	1
<ul style="list-style-type: none"> related to unwanted behaviours 	4

Energa Group is currently working intensely on adapting the existing *Mobbing and Discrimination Prevention Policy* to regulations applicable at PKN ORLEN

7.9. Description of policies implemented and due diligence procedures

Code of Ethics of ORLEN GROUP replaced Energa Group's Code of Ethics as of 29 December 2021. The document describes behaviours which the multi-utility conglomerate has to pursue in its relations with stakeholders and the external environment, as well as internal relations among the Group's subsidiaries and among the employees of each subsidiary. The Code describes the basic values of the Group: responsibility, development, people, energy, reliability. They are accompanied by rules of conduct that describe the preferred behaviours within the organisation. The Code applies to all signatories of the Agreement on Collaboration within Energa Group and constitutes Attachment no. 2 to the Agreement. One exception is Energa Operator that as a Distribution System Operator prepared its code based on values described in ORLEN Group's Code of Ethics. Next year (2022) will see the appointment of Ethics Officers who will be enforcing compliance with the Code at Energa Group's subsidiaries that employ more than 100 employees. Any violations of the Code of Ethics may currently be reported to a dedicated email address at compliance@energa.pl or directly to the superiors.

Occupational Health and Safety Policy

The occupational health and safety is an extremely important area of our responsibility. It is regulated by national laws, EU regulations and specific standards, as well as internal legal acts (statutes). The Group has implemented Energa Group's Occupational Health and Safety Policy, a key tool supporting the safe operation of the organisation. It also constitutes an indispensable part of a responsibly operated business. Its primary goal is to formulate guidelines for Energa Group's entities in respect of engaging in actions in the area of occupational health and safety (OHS).

Employees of Energa Group's entities and all business partners (counterparties) acting on instructions given by the Group's entities are involved in the implementation of activities stemming from the Occupational Health and Safety Policy.

Energa Group's Occupational Health and Safety Policy, which is an overriding document, is a collection of guidelines with respect to occupational health and safety and touches upon such issues as, among others, roles and duties in the occupational health and safety management process, identification of legal requirements, occupational risk assessment, supervision over the documentation, occupational health and safety training, monitoring, response to accidents and failures, organisation of particularly hazardous works, communication in the occupational health and safety area and public consultations. Internal regulations, while in line with the applicable laws, are developed taking into account the specific nature of operations of the subsidiaries.

Due diligence procedures:

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

Energa Group's Mobbing and Discrimination Prevention Policy

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

Procedures specified in the Policy do not prevent our employees from defending their rights using other procedures provided for by generally applicable laws. The use of such legal recourse by employees does not have to be preceded by the exercise of the procedures specified in the Policy.

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

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

Energa Group's Fraud and Conflict of Interest Prevention Policy

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

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

Policy for Managing the Potential of Employees of ORLEN Capital Group

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

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

The purpose of implementing the HR strategy is to provide support in the implementation of the Corporation's strategy through reinforcing segment-based management, partnership and flexibility in collaboration with business in the implementation of the strategy, as well as fostering adequate change within the organisation depending on the needs of individual segments and business areas. The HR area builds competitive advantage by managing the potential of the Corporation's employees, adequate management of internal resources (among others, unique knowledge), ensuring skill advantages and developing leadership.

It supports the implementation of partial strategies in individual business areas by taking efficient and effective actions and flexibility of implemented solutions, adapting to the needs of the business, partnership in collaboration and advisory in the HR area.

Energa Group's Age Management Policy

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

The Age Management Policy covers all of Energa Group's subsidiaries and is aimed at maintaining continuity and efficiency of business processes by preventing skill gaps and ensuring the transfer of knowledge and skills.

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

Rules for providing training by Energa Group's subsidiaries

Rules for providing training by Energa Group's subsidiaries are a general document that requires Energa Group's subsidiaries to implement a formal internal act (regulation) that will in particular regulate the following issues:

- define the scope of responsibility of all participants in the training management process;
- define the training planning process and preparation of an annual training plan and budget;
- define the rules of participation of employees in training, rights and duties of employees;
- define the rules of funding of the training by the subsidiary;
- define the method of evaluating the quality and effects of training;
- define the rules of entering into training contracts between the Subsidiary and its employees, specifying the mutual obligations of the parties in connection with an employee's participation in the training.

The Rules that are being implemented specify solutions (among others with respect to funding, settling, planning or evaluating) that are recommended to be implemented by the subsidiaries. Furthermore, the Rules regulate matters related to the division of responsibility in the training management process. The regulation enabled the implementation of uniform rules on training at all of Energa Group's entities.

Best Practice with respect to employee mobility at Energa Group

The mobility process, regulated in the document titled Best Practice with respect to employee mobility at Energa Group, is one of the methods for replacing human resources within the corporation.

Mobility at Energa Group is aimed at supporting the achievement of key business objectives, shaping an organisational culture consistent with ethical rules applicable at ORLEN Capital Group and the efficient use of the competencies and potential of employees.

Collaboration among subsidiaries of ORLEN Capital Group with respect to the implementation of best practice as well as the exchange of competencies and experiences enables the organisation to quickly respond to changes taking place therein, gain a better understanding of cultural differences and raise the commitment of employees and the identification with the company.

The best practice with respect to mobility is also consistent with the strategic plans of ORLEN Capital Group with regard to the long-term development of human capital with extensive professional experience.

Rules of awarding the 'Distinguished Employee' title by Energa Group's subsidiaries

The rules enable employers to recognise and reward employees who stand out in the following three categories:

- overall exemplary work performance,
- exceptional professional achievements,
- prosocial attitude.

Employees recognised in this way receive a congratulatory diploma and a cash prize equivalent to one average gross salary paid by the employer in the year preceding the award. The number of persons awarded the title of the 'Distinguished Employee' depends on the subsidiary's headcount.

Hiring (recruitment) rules at Energa Group's subsidiaries

The purpose of implementing the Hiring (recruitment) rules at Energa Group's subsidiaries was to introduce uniform basic assumptions and procedures of hiring at all of Energa Group's subsidiaries. The objective of hiring procedures is to fill in the individual job positions so as to enable the efficient performance of tasks at these positions and, as a result, effectively implement the business strategy of ORLEN Capital Group, including that of Energa Group. The hiring (recruitment) process provides an equal opportunity for all potential candidates and ensures that prospective hires will be evaluated in an objective manner through the use of adequate tools adequate for the specifics (type) of position to be filled.

Onboarding rules at Energa Group's subsidiaries

The purpose of implementing the Onboarding rules at Energa Group's subsidiaries was to introduce uniform basic assumptions and procedures in the onboarding process so as to efficiently integrate new hires with their new conditions (surroundings), activities, duties and work environment as well as familiarise them with the procedures and rules applicable at the subsidiary, including the ORLEN Capital Group's Code of Ethics.

The process also includes learning the rules of corporate culture and integration with co-workers. Consolidation of rules in this area is also aimed at supporting the effective implementation of the business strategy of ORLEN Capital Group, including that of Energa Group.

List of GRI disclosures presented in this chapter:

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

Information on the report

This *Energa Group's 2021 Non-Financial Report* (hereinafter the *Report*) includes data on Energa Group, part of ORLEN Group, for the period between 1 January 2021 and 31 December 2021.

The *Report* was drafted in accordance with:

- Article 49b, sub-section 1 and article 55, sub-sections 2b-e of the Accounting Act of 29 September 1994, as subsequently amended, implementing the guidelines of Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups
- GRI Standards (Core level).
- Selected guidelines on non-financial reporting: *Supplement on reporting climate-related information* (2019/C 209/01) and *Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)* (2017).
- Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment (EU Taxonomy).
- Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which a given economic activity qualifies as contributing materially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives (EU Taxonomy).

Following the change in Energa's ownership structure in 2020, following its acquisition by PKN ORLEN, the process of integration of these organisations was ongoing throughout 2021. As a result of this process, the following significant changes took place in the structure of Energa Group:

- as of 31 July 2021, Energa Ochrona Sp. z o.o. was acquired by ORLEN Ochrona Sp. z o.o.
- as of 22 December 2021, Energa CUW Sp. z o.o. was acquired by ORLEN CUK Sp. z o.o.

In connection with the above, all status disclosures applicable as of 31 December 2021 are based on Energa Group's data with the exception of the Energa Ochrona Sp. z o.o. and Energa Centrum Usług Wspólnych Sp. z o.o. subsidiaries. The other information and disclosures include data for periods in which the above mentioned subsidiaries remained a part of Energa Group's structure.

No amendments were made to the 2020 *Report* in 2021.

This 2020 *Report* contains data and disclosures in respect of Energa Group (hereinafter alternatively referred to as Energa Group or Energa of ORLEN Group), as well as Energa SA as the parent company of Energa Group (hereinafter Energa SA). The term Energa Group is defined, as of 31 December 2021, as encompassing the below subsidiaries that are a part of Energa Group:

Energa SA
Energa Operator SA
Energa Operator Wykonawstwo Elektroenergetyczne Sp. z o.o.
Energa-Obrót SA
Energa Oświetlenie Sp. z o.o.
Energa Slovakia s.r.o.
Enspirion Sp. z o.o.
Energa OZE SA
Energa Kogeneracja Sp. z o.o.
Energa Ciepło Ostrołęka Sp. z o.o.
Energa Ciepło Kaliskie Sp. z o.o.
Energa Elektrownie Ostrołęka SA
Energa Serwis Sp. z o.o.
CCGT Grudziądz Sp. z o.o.
CCGT Gdańsk Sp. z o.o.
Energa MFW 1 Sp. z o.o.
Energa MFW 2 Sp. z o.o.
Centrum Badawczo-Rozwojowe im. M. Faradaya Sp. z o.o.
Energa Finance AB
ECARB Sp. z o.o.
CCGT Ostrołęka Sp. z o.o.
Energa Green Development Sp. z o.o.

In terms of environmental and social issues, the report does not cover 9 subsidiaries whose impact was considered to be immaterial: CCGT Gdańsk Sp. z o.o., CCGT Grudziądz Sp. z o.o., CCGT Ostrołęka Sp. z o.o., Energa SLOVAKIA s.r.o., CBRF Sp. z o.o., Energa Finance AB, ECARB Sp. z o.o., Energa MFW 1 Sp. z o.o., Energa MFW 2 Sp. z o.o. The exclusion of the above subsidiaries does not apply to disclosures 102-8, 401-1, 404-1, 405-1. The Report covers the 2021 financial year, i.e. the period between 1 January and 31 December 2021 (provided that, by analogy to the generally accepted financial reporting standards, the Report may refer to events that took place after 31 December 2021 and before the publication of the report, as long as they were material to Energa Group from the perspective of its non-financial results).

The reporting process at Energa Group is carried out on an annual basis. Energa Group's 2020 Non-Financial Report was published on 15 April 2021, along with the 2020 Report of the Management Board on the Operations of the Group and Energa SA.

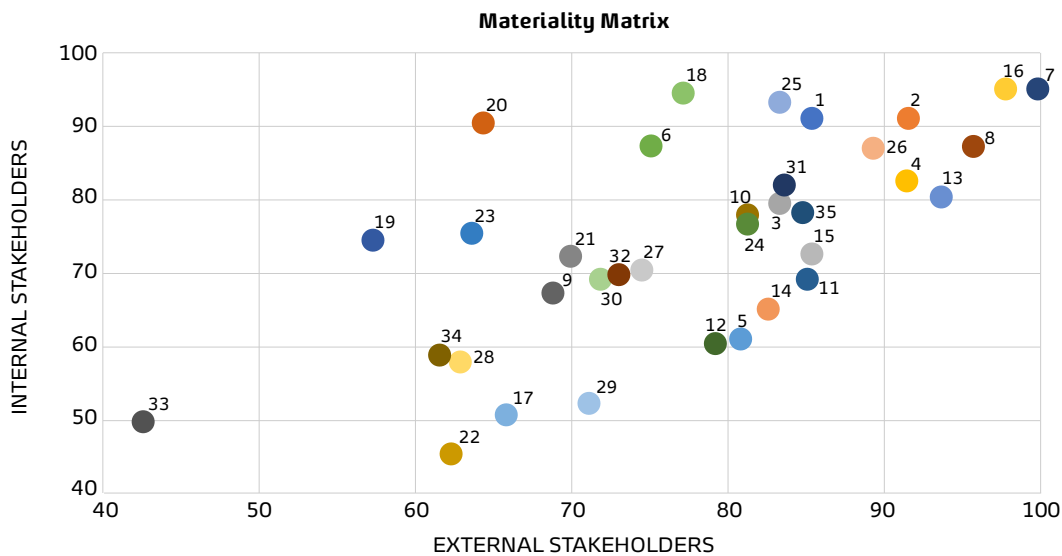
Reporting standards

This Report was drawn up with reference to the Global Reporting Initiative non-financial reporting standard, Core level. The Report presents disclosures from the 2016 GRI Universal Standards and selected topic-specific Standards: economic (Economic, GRI 200), environmental (Environmental, GRI 300) and social (Social, GRI 400). The Report includes the most recent disclosures on occupational health and safety (GRI 403: Occupational Health and Safety 2018) and waste (GRI 306: Waste 2020).

The Report also contains selected Electric Utilities Sector Disclosures (G4 EU). The disclosures included in this Report are listed at the end of each chapter. The index of GRI standards is provided at the end of the Report.

Reporting methodology

A detailed, multi-stage process of preparing the Report was carried out in 2020. An analysis of the macroeconomic situation in ESG areas and the latest trends in reporting in selected economically developed European countries was carried out at that time. Based on the information gathered in the course of the analysis, an online workshop and an assessment of elements that are material for reporting in the industry were carried out. The next stage was to create a Stakeholder Map based on the analysis of the micro- and macroeconomic environment of Energa Group and a workshop with the participation of the subsidiaries' management team. Subsequently, a survey questionnaire was drafted and sent to selected groups of stakeholders, as well as an Expert Panel was conducted. Data obtained as a result of the survey and its analysis helped create a tool in the form of the Materiality Matrix, which was used to make decisions as to the content included in the 2020 Report. The Materiality Matrix illustrates 35 major issues in the social, environmental and economic area that were subjected to analysis.



35 social, environmental and economic issues subjected to analysis:

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

The process of preparing the 2021 report comprised multiple stages. First, the analysis of the macroeconomic situation in ESG areas and the latest trends in reporting were updated.

As part of the stage of identifying the scope of non-financial reporting, internal consultations were held to verify whether the Materiality Matrix developed in 2020 remained valid. In order to revise the major issues to be accounted for in the non-financial reporting for 2021, an expert panel was scheduled and held. The panel, featuring five external experts, took place in the form of direct interviews between 13 and 19 December 2021 on Zoom.

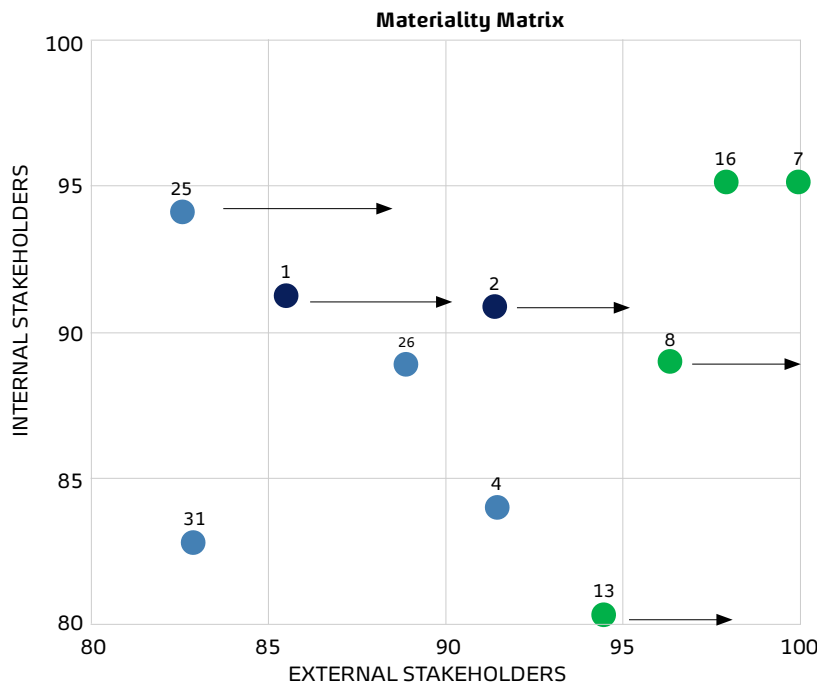
The panel featured experts representing various disciplines – organisations associated with the sustainable development, environment, business and capital market.

The experts gave opinions and recommendations on the following issues:

- **Materiality Matrix:** the experts recommended new material aspects and indicated changes in the weighting of topics previously defined in the course of the non-financial reporting process in 2020.
- **Non-financial report:** the experts provided feedback on topics which should be covered at greater length in the report or were missing from the report.

In addition, stakeholders shared their opinion on investments into ESG as well as opportunities and risks related to the implementation of EU Taxonomy. All of the parties spoken to agreed that the biggest challenge facing Energa Group was climate neutrality and the decarbonisation plan. Topics indicated by stakeholders and experts were placed in the sections specified by the respondents. They evaluated not only the significance of each topic for an external stakeholder, but also its importance and materiality for the company. As a result of the analysis, the materiality of each indicator was determined, 9 aspects found to be most important were updated, and their significance and division into economic, environmental and social aspects were brought up to date.

10 material aspects selected as a result of the process:



Economic	[1] Energa Group's 2021 financial results.	Environmental	[16] Key investment (CAPEX) projects impacting the environment.
Economic	[2] Business strategy, including the management of sustainable development and risks.	Social	[4] Provision of services for the society as part of Energa Group's involvement in initiatives supporting the economic development of the country.
Environmental	[7] Development of renewable energy sources in the production of electricity and heat	Social	[25] Energa as a responsible employer – including care for the development of employees and dialogue with employees.
Environmental	[8] Environmental and energy management strategy.	Social	[Combined 26 i 31] Activities for the benefit of the society (previously: Activities for the benefit of local communities + Activities of Energa Foundation).
Environmental	[13] Preventing climate change – striving for climate neutrality.		

Contact details and feedback

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

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Phone: 58 778 83 78
maciej.boryn@energa.pl

Monika Wasilewska
Phone: 58 778 83 83
monika.wasilewska@energa.pl

lub

Energa SA
Departament Zarządzania Korporacyjnego
Wydział ESG
al. Grunwaldzka 472
80-309 Gdańsk
esg@energa.pl

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

List of GRI disclosures presented in this chapter:

GRI 102-1	Name of the organization
GRI 102-3	Location of headquarters
GRI 102-44	Key topics and concerns raised by stakeholders
GRI 102-45	Entities included in the consolidated financial statements
GRI 102-46	Defining report content and topic boundaries
GRI 102-47	List of material topics
GRI 102-48	The effects of any restatements of information given in previous reports, and the reasons for such restatements and their impact (e.g. mergers, acquisitions, changes to base year/period, nature of activity, measurement methods)
GRI 102-49	Changes in reporting (significant changes from previous reporting periods in the list of material topics and topic boundaries covered by the report).
GRI 102-50	Reporting period
GRI 102-51	Date of most recent report
GRI 102-52	Reporting cycle
GRI 102-53	Contact point for questions regarding the report
GRI 102-54	Claims of reporting in accordance with the GRI Standards using the Core or Comprehensive option

GRI table

Disclosure	Description of disclosure	Name of GRI Standard	Value/section in the report
Profile disclosures			
GRI 102-1	Name of the organization	GRI 102: GENERAL DISCLOSURES 2016	Energa Group and its shareholders Information on the report
GRI 102-2	A description of the organisation's activities, brands, products, and/or services	GRI 102: GENERAL DISCLOSURES 2016	Key subsidiaries Major products and brands Location of operations and main generating assets Meeting customer expectations through products and services
GRI 102-3	Location of headquarters	GRI 102: GENERAL DISCLOSURES 2016	Location of operations and main generating assets
GRI 102-4	Location of operations	GRI 102: GENERAL DISCLOSURES 2016	Location of operations and main generating assets
GRI 102-5	Ownership and legal form	GRI 102: GENERAL DISCLOSURES 2016	Energa Group and its shareholders
GRI 102-6	Markets served	GRI 102: GENERAL DISCLOSURES 2016	Location of operations and main generating assets
GRI 102-7	Scale of the organization	GRI 102: GENERAL DISCLOSURES 2016	Energa Group and its shareholders Location of operations and main generating assets Structure of employment at Energa Group
GRI 102-8	Information on employees and other workers	GRI 102: GENERAL DISCLOSURES 2016	Structure of employment at Energa Group
GRI 102-9	Supply chain	GRI 102: GENERAL DISCLOSURES 2016	Group's suppliers
GRI 102-10	Significant changes to the organization's size, structure, ownership, or supply chain in the reporting period	GRI 102: GENERAL DISCLOSURES 2016	Energa Group and its shareholders
GRI 102-11	Whether and how the organization applies the Precautionary Principle or approach	GRI 102: GENERAL DISCLOSURES 2016	Non-financial risk management
GRI 102-12	A list of externally-developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes, or which it endorses	GRI 102: GENERAL DISCLOSURES 2016	Non-financial risk management
GRI 102-13	Membership of associations and organisations	GRI 102: GENERAL DISCLOSURES 2016	Industry initiatives and organisations
GRI 102-14	Statement from senior decision-maker	GRI 102: GENERAL DISCLOSURES 2016	Letter from the CEO
GRI 102-15	Key impacts, risks, and opportunities	GRI 102: GENERAL DISCLOSURES 2016	Energa Group's Strategic Development Plan Compliance with TCFD recommendations Non-financial risk management
GRI 102-16	Values, principles, standards, and norms of behaviour	GRI 102: GENERAL DISCLOSURES 2016	Organisational values and standards of conduct
GRI 102-17	Mechanisms for seeking and reporting concerns about ethics	GRI 102: GENERAL DISCLOSURES 2016	Whistleblowing mechanisms related to compliance with ethics

Disclosure	Description of disclosure	Name of GRI Standard	Value/section in the report
GRI 102-18	Governance structure of the organization, including committees of the highest governance body, responsible for decision-making on economic, environmental, and social topics	GRI 102: GENERAL DISCLOSURES 2016	Management structure
GRI 102-20	Executive-level responsibility for economic, environmental, and social topics	GRI 102: GENERAL DISCLOSURES 2016	Management structure
GRI 102-22	Composition of the highest governance body and its committees by number and gender	GRI 102: GENERAL DISCLOSURES 2016	Diversity and equal opportunity
GRI 102-40	A list of stakeholder groups engaged by the organization as a diagram	GRI 102: GENERAL DISCLOSURES 2016	Group's stakeholders
GRI 102-41	Employees covered by collective bargaining agreements	GRI 102: GENERAL DISCLOSURES 2016	Dialogue with employees of Energa Group and employee organisations
GRI 102-42	The basis for identifying and selecting stakeholders with whom to engage	GRI 102: GENERAL DISCLOSURES 2016	Group's stakeholders
GRI 102-43	The organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group	GRI 102: GENERAL DISCLOSURES 2016	Group's stakeholders Dialogue activities aimed at customers Dialogue with local communities and their results
GRI 102-44	Key topics and concerns that have been raised through stakeholder engagement	GRI 102: GENERAL DISCLOSURES 2016	Information on the report Group's stakeholders Meeting customer expectations through products and services Key initiatives implemented in local communities
GRI 102-45	Entities included in the consolidated financial statements	GRI 102: GENERAL DISCLOSURES 2016	Information on the Report
GRI 102-46	Defining report content and topic boundaries	GRI 102: GENERAL DISCLOSURES 2016	Information on the Report
GRI 102-47	A list of the material topics	GRI 102: GENERAL DISCLOSURES 2016	Information on the Report
GRI 102-48	The effects of any restatements of information given in previous reports, and the reasons for such restatements (e.g. mergers or acquisitions, change of base years or periods, nature of business, measurement methods)	GRI 102: GENERAL DISCLOSURES 2016	Information on the Report
GRI 102-49	Changes in reporting (significant changes from previous reporting periods in the list of material topics and topic boundaries)	GRI 102: GENERAL DISCLOSURES 2016	Information on the Report
GRI 102-50	Reporting period	GRI 102: GENERAL DISCLOSURES 2016	Information on the Report
GRI 102-51	Date of most recent report	GRI 102: GENERAL DISCLOSURES 2016	Information on the Report
GRI 102-52	Reporting cycle	GRI 102: GENERAL DISCLOSURES 2016	Information on the Report
GRI 102-53	Contact point for questions regarding the report	GRI 102: GENERAL DISCLOSURES 2016	Information on the Report
GRI 102-54	Claims of reporting in accordance with the GRI Standards using the Core or Comprehensive option	GRI 102: GENERAL DISCLOSURES 2016	Information on the Report

Disclosure	Description of disclosure	Name of GRI Standard	Value/section in the report
GRI 102-55	GRI content index	GRI 102: GENERAL DISCLOSURES 2016	GRI Table
GRI 102-56	A description of the organization's policy and current practice with regard to seeking external assurance for the report	GRI 102: GENERAL DISCLOSURES 2016	The report was not subject to external assurance

Detailed disclosures – economic (financial) results

GRI 103-1	Explanation of the material topic and its boundary	GRI 103: MANAGEMENT APPROACH 2016	
GRI 103-2	The management approach and its components	GRI 103: MANAGEMENT APPROACH 2016	Energa Group's Strategic Development Plan
GRI 103-3	Evaluation of the management approach	GRI 103: MANAGEMENT APPROACH 2016	
GRI 203-1	Infrastructure investments and services supported	GRI 203: INDIRECT ECONOMIC IMPACTS 2016	Energa Group's Strategic Development Plan Major refurbishment capex projects Managing the environmental footprint at Energa Group
GRI 203-2	Significant indirect economic impacts	GRI 203: INDIRECT ECONOMIC IMPACTS 2016	Indirect economic impact on local communities
GRI 204-1	Proportion of spending on local suppliers	GRI 204: PROCUREMENT PRACTICES 2016	Group's suppliers

Detailed disclosures – environmental area

GRI 103-1	Explanation of the material topic and its boundary	GRI 103: MANAGEMENT APPROACH 2016	Managing the environmental footprint at Energa Group
GRI 103-2	The management approach and its components	GRI 103: MANAGEMENT APPROACH 2016	Compliance with TCFD recommendations Consumption of raw materials Greenhouse gas emissions
GRI 103-3	Evaluation of the management approach	GRI 103: MANAGEMENT APPROACH 2016	Pollutant emissions, including nitrogen and sulphur oxides
GRI 301-1	Materials used by weight or volume	GRI 301: MATERIALS 2016	Consumption of raw materials
GRI 302-1	Energy consumption within the organization	GRI 302: ENERGY 2016	Energy efficiency and consumption of energy
GRI 303-3	Total water withdrawal by source	GRI 303: WATER AND EFFLUENTS 2018	Consumption of water
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: BIODIVERSITY 2016	Biodiversity and protection of water sources
GRI 304-3	Habitats protected or restored	GRI 304: BIODIVERSITY 2016	Biodiversity and protection of water sources
GRI 305-1	Direct (Scope 1) GHG emissions	GRI 305: EMISSIONS 2016	Greenhouse gas emissions
GRI 305-2	Energy indirect (Scope 2) GHG emissions	GRI 305: EMISSIONS 2016	Greenhouse gas emissions
GRI 305-5	Reduction of GHG emissions	GRI 305: EMISSIONS 2016	Greenhouse gas emissions Compliance with TCFD recommendations

Disclosure	Description of disclosure	Name of GRI Standard	Value/section in the report
GRI 305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	GRI 305: EMISSIONS 2016	Pollutant emissions, including nitrogen and sulphur oxides
GRI 306-1	Water discharge by quality and destination	GRI 306: EFFLUENTS AND WASTE 2016	Wastewater management
GRI 306-2	Waste by type and disposal method	GRI 306: EFFLUENTS AND WASTE 2016	Waste management
GRI 306-3	Total number and total volume of significant spills	GRI 306: EFFLUENTS AND WASTE 2016	Waste management
GRI G4 EU1	Installed capacity, broken down by primary energy source	GRI G4 ELECTRIC UTILITIES SECTOR DISCLOSURES 2013	Energy efficiency and energy consumption
GRI G4-EU2	Net energy output broken down by primary energy source	GRI G4 ELECTRIC UTILITIES SECTOR DISCLOSURES 2015	Energy efficiency and energy consumption
GRI G4-EU5	Allocation of CO ₂ emissions allowances	GRI G4 ELECTRIC UTILITIES SECTOR DISCLOSURES 2014	Greenhouse gas emissions

Detailed disclosures – social area

GRI 103-1	Explanation of the material topic and its boundary	GRI 103: MANAGEMENT APPROACH 2016	Society as the pillar of Energa Group's efforts for sustainable development
GRI 103-2	The management approach and its components	GRI 103: MANAGEMENT APPROACH 2016	Dialogue with employees of Energa Group and employee organisations Key initiatives implemented in local communities Number of actions with negative impact on local communities
GRI 103-3	Evaluation of the management approach	GRI 103: MANAGEMENT APPROACH 2016	Major refurbishment capex projects Indirect economic impact on local communities
GRI 401-1	New employee hires and employee turnover	GRI 401: EMPLOYMENT 2016	Structure of employment at Energa Group
GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	GRI 401: EMPLOYMENT 2016	Additional employee benefits
GRI 403-1	Occupational health and safety management system	GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018	Occupational health & safety management system
GRI 403-2	Hazard identification, risk assessment, and incident investigation	GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018	Occupational health & safety management system
GRI 403-3	Occupational health services	GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018	Occupational health & safety management system
GRI 403-4	Worker participation, consultation, and communication on occupational health and safety	GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018	Occupational health & safety management system
GRI 403-5	Worker training on occupational health and safety	GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018	Occupational health & safety management system

Disclosure	Description of disclosure	Name of GRI Standard	Value/section in the report
GRI 403-6	Promotion of worker health	GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018	Employee health promotion programmes
GRI 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018	Employee health promotion programmes Occupational health & safety management system
GRI 403-9	Work-related injuries	GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018	Occupational health & safety management system
GRI 403-10	Work-related ill health	GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018	Occupational health & safety management system
GRI 404-1	Average hours of training per year per employee by employee category, gender and age	GRI 404: TRAINING AND EDUCATION 2016	Professional development opportunities at Energa Group
GRI 405-1	Composition of governance bodies and employees by gender, age and other indicators of diversity	GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016	Structure of employment at Energa Group Diversity and equal opportunity
GRI 406-1	Incidents of discrimination and corrective actions taken	GRI 406: NON-DISCRIMINATION 2016	Preventing mobbing and discrimination
GRI 413-2	Operations with significant actual and potential negative impacts on local communities	GRI 413: LOCAL COMMUNITIES 2016	Number of actions with negative impact on local communities
GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	GRI 418: CUSTOMER PRIVACY 2016	Personal data protection
GRI 419-1	Non-compliance with laws and regulations in the social and economic area	GRI 419: SOCIOECONOMIC COMPLIANCE 2016	Complaint handling procedure

Detailed disclosures – sector related

G4-EU1	Installed capacity, broken down by primary energy source	GRI G4 Electric Utilities Sector Disclosures 2013	Energa Group and its shareholders Energy efficiency and energy consumption
G4-EU2	Net energy output broken down by primary energy source	GRI G4 Electric Utilities Sector Disclosures 2013	Energa Group and its shareholders Energy efficiency and energy consumption
G4-EU3	Number of residential, industrial, institutional and commercial customer accounts	GRI G4 Electric Utilities Sector Disclosures 2013	Consumers of electricity and services provided by Energa Group
G4-EU4	Length of above and underground transmission and distribution lines by regulatory regime	GRI G4 Electric Utilities Sector Disclosures 2013	Energa Group and its shareholders
G4-EU5	Allocation of CO ₂ emissions allowances	GRI G4 ELECTRIC UTILITIES SECTOR DISCLOSURES 2014	Greenhouse gas emissions
G4-EU28	Power outage frequency	GRI G4 Electric Utilities Sector Disclosures 2013	Reduction in the number and duration of power outages
G4-EU29	Average power outage duration	GRI G4 Electric Utilities Sector Disclosures 2013	Reduction in the number and duration of power outages

Approval of Energa Group's 2021 Non-Financial Report

This Energa Group's and Energa SA's 2021 Non-Financial Report has been approved by the Management Board of the Parent Company.

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