STATEMENT OF NON-FINANCIAL INFORMATION

on the activities of PGE Polska Grupa Energetyczna S.A.
and the PGE Capital Group
for the year 2023

ended 31 December 2023

Leading in the green transition

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LETTER FROM THE PRESIDENT OF THE MANAGEMENT BOARD OF PGE POLSKA GRUPA ENERGETYCZNA S.A.

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Ladies and Gentlemen,

The PGE Group, by virtue of its activities and importance to the Polish economy, naturally fits into the idea of sustainable development in accordance with which it conducts its business. Our role is to ensure an uninterrupted supply of electricity and heat with a consistently reduced environmental impact.

PGE's social responsibility is also about ensuring a harmonious energy transition for both our customers and the employees of the Conventional Power Generation segment, as well as the local communities of the lignite mining regions.

The non-financial, i.e. both environmental and social, dimension of our activities is particularly important to us. We treat the reporting of sustainability activities with full responsibility, having provided non-financial data of the highest quality for many years. Actively preparing to meet the requirements of the EU Corporate Sustainability Reporting Directive (CSRD), which introduces new standards in the area of sustainability reporting, we are already presenting you with a statement that meets these new regulations.

Furthermore, the sustainable management of an organisation requires continuous and consistent adaptation to the changing environment and stakeholders' expectations. In response to these expectations, we want to include key ESG issues in our corporate governance standards as well as in our rules for cooperation with business partners in the value chain. We also want to strengthen our activities in the area of comprehensive environmental impact management, with a particular focus on the carbon footprint.

It is precisely the issue of climate change and the decarbonisation of the Group's operations that are a priority for both us and our stakeholders. Winning the title of Climate Conscious Company 2023 and once again improving its rating in the international CDP survey, PGE has confirmed that it is aware of the importance of climate change and manages the environmental impact of its operations to a high degree. I believe that in this area we will consistently set the highest standards in Poland.

With the transformation of the Polish energy industry, the PGE Group is changing, building its new and sustainable position in the changing environment. At the same time, we are creating value that will have a positive impact on not only the organisation itself, but also beyond it.

The measures taken to this end are presented in this Statement. I invite you to read it.

Dariusz Marzec

President of the Management Board
PGE Polska Grupa Energetyczna S.A.

Approach to reporting

This statement of non-financial information of PGE Polska Grupa Energetyczna S.A. and the PGE Capital Group has been drawn up in accordance with Directive 2014/95 of the European Parliament and of the Council (EU) 2014/95 (Non-Financial Reporting Directive, NFRD) as implemented in the Accounting Act and takes into account the guidelines for the preparation of a sustainability statement in accordance with Directive 2022/2464 of the European Parliament and of the Council (EU) 2022/2464 (Corporate Sustainability Reporting Directive, CSRD) to be included in the amended Accounting Act in 2024.

The statement presents non-financial information for the period from 1 January to 31 December 2023 and includes data for the PGE Capital Group and for the parent company PGE Polska Grupa Energetyczna S.A. and its subsidiaries.

The substantive content of the statement is the result of a thorough and detailed materiality analysis process. The content of the statement is, among other things, a response to the needs and expectations related to the provision of information and voiced during the dialogue sessions attended by nearly 80 key PGE stakeholder representatives. In the next step, particular topics were allocated the respective GRI standards (GRI Standards version 2021): core and mandatory standards, as well as those resulting from the materiality assessment. The selection of the statement's content also benefited from the previous results of the double materiality analysis carried out as part of the PGE Group's preparation for CSRD-compliant reporting.

The division of the chapters of the statement corresponds to the particular ESG areas, namely:

- E – environmental,
- S – social,
- G - governance.

In addition, the statement includes PGE's own indicators, as well as references to the 10 Global Compact Principles and the Sustainable Development Goals (SDGs).

The numerical indicators are presented both within the individual thematic chapters and at the end of the statement. These are divided into environmental, labour, social, human rights and anti-corruption areas, as required by the NFRD. In line with the same division, information on the management of ESG risks is presented.

The key new elements in the 2023 non-financial information statement include the following:

- the statement's structure reflecting next year's CSRD guidelines,
- analysis of activities in line with the EU Environmental Taxonomy in a year-on-year comparison,
- analysis of the carbon footprint over the last three years,
- expanding the scope of environmental reporting,
- expanding the scope of reporting on ESG risks.

1. GENERAL INFORMATION

| GRI 2-1 |

The PGE Capital Group ("PGE Group") is the largest energy group in Poland. It generates approximately 40 percent of Poland's electricity and approximately 20 percent of the country's district heat, and its electricity distribution area covers about 40 percent of the country's territory.

The parent company of the Group is PGE Polska Grupa Energetyczna S.A. ("PGE S.A."). Since 1 July 2022, the company's registered office has been at the following address: Aleja Kraśnicka 27, 20-718 Lublin. The PGE Group's business activities are concentrated in Poland, with revenue from domestic operations accounting for 99.97 percent of total sales revenue.

1.1 Business model

| GRI 2-6 |

The PGE Group operates across the entire value chain: it produces electricity and heat in both conventional and renewable power plants and CHP plants, and then supplies and sells energy to customers across Poland, both households and businesses, institutions and local governments. The PGE Group also has an area dedicated to the management of combustion by-products (CBPs). It functions within the Circular Economy segment. The utilisation of CBPs allows PGE to reduce the extraction of natural resources, limit its impact on the environment and reduce CO_2 emissions. In this way, the PGE Group implements measures aimed at making the energy sector waste-free, in line with the idea of a circular economy oriented towards natural environment protection.

Since April 2023, the Railway Power Engineering segment has been operating within the structure of the PGE Group. The segment comprises the company PGE Energetyka Kolejowa S.A. (formerly PKP Energetyka S.A.) and the entities clustered around it. The segment provides services to entities in the rail industry.

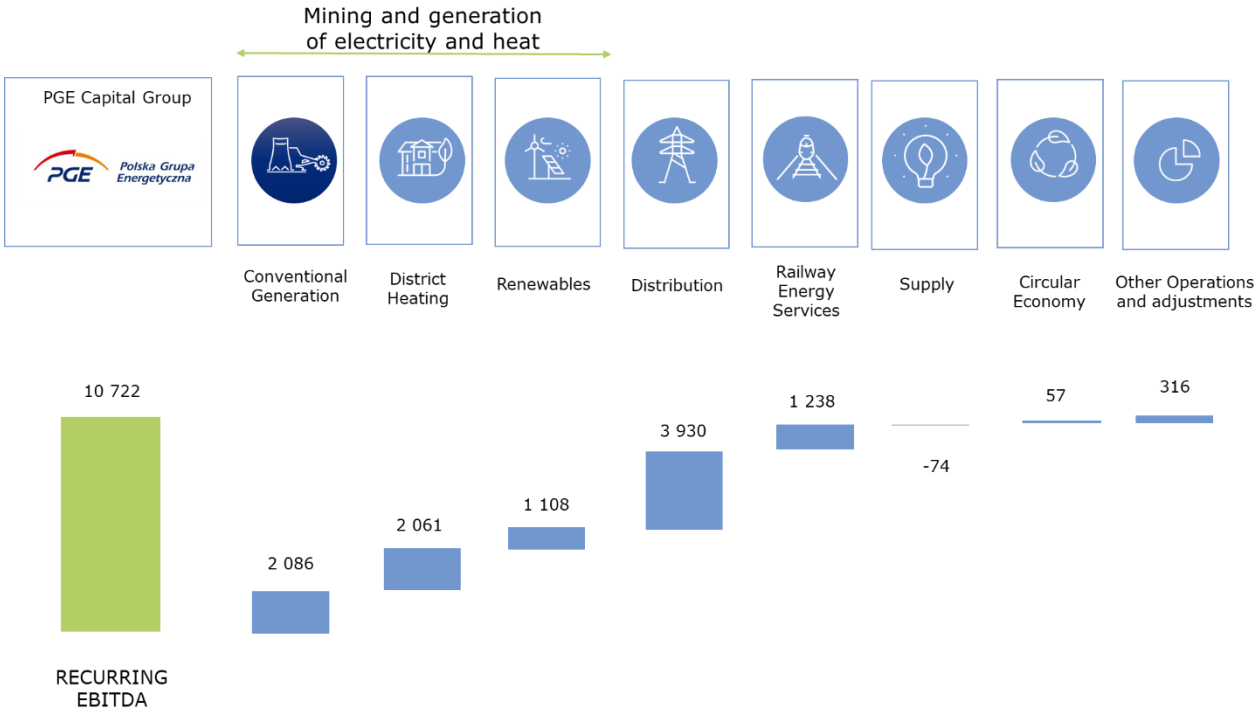


Fig. Financial highlights of the PGE Capital Group for 2023 (in PLN million)

The PGE Capital Group's business activities are currently organised in eight segments:

CONVENTIONAL POWER GENERATION
This segment deals with lignite mining as well as electricity and heat generation from conventional sources.

HEAT GENERATION
This segment deals with electricity and heat generation from cogeneration sources, as well as the transmission and distribution of heat.

RENEWABLE POWER GENERATION
This segment deals with electricity generation from renewable sources and in pumped storage hydro power plants.

TRADE
This segment deals with wholesale trade in electricity in the domestic and foreign markets, sale of electricity to end users, trade in CO_2 emission allowances, property rights and fuels, as well as the provision of Corporate Centre services to the companies belonging to the PGE Group.

DISTRIBUTION
This segment deals with the provision of services related to the supply of electricity to end users by means of high-, medium-, and low-voltage networks and facilities. The company managing the segment – PGE Dystrybucja S.A. - acts in the capacity of the Distribution System Operator.

RAILWAY POWER ENGINEERING
The segment's main activities are the distribution and sale of electricity to railway operators and customers functioning within the railway system, the sale of fuels, as well as the maintenance and modernisation of the overhead contact line network, together with other auxiliary services.

CIRCULAR ECONOMY
The segment's business is to provide comprehensive services in the management of combustion by-products (CBP), to provide services in ancillary areas to electricity and heat generators and to supply CBP-based materials.

OTHER ACTIVITIES
The segment's activities include the provision of services by subsidiaries to the PGE Capital Group, for example, organisation of acquisition of financing in the form of Eurobonds (PGE Sweden), provision of IT, accounting and HR services, transport services, as well as investments in start-ups.

The segment also includes companies responsible for the construction of CCGT power generating units in Gryfino (PGE Gryfino 2050 sp. z o.o.) and a new low-carbon unit in Rybnik (Rybnik 2050 sp. z o.o.), as well as other project companies of the Group.

The diagram below shows the current business model of the PGE Group.

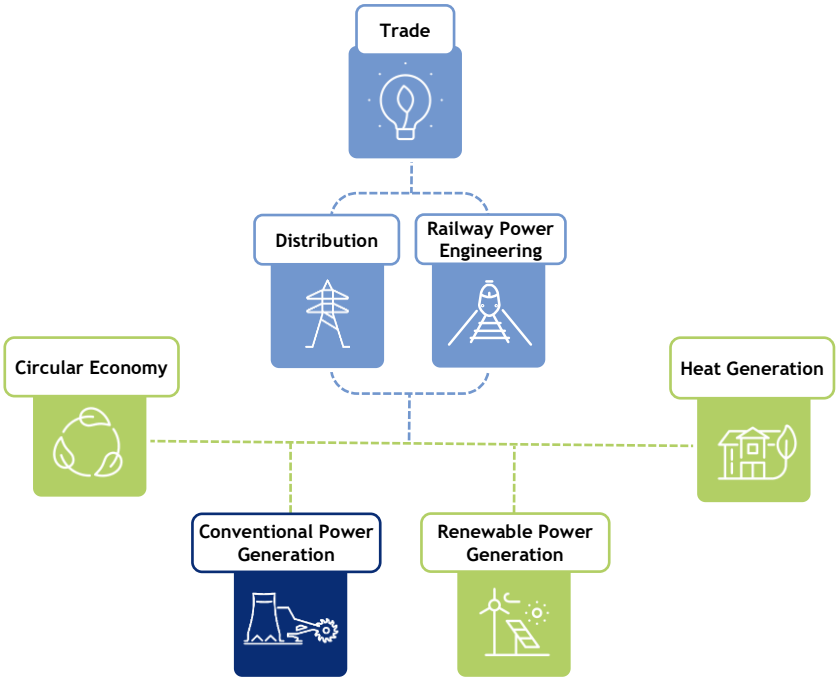
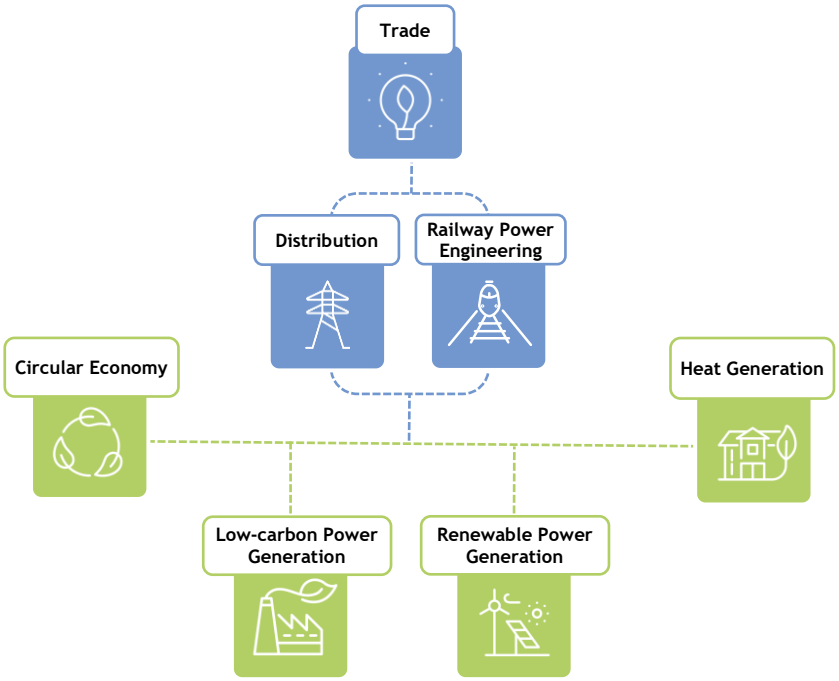


Fig. PGE Group's current business model

In line with the current PGE Group Strategy, a change in the PGE CG's business model is planned, taking into account a spin-off of coal and lignite assets from the Group. The continuation of the project, as well as its possible final shape and timing, depend on the government's decisions. At the date of this statement, no further arrangements had been made regarding the coal and lignite assets and their future within the PGE Group.



Graph: PGE Capital Group's planned business model in line with the current Group Strategy[1].

[1] *PGE Capital Group's target business model depends on the government's future decisions.*

Segment assets and their market position.

Key segment assets		Volumes of electricity	Volumes of thermal energy	Market position
Conventional Generation				
	• **5** conventional power plants • **2** lignite mines	Net electricity generation **44.82 TWh**	Heat generation **3.10 PJ**	The PGE Group is the leader in lignite mining in Poland (approx. 96%). The PGE Group is also the national leader in electricity generation and the largest producer of heat.
District Heating				
	• **16** combined heat and power plants	Net electricity generation **8.51 TWh**	Heat generation **47.15 PJ**	The PGE Group is the national leader in electricity generation and the largest producer of heat.
Renewables				
	• **21** wind farms • **30** photovoltaic power plants • **29** run-of-river hydro power plants • **4** pumped storage hydro power plants, including 2 with natural inflow	Net electricity generation **3.44 TWh**	-	The PGE Group is the largest producer of electricity from renewable sources with a market share of approximately 6% (excluding co-firing of biomass and biogas)
Distribution				
	• **301,300 km** of distribution lines	Electricity distributed **35.78 TWh**	-	The PGE Group is the second largest electricity distributor in the country in terms of the number of customers
Railway Energy Services				
	• **18,600 km** of distribution lines	Electricity distributed **3.10 TWh** Sales of electricity to end users **2.22 TWh**	-	The PGE Group is also the leader in providing dedicated power services for the railway infrastructure and the largest distributor and marketer of electricity to the overhead contact line network
Supply				
	-	Sales of electricity to end users **32.41 TWh**	-	The PGE Group is the leader in wholesale and retail trade in electricity in Poland

1.2 The strategy of the PGE Capital Group until 2030 with an outlook until 2050

| GRI 3-3 [the strategy and its implementation] | GRI 3-3 [the company's impact on the climate] |

The PGE Group's approach to managing the organisation's impact on the economy, the environment and people is an integral part of the Group's business strategy, which focuses on the energy transition, decarbonisation of power generation and climate neutrality. Announced on 19 October 2020, the strategy sets out a concrete plan for a sustainable transformation of the PGE Group towards low- and zero-carbon power generation.

The business strategy of the PGE Group is a response to the profound changes taking place in the energy sector in recent years and to the expectations of society, which to a large extent determine the directions of development for the whole industry. The PGE Group is the leader of transformation and modernisation of the energy sector in Poland; it supports the development of a market environment conducive to the energy transition. The transformation of the PGE Group will be carried out in a sustainable manner, in dialogue with social partners. PGE is aware of the impact of the Group's operations on the environment – in the social, economic and environmental dimensions. Its activities are oriented towards maximising added value for all stakeholders.

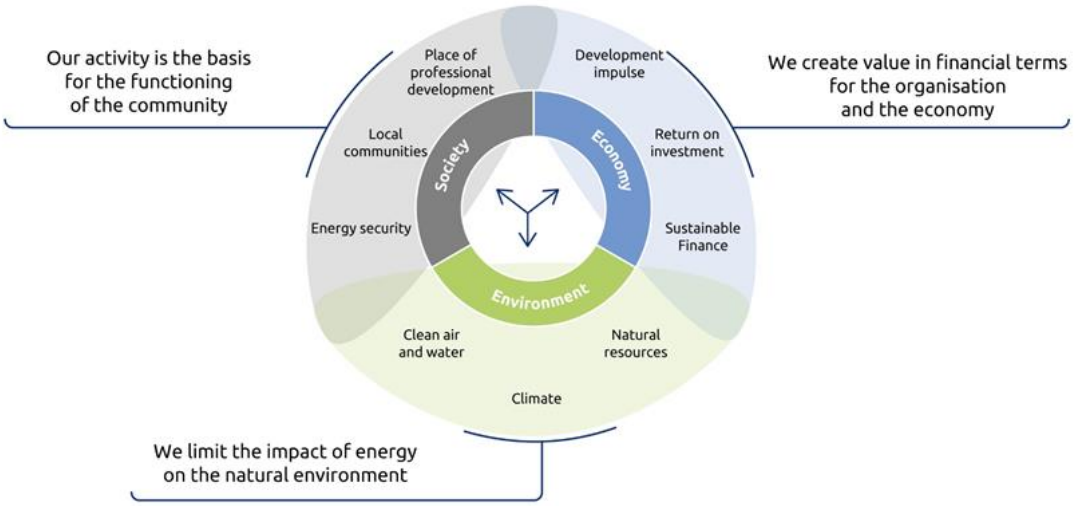


Fig. Sustainable transformation of the PGE Group

The key development directions and activity reduction areas

The PGE Group's key development areas will include offshore and onshore wind energy, photovoltaics, grid infrastructure, low-emission heat generation and modern energy sector services. Areas where operations will be discontinued include coal- and lignite-based power generation, coal trading and non-core support activities.

Mission and vision

The mission of the PGE Group is to provide energy for a secure future. According to its long-term vision, PGE is becoming the leader of a sustainable energy transition in Poland. The Group's vision translates into three strategic priorities:

- environmentally friendly energy generation,
- the provision of modern energy services,
- the efficient and effective functioning of the Group.

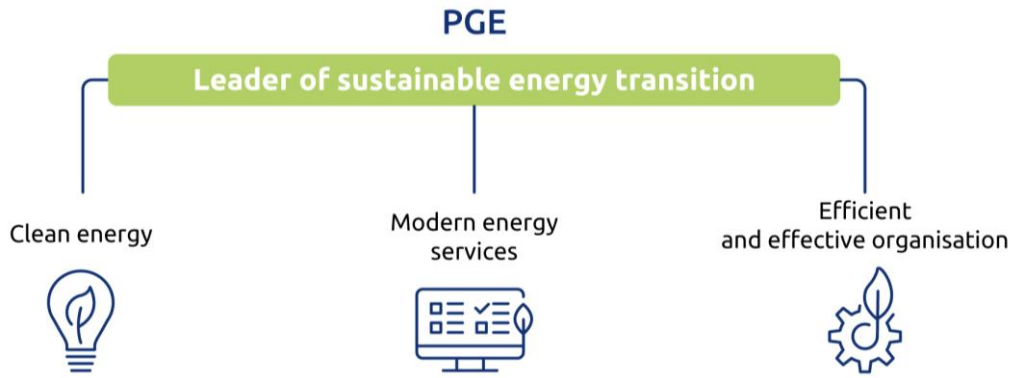


Fig. Strategic priorities of the PGE Group

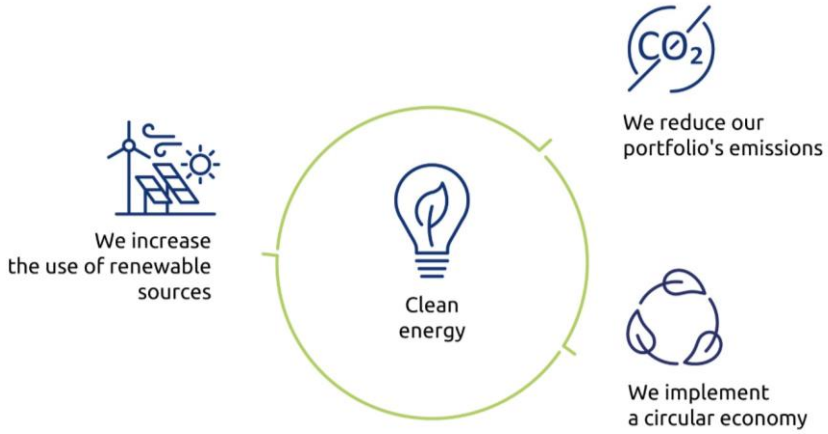


Fig. Activities of the PGE Group enhancing its positive environmental impact

As the leader in the national energy transition, the PGE Group pledges to reduce its environmental impact by achieving climate neutrality by 2050. A permanent reduction of emissions is planned through changes in generation technologies, expansion of the RES portfolio and enabling customers to participate in energy transformation thanks to attractive product offers. By 2030, the share of low- and zero-carbon sources in the generation portfolio should be around 85 percent, and RES should account for around 50 percent of generated energy.

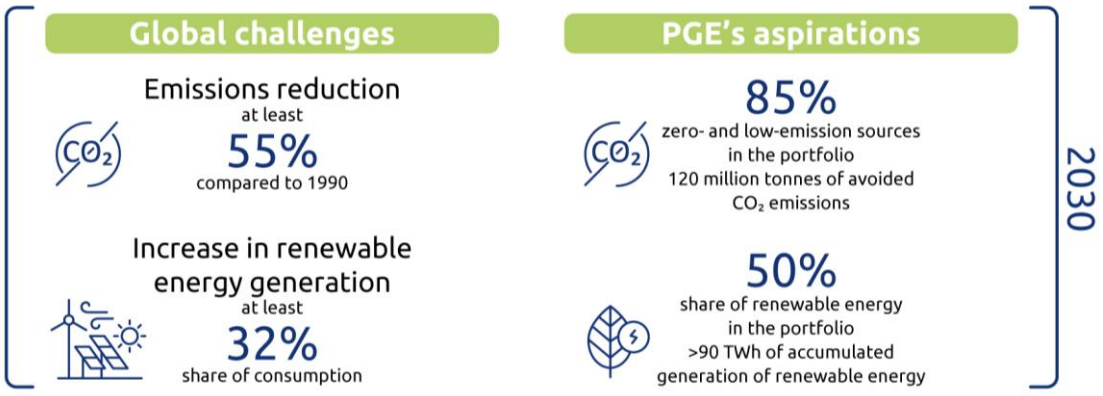


Fig. PGE Group's aspirations until 2030

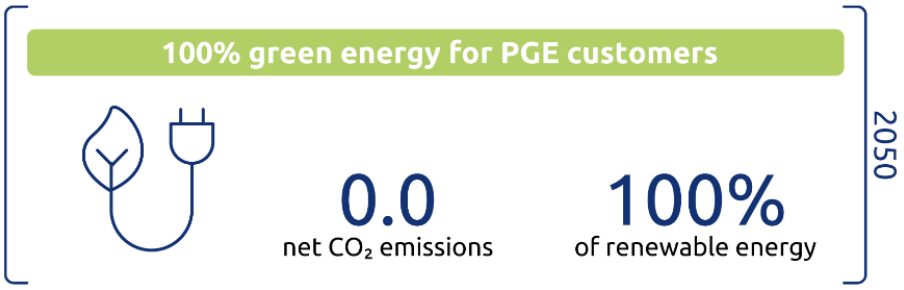


Fig. By 2050, the PGE Group plans to achieve climate neutrality and provide its customers with 100 percent renewable energy

GHG emission reduction targets for Scope 1 have also been set, which are:

- 80 percent reduction in emissions by 2030 (relative to 2020 emissions),
- 100 percent reduction in emissions by 2050 (relative to 2020 emissions).

In addition, the strategy sets targets for increasing the waste recycling rate (>65 percent by 2035) and reducing the volume of landfilled waste (10 percent by 2035).

Aspirations of the PGE Group

The PGE Group is ready to carry out sector transformation processes and prepare the conventional base of the power generation system to operate under a new ownership structure. The PGE Group will pioneer the development and operation of offshore wind energy systems. In 2030, the capacity of PGE offshore wind farms (OWF) in the Baltic should reach 2.5 GW, and – as a result of the preparation of further projects in new areas – it should exceed 6.5 GW in 2040. At the same time, the programme for the construction of onshore wind and photovoltaic (PV) capacity will continue in the coming years, with a planned increase in new capacity of an additional 1 GW and more than 3 GW respectively by 2030. In the segment of Heat Generation, the Group plans to transform its system heat sources towards low- and zero-emission ones (by 2030 their share in heat generation should be 100 percent) and simultaneously to promote the connection of individual heat sources to the grid or their replacement with environmentally friendly ones. An important role in the energy transition will be played by the implementation of circular economy principles in all areas and the minimisation of environmental impact.

Modern energy services

The foundation of the energy transformation is the network infrastructure and partnerships with customers. The Distribution segment will improve the energy supply quality parameters (reduction of energy supply interruptions by 8 percent in large cities and by 50 percent in other areas by 2025) as well as the efficiency, transparency and cost-effectiveness of connection processes. In order to fully utilise the potential of distributed sources and ensure safe operation of the system, it is necessary to modernise the grid and build energy storage facilities (plans provide for at least 800 MW by 2030). In order to achieve these goals, financial stability and the development of support in the DSO regulation model are required to guarantee the achievement of these goals, which should translate into an expected increase in free cash flow of approximately PLN 0.7 billion by 2030. The PGE Group wishes to maintain the highest customer satisfaction level in the market, resulting from the quality and range of energy services offered. The activities planned in this respect include the development of professional energy services and the integration of channels dedicated to contact with customers as well as sales of products and services.

The Group plans to build additional value by ensuring customers' active participation in the energy transition by offering them, among other things, renewable energy installations and access to energy, capacity and system services markets (plans provide for 1 GW of capacity in market services). These measures are expected to contribute to an increase in the EBITDA of the PGE Group's retail companies by around 25 percent by 2030 compared to the 2019 base.

Efficient and effective organisation

To meet the challenges of the energy transition and competition, the PGE Capital Group will continue to improve its operating effectiveness. The business profile will be evolving towards less labour-intensive

operations and changes in core competencies. The lever for improving the Group's efficiency will be the effective area of ICT (Information and Communication Technologies), ensuring the automation and digitisation of business processes. Demographic trends will affect the Group's employment levels and employee career paths. The assumed decrease in employment should be around 15 percent in 2030 and 50 percent in 2050 compared to the level in 2019. This will require effective implementation of projects in the area of human capital management. Human resources development will be oriented towards the areas of renewable energy and modern energy services.

Investments

The PGE Group's investments will focus on renewable energy generation, the transformation of heat generation and the network infrastructure. The Group will not make new investments in (either generation or extraction) coal and lignite assets, and final investment decisions concerning the construction of gas sources will be taken no later than in 2025. The total planned capital expenditures in the years 2021-2030 will amount to approximately PLN 75 billion, of which approximately 50 percent will be allocated to the development of renewable energy sources (offshore and onshore wind farms, photovoltaics). Another important area of capital expenditures will be regulated activities, including the grid infrastructure and low-carbon co-generation sources.

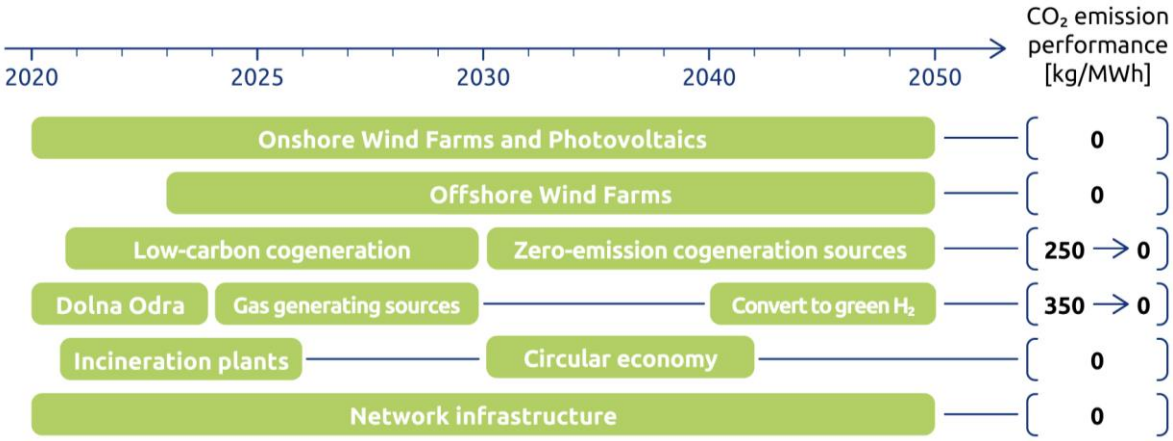


Fig. PGE Group investments until 2050

Key indicators and activities related to the implementation of the strategy for the strategic priority of "environmentally friendly energy":

[own indicators]

Targets	Activities and results in 2023
Construction of offshore wind farms: 2.5 GW by 2030 and more than 6.5 GW by 2040	**Completed works at Baltica 1:** • An interim report on environmental studies was received. • The first year of studies, including measurements of windiness, sea waves and currents, was completed and an application for an environmental decision was submitted to the Regional Environmental Protection Directorate. • An application for an environmental decision for an offshore wind farm connection area was submitted to the Regional Environmental Protection Directorate. A decision on the scope of an Environmental Impact Assessment (EIA) report for the offshore wind farm area is pending. • A decision on the scope of an EIA report for power evacuation was obtained. • The Ministry of Climate and Environment approved the Geological Works Project for land-sea drilling operations. • The contracting of geotechnical and geological works is underway. **Completed works at Baltica 2:** • Suppliers of the main components of the offshore wind farm (foundations, cables, turbines, offshore energy station) were selected; supply contracts and first installation contracts for cable laying were signed. • The contracting of the General Contractor for the onshore part, the chartering of installation vessels for offshore wind turbines and the installation of foundations and offshore substations. • Due Diligence reports needed to initiate the so-called Bank Launch (which took place in January 2024) are being prepared and the credit process leading to the investment decision is in progress. • Works are underway to sign final agreements with the strategic partner Ørsted on the terms of cooperation during the construction and operation phases. **Completed works at Baltica 3:** • Construction permits for the onshore transformer station and the onshore section of the cable bench were received. • The geological and engineering documentation for the power generation evacuation area was submitted to the Ministry of Climate and Environment. • All expert opinions on the impact of the offshore wind farm in terms of operational safety were approved. • The final construction permit for the offshore part of the power evacuation system (export cable, interlinks) was received, thus providing a complete set of construction permits for the evacuation of power from the project in both the offshore and onshore areas. **Completed offshore wind farm development works:** • The companies in the Offshore Power Generation area received valid and final permits for the construction of artificial islands in the following sea areas: 43.E.1, 44.E.1, 45.E.1, 60.E.3 and 60.E.4. • Total potential capacity of wind farms planned for construction in the new areas: approximately 3.9 GW.
Development of onshore wind farms: > 1 GW of new capacity by 2030	• Capacity of projects in the pipeline: approximately 500 MW. • The acquisition of the Zalesie wind farm with a capacity of 25 MW in the Warmińsko-Mazurskie Province with an average annual generation of 75 GWh. • Analysis of acquisition projects: approx. 300 MW.
Photovoltaics development programme: > 3 GW of installed capacity in 2030	• Installed capacity in 2023: approx. 45 MW. • Approximately 355 MW under development. • Land secured: approx. 4,000 ha. • Analysis of acquisition projects: approx. 1.9 GW.

Construction of energy storage facilities 800 MW by 2030	• Signing of a connection agreement for a hybrid energy storage facility in Żarnowiec. • Expected non-refundable EUR 200 million support under the National Recovery and Resilience Enhancement Plan adopted by the EU Council in December 2023 and the energy storage system measure for a large-scale energy storage facility in Żarnowiec. • Award of a PLN 43 million grant for PGE Dystrybucja S.A. from the Modernisation Fund for 3 grid storage facilities with a power of 7 MW and capacity of 19 MWh. • Acquisition of conditions for a 400 MW connection to an energy storage facility in Gryfino. • Achievement of approximately 90 MW in distributed energy storage facilities. • Analysis of the possibility of using energy storage facilities to support the reliable and safe supply of green energy to the Polish railways. • Development of approx. 20 hybrid energy storage projects with a capacity of over 500 MW. • Development of an energy storage project at the Kraków CHP plant with a capacity of approx. 90 MW. **Completed works on the development of the Młoty pumped storage power plant project:** • Acceptance of the feasibility study, which demonstrates the technical and economic viability of the construction of a pumped storage power plant. • Completion of a full 12-month natural inventory. • Signing of an investment agreement with the National Environmental Protection and Water Management Fund to finance the construction of the Młoty pumped storage power plant. • Submission of an application to PSE S.A. for determination of grid connection conditions. • Conducting a survey among residents regarding support for the investment project (almost 60 percent of the participants support further implementation of the investment). • Signing of voluntary property valuation agreements for the planned Młoty investment project with more than half of the residents.
Transformation of the Heat Generation segment: Share of zero- and low-carbon sources in heat generation at 70 percent by 2030	• Development of a decarbonisation plan for the Heat Generation segment by 2050. • New Czechnica CHP plant: commissioning of the reserve and peak load boiler plant. Continued construction of the CCGT unit. • Gdańsk CHP plant: further works on the construction of a heat pump and heat accumulator. • Gorzów CHP plant: completion of the installation of a steam and water boiler. Initiation of the hot start-up of the boilers. Acquisition of an operation permit for the reserve and peak load boiler plant and an integrated permit for the new boiler plant. • Zgierz CHP plant: the commissioning of the new CHP plant. • Gdynia CHP plant: the opening of bids in the tender for the General Contractor responsible for engines and the construction of a gas pipeline. Continuation of the construction works on water boilers. • Kraków CHP plant: further works on the construction of a heat pump and cogeneration units. Continuation of preparatory works relating to a gas pipeline. • Lublin Wrotków CHP plant: further works on the construction of the reserve and peak boiler plant, the commencement of preparatory works on the construction of a large-scale heat storage facility. • Rzeszów CHP plant: the continued construction of the reserve and peak load boiler plant, the continuation of the works on the construction of the second line of the thermal waste processing with energy recovery (TWPER) installation. Conclusion of the procedure for the selection of a contractor for the construction of a photovoltaic farm. • Wrocław CHP plant: the purchase of new investment land at the Wrocław Kiełczowska site. Continuation of works relating to a heat pump, a heat accumulator and cogeneration units at the Wrocław Łowiecka site. Investment analyses for and air heat pump and electrode boilers at the Wrocław Kiełczowska site.

1.3 Governance principles

| GRI 3-3 [transparency of operations in accordance with corporate governance principles of the PGE Capital Group] |

The basis for the smooth functioning of the PGE Group and the achievement of its financial and non-financial objectives is transparent management principles. They support the Group's strategic objectives, particularly in building an efficient and effective organisation and carrying out a sustainable energy transition.

1.3.1 Corporate governance

| GRI 2-9 |

PGE Polska Grupa Energetyczna is a joint-stock company. According to the Polish Commercial Companies Code, a joint-stock company has the following governing bodies:

- the General Meeting at which shareholders (co-owners) of the company meet,
- the Supervisory Board,
- the Management Board.

The powers of the respective bodies are set out in the company's Statutes, whose content is determined by the company's General Meeting.

A simplified governance structure is presented in the diagram below:

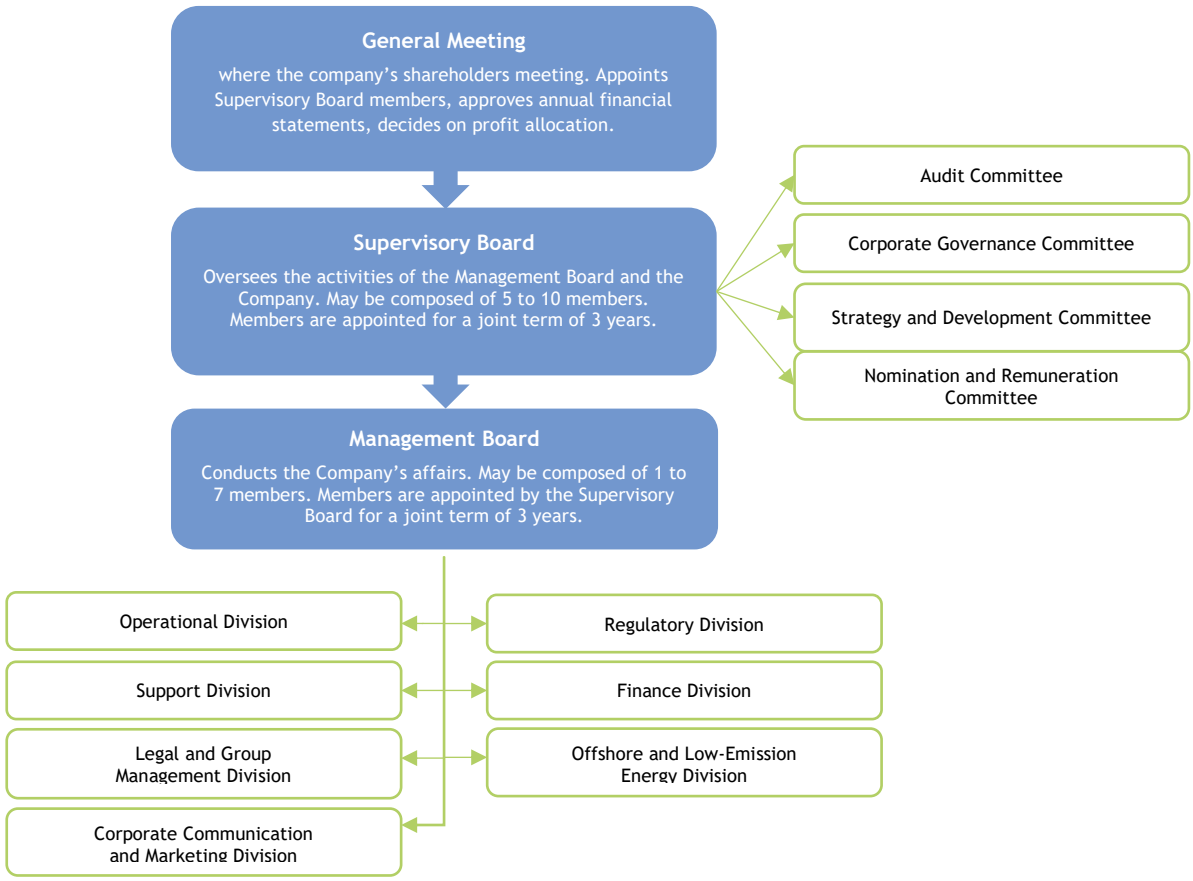


Fig. The company's organisational chart (as at 31 December 2023).

The General Meeting

The rules of the General Meeting are set out in the provisions of the Commercial Companies Code and the Company Statutes. Additional issues relating to the functioning of the General Meeting are governed by the Rules of Procedure of the General Meeting.

As at the date of the publication of this statement, the following Shareholders hold directly or indirectly through subsidiaries at least 5 percent of the total number of votes at the General Meeting of PGE S.A.:

Shareholder	Number of shares (number)	Number of votes (number)	Percentage of total number of votes at the GM (%)
State Treasury	1,365,601,493	1,365,601,493	60.86%
Subsidiary of State Treasury – TF Silesia	18,697,608	18,697,608	0.84%
Total State Treasury and subsidiary	1,384,299,101	1,384,299,101	61.70%
Others	859,413,893	859,413,893	38.30%
Total	**2,243,712,994**	**2,243,712,994**	**100.00%**

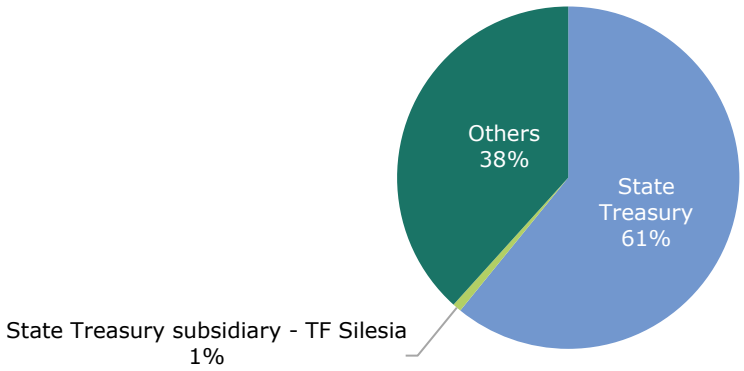


Fig. The shareholding structure of PGE Polska Grupa Energetyczna S.A. as at the statement date

In accordance with the provisions of the Code of Commercial Companies and the Company Statutes, the basic powers of the General Meeting include the adoption of resolutions on the following matters:

- consideration and approval of the Management Board's report on the company's activities, financial statements and consolidated financial statements for a previous financial year,
- discharge for the members of the Supervisory Board and the Management Board for the performance of their duties,
- decisions on the distribution of profit and the financing of loss,
- appointment and dismissal of members of the Supervisory Board and determination of the principles for remunerating members of the Supervisory Board,
- disposal or lease of an enterprise or its organised part, or establishment of a limited property right thereon,
- entering into a credit, loan, surety or other similar agreement with or for the benefit of a Member of the Management Board or, the Supervisory Board, commercial proxy or liquidator,
- increase or decrease in the company's share capital,
- issue of convertible or priority bonds and the issue of subscription warrants,
- decisions with respect to claims for compensation of damage caused in connection with the establishment of the company and the fulfilment of managerial or supervisory duties,
- the company's mergers, transformations and demergers;
- redemption of shares,
- changes to the Statutes or changes to the objects of the company,
- the company's dissolution and liquidation,
- the company's management of shares in a company for which a frequency reservation was made in the bands 452.5-457.5 MHz and 462.5-467.5 MHz in accordance with the frequency reservation decision issued, after agreement with the minister responsible for energy matters, by the President of the Office of Electronic Communications,

- determination of the manner of voting at the General Meeting of a company for which a frequency reservation was made in the bands 452.5-457.5 MHz and 462.5-467.5 MHz in accordance with the frequency reservation decision issued, after agreement with the minister responsible for energy matters, by the President of the Office of Electronic Communications, on matters concerning amendments to such a company's statutes / articles of association.

The acquisition and disposal of real property, perpetual usufruct or an interest in real estate does not require a resolution of the General Meeting.

The company's General Meeting may only adopt resolutions on matters included in its detailed agenda, subject to Article 404 of the Commercial Companies Code. This article stipulates that no resolution may be adopted on items not included in the agenda unless the entire share capital is represented at the General Meeting and no one present objects to the adoption of a resolution. Only a motion to convene an Extraordinary General Meeting and motions of an organisational nature may be voted on even though they have not been included in the agenda.

There was one reporting session of the General Meeting in 2023. The Ordinary General Meeting was held on 28 April 2023 and it mainly dealt with the financial statements for the year 2022.

The Supervisory Board

The Supervisory Board of PGE Polska Grupa Energetyczna S.A. operates on the basis of the Commercial Companies Code of 15 September 2000, the Company's Statutes and the Rules of Procedure of the Supervisory Board. The Supervisory Board of a joint-stock company is the controlling body in relation to the company's Management Board and exercises constant supervision over the company's activities in all areas of its operations.

In 2023, the composition of the Supervisory Board of PGE Polska Grupa Energetyczna S.A. was as follows:

- As at 1 January 2023, the Supervisory Board was composed as follows:

Forename and surname of the Member of the Supervisory Board	Duties
Anna Kowalik	Chairperson of the Supervisory Board
Artur Składanek	Vice Chairperson of the Supervisory Board – independent member
Radosław Winiarski	Secretary of the Supervisory Board
Janina Goss	Member of the Supervisory Board – independent member
Zbigniew Gryglas	Member of the Supervisory Board – independent member
Tomasz Hapunowicz	Member of the Supervisory Board – independent member
Marcin Kowalczyk	Member of the Supervisory Board
Mieczysław Sawaryn	Member of the Supervisory Board – independent member

On 9 February 2023, the company received the resignation of Mr Marcin Kowalczyk from his position on the Supervisory Board of PGE S.A., effective as of 9 February 2023. On 28 April 2023, the Ordinary General Meeting of PGE S.A. appointed Mr Cezary Falkiewicz to the Supervisory Board. On 30 November 2023, Mr Cezary Falkiewicz resigned from his position on the Supervisory Board. On 29 December 2023, the Minister of State Assets dismissed Mr Zbigniew Gryglas from the Supervisory Board.

As at 31 December 2023, the Supervisory Board was composed as follows:

Forename and surname of the Member of the Supervisory Board	Duties
Anna Kowalik	Chairperson of the Supervisory Board
Artur Składanek	Vice Chairperson of the Supervisory Board – independent member

Radosław Winiarski	Secretary of the Supervisory Board
Janina Goss	Member of the Supervisory Board – independent member
Tomasz Hapunowicz	Member of the Supervisory Board – independent member
Mieczysław Sawaryn	Member of the Supervisory Board – independent member

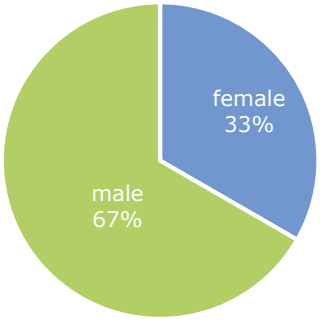


Fig. Diversity of the Supervisory Board (as at 31 December 2023)

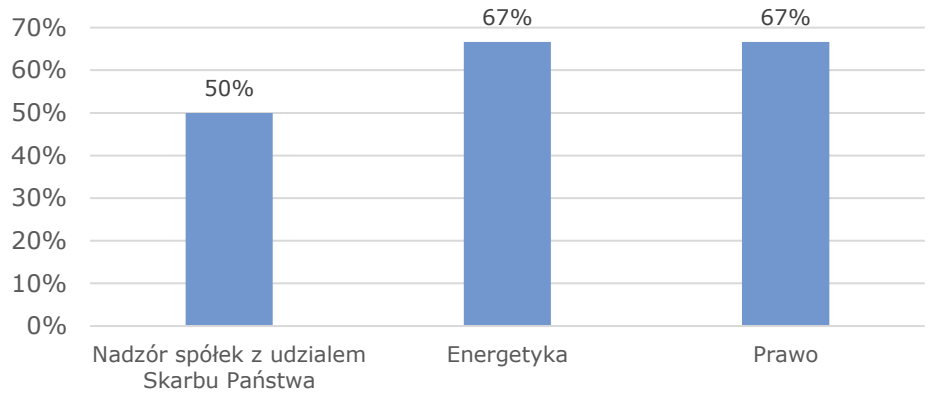


Fig. Experience of the Supervisory Board (as at 31 December 2023)

On 25 January 2024, the Minister of State Assets appointed Michał Domagała to the Supervisory Board by declaration. On 31 January 2024, the Extraordinary General Meeting:

1. dismissed the following members of the Supervisory Board: Janina Goss, Artur Składanek, Radosław Winiarski, Tomasz Hapunowicz and Mieczysław Sawaryn.

2. appointed the following persons to the Supervisory Board:

1. Małgorzata Banasik
2. Eryk Kosiński
3. Andrzej Kozyra
4. Elżbieta Niebisz
5. Sławomir Patyra

6. Andrzej Rzońca

7. Andrzej Sadkowski

On 7 February 2024, a new Presidium of the Supervisory Board was elected. Furthermore,

on 7 February 2024, the Supervisory Board passed resolutions to delegate the following Supervisory Board Members to the Management Board:

- Eryk Kosiński to temporarily perform the duties of a Member of the Management Board for a period of 3 months and to fulfil the duties of the President of the Management Board,
- Małgorzata Banasik to temporarily perform the duties of a Member of the Management Board for a period of 3 months.

As at the date of the publication of this statement, the Supervisory Board of the 12th term was composed as follows:

Forename and surname of the Member of the Supervisory Board	Duties
Michał Domagała	Chairperson of the Supervisory Board – independent member
Andrzej Sadkowski	Vice Chairperson of the Supervisory Board – independent member
Anna Kowalik	Secretary of the Supervisory Board
Andrzej Kozyra	Member of the Supervisory Board – independent member
Elżbieta Niebisz	Member of the Supervisory Board – independent member
Sławomir Patyra	Member of the Supervisory Board – independent member
Andrzej Rzońca	Member of the Supervisory Board – independent member

In 2023, there were four Supervisory Board Committees:

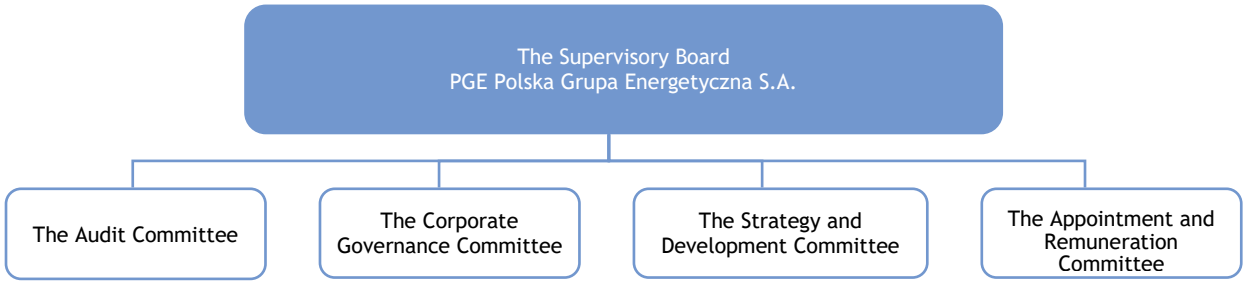


Fig. Committees of the Supervisory Board

In 2023, the composition of the committees of the Supervisory Board was as follows:

As at 1 January 2023, the permanent committees of the Supervisory Board functioned in the following compositions:

Forename and surname of Supervisory Board member	The Audit Committee	The Corporate Governance Committee	The Strategy and Development Committee	The Appointment and Remuneration Committee
Janina Goss	Member			Member
Zbigniew Gryglas		Member	Member	
Tomasz Hapunowicz		Chairperson	Member	
Marcin Kowalczyk			Member	Member
Anna Kowalik	Member	Member	Member	Member
Mieczysław Sawaryn	Member	Member	Member	Chairperson

Artur Składanek	Chairperson		Member	
Radosław Winiarski	Member		Chairperson	

On 6 June 2023, the Supervisory Board of PGE S.A., by resolution No. 162/XII/2023, appointed Mr Cezary Falkiewicz to the following Committees: the Appointment and Remuneration Committee, the Strategy and Development Committee and the Audit Committee of the Supervisory Board of PGE Polska Grupa Energetyczna S.A.

As at 31 December 2023, the permanent committees of the Supervisory Board functioned in the following compositions:

Forename and surname of Supervisory Board member	The Audit Committee	The Corporate Governance Committee	The Strategy and Development Committee	The Appointment and Remuneration Committee
Janina Goss	Member			Member
Tomasz Hapunowicz		Chairperson	Member	
Anna Kowalik	Member	Member	Member	Member
Mieczysław Sawaryn	Member	Member	Member	Chairperson
Artur Składanek	Chairperson		Member	
Radosław Winiarski	Member		Chairperson	

As at the date of the publication of this statement, the committees of the Supervisory Board were composed as follows:

Forename and surname of Supervisory Board Member	The Audit Committee	The Corporate Governance Committee	The Strategy and Development Committee	The Appointment and Remuneration Committee
Michał Domagała	Member			Member
Małgorzata Banasik			Member	Member
Eryk Kosiński		Member	Member	
Anna Kowalik	Member	Member		Chairperson
Andrzej Kozyra		Member		Member
Elżbieta Niebisz	Member		Member	
Sławomir Patyra		Chairperson		Member
Andrzej Rzońca	Chairperson		Member	
Andrzej Sadkowski			Member	

Composition of the Management Board

As at 1 January 2023, the Management Board was composed as follows:

Forename and surname of Management Board Member	Duties	
Wojciech Dąbrowski	President of the Management Board	from 20 February 2020
Wanda Buk	Vice President of the Management Board for Regulations	from 1 September 2020
Ryszard Wasiłek	Vice President of the Management Board for Operations	from 20 February 2020
Paweł Śliwa	Vice President of the Management Board for Innovation	from 20 February 2020
Lechosław Rojewski	Vice President of the Management Board for Finance	from 9 June 2021

On 4 January 2023, as a result of the recruitment procedure, the Supervisory Board adopted resolution no. 107/XII/2023 on the appointment of Mr Rafał Włodarski to the Management Board of PGE S.A., entrusting him with the function of Vice President of the Management Board for Support and Development as of 9 January 2023.

On 28 March 2023, Mr Ryszard Wasiłek resigned from his position as Vice President for Operations with effect from 30 April 2023.

On 19 April 2023, as a result of the recruitment procedure, the Supervisory Board adopted resolution no. 155/XII/2023 on the appointment of Mr Przemysław Kołodziejak to the Management Board of PGE S.A., entrusting him with the function of Vice President of the Management Board for Operations as of 1 May 2023.

On 23 November 2023, the Supervisory Board adopted resolution no. 253/XII/2023 on the dismissal of Mr Paweł Śliwa, Vice President for Innovation, from the Management Board, as of 23 November 2023. The Supervisory Board did not indicate any reasons for the dismissal.

As at 31 December 2023, the Supervisory Board was composed as follows:

Forename and surname of Management Board Member	Duties	
Wojciech Dąbrowski	President of the Management Board	from 20 February 2020 to 7 February 2024
Wanda Buk	Vice President of the Management Board for Regulations	from 1 September 2020 to 7 February 2024
Przemysław Kołodziejak	Vice President of the Management Board for Operations	from 1 May 2023
Lechosław Rojewski	Vice President of the Management Board for Finance	from 9 June 2021 to 28 February 2024
Rafał Włodarski	Vice President of the Management Board for Support and Development	from 9 January 2023 to 7 February 2024

On 7 February 2024, the Supervisory Board adopted the following resolutions:

- no. 287/XII/2024 on the dismissal of Mr Wojciech Dąbrowski, President of the Management Board, from the Management Board,
- no. 288/XII/2024 on the dismissal of Ms Wanda Buk, Vice President for Regulations, from the Management Board,
- no. 289/XII/2024 on the dismissal of Mr Rafał Włodarski, Vice President for Support and Development, from the Management Board.

In addition, on 7 February 2024, the Supervisory Board also adopted resolutions to delegate the following Supervisory Board Members to temporarily perform the duties of Management Board Members:

- resolution no. 290/XII/2024 delegating Mr Eryk Kosiński to temporarily perform the duties of a Member of the Management Board of the Company for a period of 3 months and entrusting him with the duties of the President of the Management Board,
- no. 291/XII/2024 delegating Ms Małgorzata Banasik to temporarily perform the duties of a Member of the Management Board for a period of 3 months.

On 28 February 2024, the Supervisory Board adopted resolution no. 304/XII/2023 on the dismissal of Mr Lechosław Rojewski, Vice President for Finance, from the Management Board, as of 28 February 2024. The Supervisory Board did not indicate any reasons for the dismissal.

On 6 March 2024, as a result of the recruitment procedure, the Supervisory Board adopted the following resolutions:

- no. 312/XII/2024 on the appointment of Dariusz Marzec to the Management Board of PGE S.A., entrusting him with the function of the President of the Management Board as of 18 March 2024,
- no. 313/XII/2024 on the appointment of Marcin Laskowski to the Management Board of PGE S.A., entrusting him with the function of the Vice of the Management Board for Regulations as of 18 March 2024.

Simultaneously on 6 March 2024, the Supervisory Board adopted the following resolutions:

- nr 314/XII/2024, on the termination, as of 17 March 2024, of the delegation of Mr Eryk Kosiński, Member of the Supervisory Board, to temporarily perform the duties of Member of the Management Board of PGE S.A. acting as President of the Management Board,
- nr 315/XII/2024, on the termination, as of 8 March 2024, of the delegation of Ms Małgorzata Banasik, Member of the Supervisory Board, to temporarily perform the duties of Member of the Management Board of PGE S.A.

On 21 March 2024, as a result of the recruitment procedure, the Supervisory Board adopted the following resolutions:

- no. 326/XII/2024 on the appointment of Robert Piotr Kowalski to the Management Board of PGE S.A., entrusting him with the function of the Vice of the Management Board Support and Development.

As at the date of the publication of this statement, the Management Board was composed as follows:

Forename and surname of Management Board Member	Duties
Dariusz Marzec	President of the Management Board
Marcin Laskowski	Vice President of the Management Board for Regulations
Przemysław Kołodziejak	Vice President of the Management Board for Operations

The areas of competence of the individual Members of the Management Board with regard to ordinary management matters are divided into areas of activity in which the individual Board Members have a leading role. Within the framework of their functions, each Member of the Management Board is assigned relevant responsibilities.

Dariusz Marzec – President of the Management Board – is authorised and responsible for managing the activities of PGE S.A. in the area comprising the following:

- the Management Department,
- the Internal Audit Department,
- the Department of Human Capital and Organisational Culture Management,
- the Department of Security,
- the Department of Mergers and Acquisitions,
- the Strategy Office,
- the Department of Nuclear Energy,
- the Legal Department,
- the Corporate Management Office,
- the Corporate Communication Department,
- the Marketing and Advertising Department,
- the Heat Office,
- the RES Office,
- the Distribution Office,
- the Trade Office,
- the Railway Power Engineering Office,
- the Department of Commerce,
- the Department of Conventional Energy Trading,
- the Department of Sales and Customer Relations,
- the Market Analysis Department.

With regard to the supervision of PGE S.A.'s subsidiaries, the President of the Management Board is entrusted with the exercise of substantive supervision of the following companies and their subsidiaries: PGE Energetyka Kolejowa Holding sp. z o.o., Elester sp. z o.o., PGE Energia Ciepła S.A., PGE Baltica sp. z o.o. together with other companies involved in the Offshore Wind Farm Construction Programme, PGE Energia Odnawialna S.A., PGE Dom Maklerski S.A., PGE Systemy S.A., PGE Obrót S.A., PGE Synergia sp. z o.o., PGE Sweden AB, PGE Asekuracja S.A., PGE Inwest 2 sp. z o.o., PGE Inwest 9 sp. z o.o., PGE Inwest 10 sp. z o.o., PGE Inwest 11 sp. z o.o., PGE Inwest 20 sp. z o.o., PGE Ventures sp. z o.o., PGE Inwest 12 sp. z o.o., PGE Inwest 14 sp. z o.o, PGE Inwest 21 sp. z o.o., PGE Inwest 22 sp. z o.o., PGE Inwest 23 sp. z o.o., PGE Inwest 24 sp. z o.o., PGE Inwest 25 sp. z o.o., ElectroMobility Poland S.A. as well as supervision of the PGE Foundation.

Marcin Laskowski – Vice President of the Management Board for Regulations – is authorised and responsible for managing the activities of PGE S.A. in the area comprising the following:

- the Department of Regulations,
- the Office for Assistance Instruments,
- the International Relations Department.

Przemysław Kołodziejak – Vice President of the Management Board for Operations is authorised and responsible for managing the activities of PGE S.A. in the area comprising the following:

- the Operational Management and Investments Department,
- the Manufacturing Raw Materials Supply Department,
- the Department of Raw Materials for Conventional Power Generation,
- the Circular Economy Department,
- the Department of Social Dialogue and Relations.

With regard to the supervision of PGE S.A.'s subsidiaries, he is entrusted with the exercise of substantive supervision of the following companies and their subsidiaries: PGE GiEK S.A., PGE Dystrybucja S.A., PGE Trading GmbH in liquidation, Elbis sp. z o.o., ELBEST Security sp. z o.o., MEGAZEC sp. z o.o., PGE Gryfino 2050 sp. z o.o., Rybnik 2050 sp. z o.o., Energoserwis Kleszczów sp. z o.o. and PGE Ekoserwis S.A.

Vice President of the Management Board for Support and Development is authorised and responsible for managing the activities of PGE S.A. in the area comprising the following:

- the Compliance Department,
- the Department of Development and Innovation,
- the Department of Integration and Internal Advisory Services,
- the Purchasing Department,
- the Department of Administration,
- the Office for Occupational Health and Safety.

Vice President of the Management Board for Finance is authorised and responsible for managing the activities of PGE S.A. in the area comprising the following:

- the Controlling Department,
- the Reporting and Taxation Department,
- the Risk and Insurance Department,
- the Treasury Department,
- the IT Strategy Department,
- the AML Office,
- the Investor Relations and ESG Department.

Nomination and selection of members of the highest governance bodies

| GRI 2-10 |

In the nomination and selection of members of the highest governance body, competencies relevant to the impact of the organisation are taken into consideration. The criterion of independence is also taken into account.

The Supervisory Board

According to PGE's current Statutes, the members of the Supervisory Board are appointed for a joint three-year term of office. The Supervisory Board consists of between five and nine members appointed and dismissed by the General Meeting. Elected by group voting, the Supervisory Board has five members. With the exception of a member of the Supervisory Board appointed by the State Treasury, a member of the Supervisory Board may be appointed and dismissed at any time by the General Meeting on the basis of a written declaration submitted to the Management Board. This power is vested in the Treasury as long as it remains a Shareholder. Furthermore, half of the Members of the Supervisory Board (excluding the Supervisory Board Member referred to above) are elected from among persons designated by the State Treasury as long as the State Treasury's

participation in the share capital does not fall below 20 percent. Upon the expiry of this power held by the State Treasury, this power will be acquired by another Shareholder representing the highest share in the Company's share capital, provided that such a Shareholder holds at least 20 percent of the Company's share capital.

According to the provisions of the Statutes, the Supervisory Board should be composed of at least one person appointed by the General Meeting from among those meeting the independence criteria set out in the corporate governance rules adopted by the Board of the Stock Exchange. A Shareholder designating a candidate for this position is required to submit such a candidate's written declaration confirming their independence to the minutes of the General Meeting.

The failure of the State Treasury to appoint, or of the General Meeting to elect, the Supervisory Board Members referred to above, as well as the fact that there are no such persons in the composition of the Supervisory Board, does not prevent the Supervisory Board from adopting valid resolutions.

Each year, the issue related to the fulfilment of the independence criteria by the Members of the Supervisory Board is addressed in the annual report on the activities of the Supervisory Board. On the basis of principle 2.3 of the Best Practices, the Supervisory Board assesses whether there are any relationships or circumstances that may affect a given Board Member's fulfilment of the independence criteria. An evaluation of the fulfilment of the independence criteria by the Members of the Supervisory Board is presented by the Supervisory Board pursuant to principle 2.11.1.

The Management Board

The Management Board of PGE Polska Grupa Energetyczna S.A. may comprise between one and seven members. The Management Board consists of the President, the other Members of the Management Board fulfil the function of Vice Presidents. The Management Board or individual Management Board Members are appointed and dismissed by the Supervisory Board, following a competitive procedure. Its purpose is to verify and assess the qualifications of candidates and to select the best candidate for a Member of the Management Board, whereby candidates for a Member of the Management Board of the company must fulfil the conditions set out in the PGE Statutes: Members of the Management Board are appointed for a joint three-year term of office. A member of the Management Board should meet the conditions specified in Article 22 of the State Property Management Act.

A candidate for a Member of the Management Board must meet jointly the following conditions:

1) a candidate has higher education or higher education acquired abroad and recognised in the Republic of Poland on the basis of separate regulations,

2) a candidate has at least a five years' period of employment on the basis of an employment agreement, appointment, selection, nomination, a cooperative employment agreement, or providing services on the basis of other agreements, or conducting business activities in the capacity of a self-employed entrepreneur,

3) a candidate has at least three years' experience of working at managerial or independent positions, or experience resulting from business activities conducted in the capacity of a self-employed entrepreneur,

4) a candidate fulfils requirements other than those mentioned in the items above, set out in separate regulations, and in particular does not violate restrictions or prohibitions related to the holding of a position of a member of a management body in commercial companies.

A candidate for a Member of the Management Board must not meet any of the following conditions:

1) a candidate holds a position of a social coworker or is employed in an office of a Member of the Parliament, a Member of the Senate or a Member of the European Parliament on the basis of an employment agreement or performs work on the basis of a contract of mandate or any other contract of a similar character,

2) a candidate is a member of a political party's body representing a political party and authorised to incur liabilities,

3) is employed by a political party on the basis of an employment agreement or performs work on the basis of a contract of mandate or any other contract of a similar character,

4) a candidate holds an elective position in a trade union functioning in the company or a trade union functioning in a company belonging to the capital group,

5) a candidate's social or business activities are in conflict with the interests of the company.

Any Member of the Management Board may be dismissed or suspended by the General Meeting or, for important reasons, suspended by the Supervisory Board. A resolution of the Supervisory Board to suspend a Member of the Management Board must be justified. A member of the Management Board submits their resignation to another member of the Management Board or a commercial proxy, and notifies the Chairperson of the Supervisory Board of such resignation. If, in consequence of the resignation of a Member of the Management Board, all seats on the the Management Board were to be left vacant, a member of the Management Board submits their resignation to the Supervisory Board. The Supervisory Board may delegate its Members to temporarily perform the duties of the Members of the Management Board.

The Supervisory Board conducts a recruitment procedure in the event of circumstances justifying the appointment of a Member of the Management Board. When initiating the recruitment procedure for the position of a Member of the Management Board, it determines, by way of a resolution, the detailed principles and rules of the procedure, including in particular: the position which is the subject of the procedure, the date and place for accepting applications, the date and place of an interview, the scope of issues which are the subject of an interview, the requirements and the manner of candidate appraisal.

An announcement of the recruitment procedure is published on the company's website and in the Public Information Bulletin of the entity entitled to exercise the rights attached to shares belonging to the State Treasury. The Supervisory Board notifies shareholders about the results of the recruitment procedure and provides them with the minutes of the recruitment procedure.

Chairperson of the highest governance body

| GRI 2-11 |

The chairperson of the highest governance body is not at the same time a representative of the top management. The Chairperson of the Supervisory Board is elected from among the Supervisory Board Members designated by the Shareholder.

The Chairperson convenes and presides over meetings of the Supervisory Board, and the Vice Chairperson deputises for the Chairperson. The Supervisory Board is convened by a written invitation sent to all Supervisory Board Members at least 7 days before the scheduled meeting date. The Chairperson or Vice Chairperson of the Board may, for important reasons, reduce the time limit for convening a Supervisory Board meeting to two days. It also determines the appropriate way to communicate the invitation. When ordering a vote in writing or by means of direct remote communication, the Chairperson of the Board indicates by which of these means a resolution is to be adopted. The vote of the Chairperson of the Board is decisive in the event of a tie. In the event of a proposal to amend a draft resolution voted on by means of direct remote communication, the Chairperson makes the final draft and orders the vote in the manner of their choice. The Chairperson also sets a deadline for the Board Members to cast their votes.

A Supervisory Board meeting may be attended by those invited by the Chairperson or Vice Chairperson of the Board: Members of the Management Board, employees of the company and other persons whose attendance at the meeting is justified. The Chairperson may order that audio and video recording equipment, including but not limited to a telephone, a dictaphone, an MP player, a camera or other recording equipment, belonging to the Board Members or other persons participating in a Board meeting be left in a deposit.

The Chairperson of the Supervisory Board decides on access to materials and attendance during the discussion of a matter, in the event of ascertaining a conflict of interest. If a conflict of interest concerns the Chairperson of the Board, the Vice Chairperson decides in this respect. Statements addressed to the Board between meetings are made to the Chairperson of the Board or, if this is not possible, to the Vice Chairperson or the Secretary.

The work of the Management Board is managed by the President of the Management Board, who coordinates the activities of the individual Board Members. On a motion put forward by the President, the Members of the Management Board present information on the status of particular affairs. On their own initiative or at the request of other Management Board Members, the President resolves doubts as to the scope of matters falling within the division of the areas of organisational supervision and the areas of responsibility of individual Management Board Members.

The President of the Management Board develops and coordinates a policy and practices related to contacts with public administration institutions and the management of other business entities. In the fulfilment of their duties, the President may issue orders.

During the absence of the President of the Management Board lasting continuously for at least five business days, the work of the Management Board is managed by a Member of the Management Board appointed by the President. In the event that the President of the Management Board fails to appoint a Management Board Member to replace them, the other Members of the Management Board, at the proposal of the director of the unit responsible for providing services to the company's governing bodies, elect from among themselves a person to manage the work of the Management Board in place of the President.

In the event of planned absence of a Member of the Management Board lasting longer than five business days, the President of the Management Board may appoint another Member of the Management Board to exercise supervision over the area assigned to the absent Member of the Management Board.

The Management Board's meetings are convened by the President of the Management Board on their own initiative or on a motion put forward by a Member of the Management Board. The President of the Management Board determines the agenda of a meeting on the basis of motions submitted by individual Members of the Management Board.

Meetings of the Management Board are chaired by the President of the Management Board or by a Member of the Management Board appointed by the President. In their absence, meetings are chaired by a Management Board Member authorised to deputise for the President of the Management Board.

The President of the Management Board decides on the attendance of persons who are not Members of the Management Board at a meeting of the Management Board.

When adopting resolutions, in the event of a tie, the President of the Management Board has the casting vote.

The President of the Management Board or a person appointed by the President and duly authorised acts on behalf of the company with respect to the labour law.

Communication of critical concerns

| GRI 2-16 |

The company's Management Board is informed of the occurrence of risks that may give rise to critical problems during its meetings. Members of the Management Board are kept informed of such problems through the activities of its committees, with a key role of the Risk Committee. If it is appropriate to notify the Supervisory Board, relevant information is provided to the Supervisory Body by the Management Board of PGE S.A. In 2022, a critical threat related to the war in Ukraine was identified.

In connection with the situation in Ukraine, a crisis team was established at the central level of the PGE Group to continuously monitor threats and identify potential risks. The team continued its work in 2023. As part of the team's work, monitoring is carried out which covers the security of electricity and heat generation and supply, as well as the protection of the critical and IT infrastructure. The team is also responsible for taking actions to minimise the risk of an emergency situation, preparing the companies belonging to the Group for an emergency situation and planning, organising and coordinating works to ensure the continuity of operation of PGE S.A. and the PGE Group.

Crisis teams were also set up in key PGE Group companies, operating 24 hours a day, carrying out continuous monitoring and identifying potential risks in order to minimise the threat to electricity and heat supply.

Evaluation of the performance of the highest governance body

| GRI 2-18 | GRI 2-19 |

An evaluation of the highest governance body's performance in overseeing the management of the organisation's economic, social and human impact is independent. The current principles for the remuneration of the Members of the Management Board were established by the Extraordinary General Meeting of PGE Polska Grupa Energetyczna S.A. in its resolution of 7 March 2022. The general catalogue of management objectives includes the following:

a) the achievement of EBITDA for the PGE Capital Group at the level specified in the approved material and financial plan for a given financial year,

b) compliance with the covenants under credit agreements – (net debt/EBITDA),

c) the achievement of the required availability indicator for the selected power generation units of the PGE Capital Group,

d) implementation of specific strategic investment projects and programmes,

e) adaptation to the essence of structural changes in the sector through the implementation of strategic programmes and projects other than those mentioned above,

f) effective utilisation of the potential of innovation,

g) development of a systemic approach to communication within the PGE Group with respect to projects.

The additional management objectives determining the possibility of receiving the variable part of the remuneration relate to the shaping and application of remuneration rules for members of the management and supervisory bodies and are in line with the State Property Management Act and the fulfilment of specific obligations resulting from this Act.

On the basis of the Company Statutes, the Supervisory Board sets management objectives for the Management Board and determines the remuneration and other contractual terms and conditions and concludes agreements with the members of the Management Board (including the President of the Management Board), subject to the powers of the General Meeting resulting from the mandatory provisions of the law.

Furthermore, the Appointment and Remuneration Committee of the Supervisory Board is tasked with periodically reviewing the remuneration system for the Members of the Management Board and executives reporting directly to the Members of the Management Board, including management contracts and incentive systems, and with submitting proposals to the Supervisory Board for shaping them with a view to achieving the company's strategic objectives.

The Appointment and Remuneration Committee also provides the Supervisory Board with opinions on justifications for the award of performance-based remuneration in terms of assessing the extent to which the company’s specific tasks and objectives have been achieved.

PGE Polska Grupa Energetyczna S.A. also has a remuneration policy for the Members of the Management Board and the Supervisory Board, which sets out the bases and principles for determining, calculating and paying the remuneration of the Members of the Management Board and the Supervisory Board. It was adopted by a resolution of the company’s General Meeting on 26 June 2020 and amended by a resolution of the General Meeting on 22 June 2022.

The solutions adopted in the policy contribute to the implementation of the Company’s business strategy, the pursuit of its long-term interests, and its stability.

Rules for determining the remuneration of the Members of the Management Board of PGE S.A.

| GRI 2-20 |

The remuneration of the Members of the Management Board and Supervisory Board as well as key executives is sufficient to attract, retain and motivate people with the competencies necessary for the proper management and supervision of the company.

On 9 September 2016 the Act on the Principles of Determining Remuneration for People Managing Some Companies of 9 June 2016, the so-called new Chimney Act, entered into force. The new Chimney Act regulates, among other things, the manner of establishing the principles of determining remuneration for members of management boards and supervisory boards in companies where the State Treasury is a shareholder (such as PGE S.A.), and in particular specifies how remuneration is determined and granted to members of management boards and supervisory boards (the principles of determining remuneration for members of management boards and supervisory boards are adopted by a general meeting, while a supervisory board

adopts resolutions on concrete conditions of remunerating members of a management board). The Act also specifies selected clauses of agreements for the provision of management services to be entered into with members of management boards.

On 14 December 2016, the Extraordinary General Meeting adopted resolution no. 4 on the principles of determining the remuneration of the Members of the Management Board of PGE S.A., which was subsequently amended by resolution no. 37 of the Ordinary General Meeting held on 27 June 2017. Subsequently, on 7 March 2022, the Extraordinary General Meeting adopted resolution no. 5 repealing the previously adopted principles for determining the remuneration of Members of the Management Board and introduced new principles for determining the remuneration of Members of the Management Board. The changes resulting from the resolution of 7 March 2022 were subsequently incorporated into the Remuneration Policy for the Members of the Management Board and Supervisory Board of PGE S.A. by resolution no. 11 of the Ordinary General Meeting of 22 June 2022. According to the company's internal by-laws, the remuneration of Members of the Management Board consists of a fixed part constituting a monthly basic salary and a variable part constituting supplementary remuneration for a given financial year, depending on the achievement of managerial objectives.

Table: The amounts of the remuneration and other benefits received by the Members of the Management Board of PGE S.A. in 2023 (in PLN)

Forename and surname of Management Board Member	Fixed remuneration – Managerial contract	Variable remuneration for the year 2022	Other components Severance pay / non-competition compensation	Reimbursement of social security contributions	Total
Wojciech Dąbrowski	792,680.40	792,680.40	0.00	3,966.16	1,589,326.96
Wanda Buk	739,835.04	443,901.02	0.00	0.00	1,183,736.06
Paweł Cioch	0.00	390,389.67	308,264.60	2,565.00	701,219.27
Lechosław Rojewski	739,835.04	443,901.02	0.00	1,561.77	1,185,297.83
Paweł Śliwa	663,796.50	443,901.02	184,958.76	5,553.31	1,298,209.59
Ryszard Wasiłek	246,611.68	591,868.03	369,917.52	0.00	1,208,397.23
Przemysław Kołodziejak	431,570.44	0.00	0.00	0.00	431,570.44
Rafał Włodarski	725,449.42	0.00	0.00	2,418.28	727,867.70

The total value of remuneration received in 2023 by the Members of the Management Board of PGE S.A. amounted to PLN 8.33 million (according to PIT 11 tax return). In 2023, in cost terms (including surcharges and provisions), the cost of remuneration of all persons who fulfilled the function of Members of the Management Board of PGE S.A. totalled PLN 9.04 million.

The Remuneration Policy is available at the following location on the PGE S.A. website: https://www.gkpge.pl/dla-inwestorow/lad-korporacyjny/polityka-wynagrodzen

The remuneration of all Members of the Company's Management Board for 2023 was awarded in accordance with the provisions of the Remuneration Policy. The remuneration included only the components provided for in the Remuneration Policy, was paid in accordance with the principles set out therein, in the correct amount, on the applicable legal basis and taking into account clear, comprehensive and differentiated financial and non-financial performance criteria for the variable remuneration components.
In accordance with the Remuneration Policy, the remuneration of the Members of the Management Board consists of the following elements:

- fixed remuneration, which constitutes the monthly base salary;
- variable remuneration, which depends on the level of achievement of Managerial Objectives.

Besides the fixed and variable components of the remuneration, the Supervisory Board may additionally:

- enter into a non-competition agreement with a Member of the Management Board and grant such a Member a benefit in this respect;
- grant such a Member a right to additional benefits.

Only the fixed remuneration is obligatorily paid to the Members of the Management Board.
The amount of the monthly fixed remuneration of a Member of the Management Board is determined each time by the Supervisory Board within the amount range resulting from the Remuneration Act, with the proviso that the fixed remuneration of a Member of the Management Board will be determined within the amount range of from 7 to 15 times the assessment basis referred to in Article 4 of the Remuneration Act, taking into account the applicable detailed legal regulations determining its amount.

THE CONDITIONS FOR AWARDING VARIABLE REMUNERATION:

- The variable remuneration of a Member of the Management Board depends on the degree to which Managerial Objectives have been achieved and may not exceed 100 percent of the fixed remuneration received by a Member of the Management Board in the financial year for which the variable remuneration is to be granted.
- The catalogue of general Managerial Objectives includes in particular the following:
  - the achievement of EBITDA for the PGE Capital Group at the level specified in the approved material and financial plan for a given financial year,
  - compliance with the covenants under credit agreements – (net debt/EBITDA),
  - the achievement of the required availability indicator for the selected power generation units of the Capital Group,
  - the implementation of particular strategic investment projects and programmes,
  - adaptation to the essence of structural changes in the sector through the implementation of strategic programmes and projects other than in the item above;
  - the effective utilisation of the potential of innovation,
  - the development of a systemic approach to communication within the PGE Capital Group with respect to projects.

- In each financial year, additional Managerial Objectives are established whose achievement determines the possibility of achieving the Variable Remuneration. Such additional Managerial Objectives include in particular the following:

  - the development and application of the principles of establishing remuneration for Members of management and supervisory bodies in subsidiaries in accordance with the principles specified in the Remuneration Act;
  - the fulfilment of the obligations referred to in the Act of 16 December 2016 on the principles of state property management.

- The Supervisory Board is authorized to determine detailed Managerial Objectives, their respective weights, as well as objective and measurable criteria of their accomplishment and settlement (KPI - key performance indicators), subject to the following conditions:

  - a given Member of the Management Board is entitled to the variable remuneration after the approval of the Management Board's report on the Company's activities and the Company's financial statements for a given financial year and after the acknowledgement of their discharge of duties in a given financial year by the General Meeting;
  - the payment of a part of the variable remuneration may be delayed for up to 36 months depending on the fulfilment of conditions, by a specified deadline, in accordance with the established Managerial Objectives; then such a part of the variable remuneration may be paid in full or in part at the end of a settlement period;
  - the variable remuneration is calculated on a pro-rata basis. Proportionality depends on the number of days on which a Member of the Management Board has provided their services in a given financial year;
  - the Supervisory Board ascertains the fulfilment of the conditions for the granting of the variable remuneration by particular Members of the Management Board for whom Managerial Objectives have been established for a given financial year and who have performed their functions in the year under assessment, determining the due amount on the basis of financial statements checked by certified auditors as well as other documents, depending on the established Managerial Objectives. Issues related to the recovery of the variable remuneration are regulated by the binding provisions of the law.

- The expiry of the mandate of a Member of the Management Board during the financial year under evaluation in terms of the performance of the Managerial Objectives does not result in the loss of the right to the variable remuneration, under the conditions set out above, provided, however, that the time in office during the financial year under evaluation was longer than three months.

- The criteria for the award of the variable remuneration (as defined above by the general Managerial Objectives) also relate (at a detailed level - determined by the Supervisory Board) to the consideration of social interests, the Company's and the Group's contribution to environmental protection and the taking of measures aimed at preventing and eliminating the negative social effects of the Company's and the Group's activities through the modernisation of the Company and the Group (ESG). The criteria set out in the Managerial Objectives are intended to contribute to the achievement of the objectives set out in the Public Offering Act by linking the remuneration to the execution of management processes involving the implementation of the Company's and the Group's Business Strategy.
  In 2023, 33 percent of the variable remuneration of the Members of the Management Board of PGE S.A. depended on the achievement of objectives in the ESG area.

Rules for determining the remuneration of the Members of the Supervisory Board of PGE S.A.

The amount of the remuneration of Members of the Supervisory Board of PGE S.A. was determined by resolution no. 5 of the Extraordinary General Meeting of 14 December 2016 concerning the principles of determining the remuneration of Members of the Supervisory Board. These principles are included in the Remuneration Policy for Members of the Management Board and Supervisory Board of PGE S.A. adopted by the General Meeting in its resolution no. 9 of 26 June 2020, and amended by a resolution of the General Meeting of 22 June 2022.

The terms and conditions of remuneration of the Supervisory Board Members are in accordance with the principles set out in the adopted Remuneration Policy. The structure of remuneration of persons performing the functions of Members of the Supervisory Board consists of a fixed remuneration determined in connection with the appointment as Chairperson of the Supervisory Board or Member of the Supervisory Board.

The monthly remuneration of Members of the Supervisory Board was determined as the product of the average monthly remuneration in the enterprise sector excluding profit-based payments in the fourth quarter of the previous year, as announced by the President of the Central Statistical Office, and the multiplier: 1.7 (for the Chairperson of the Supervisory Board), 1.5 (for the other Members of the Supervisory Board).

In accordance with the Remuneration Policy, Supervisory Board Members do not receive additional cash or non-cash benefits.

Table: The amounts of the remuneration received by the Members of the Supervisory Board of PGE S.A. who fulfilled their functions in 2023 (in PLN).

Forename and surname of Supervisory Board Member	Amount of remuneration
Anna Kowalik	92,164.85[1]
Janina Goss	81,049.50[1]
Zbigniew Gryglas	79,268.04
Tomasz Hapunowicz	79,268.04
Marcin Kowalczyk	8,728.92
Mieczysław Sawaryn	82,509.57[1]
Artur Składanek	80,495.85[1]
Radosław Winiarski	80,470.17[1]
Cezary Falkiewicz	46,900.26

[1]This item includes remuneration for the period of fulfilling the duties of a Member of the Supervisory Board, i.e. the basic salary and reimbursement of overpaid social security contributions

The total remuneration received in 2023 by the Members of the Supervisory Board of PGE S.A. amounted to PLN 630,000. In 2023, in cost terms (including surcharges), the cost of remuneration of all persons who fulfilled the function of Members of the Supervisory Board of PGE S.A. totalled PLN 705,600.

The full content of the Remuneration Policy adopted in 2022 is available on the company's website at: https://www.gkpge.pl/dla-inwestorow/lad-korporacyjny/polityka-wynagrodzen

The details of remuneration of the governance bodies are presented in the Report on Remuneration of the Members of the Management Board and the Supervisory Board of PGE Polska Grupa Energetyczna S.A. published by the company and posted on its website together with the Auditor's Report on its evaluation, in time for shareholders to become acquainted with its content prior to the General Meeting. Among other things, the Remuneration Report is prepared in accordance with the current Global Reporting Initiative standards.

The Appointment and Remuneration Committee

The Appointment and Remuneration Committee is responsible for supporting the process of achieving the Company's strategic objectives by presenting to the Supervisory Board opinions and proposals concerning the shaping of the management structure, including organisational solutions, the remuneration system and the recruitment of the personnel possessing required qualifications. The Appointment and Remuneration Committee is responsible in particular for the following:

- initiating and providing opinions on solutions concerning the system of appointing members of the Management Board,
- providing opinions on the Management Board's proposed solutions concerning the Company's management system aimed at ensuring the effectiveness, coherence and security of the Company's system of management, as well as their compliance with the applicable legal and internal regulations,
- periodically reviewing and recommending principles for determining the incentive remuneration of Members of the Management Board and senior executives, in line with the company's interests,
- periodically reviewing the system of remuneration of Members of the Management Board and executives reporting directly to Members of the Management Board, including management contracts and incentive systems, and submitting to the Supervisory Board proposals for determining them in the context of achieving the company's strategic objectives,
- presenting to the Supervisory Board opinions concerning justifications for granting remunerations dependent on results within the context of evaluating progress in the performance of the company's particular tasks and achievements,
- evaluating the company's human resources management system.

As at the date of the publication of the statements, the composition of the Appointment and Remuneration Committee was as follows:

- Małgorzata Banasik – Member
- Michał Domagała – Member
- Anna Kowalik – Chairperson
- Andrzej Kozyra – Member
- Sławomir Patyra – Member

In the year 2023 the Appointment and Remuneration Committee held three meetings.

The subjects discussed by the Appointment and Remuneration Committee in 2023 were as follows:

- Discussing the proposed managerial objectives for the Management Board of PGE S.A. for 2023,
- Discussing the reports on the achievement of the managerial objectives for 2022 by the Management Board of PGE S.A.

A simplified organisational chart of the PGE Capital Group as at 31 December 2023.

| GRI 2-6 |

PGE Polska Grupa Energetyczna the parent company, the Corporate Centre of the PGE Group					
PGE Górnictwo i Energetyka Konwencjonalna S.A.	Rybnik Power Plant	Bełchatów Power Plant	Turów Power Plant	Opole Power Plant	
	Turów Lignite Mine	Bełchatów Lignite Mine	Dolna Odra Power Plant Complex		
	BETRANS sp. z o.o.	ELMEN sp. z o.o.	BESTGUM POLSKA sp. z o.o.	Pracownicze Towarzystwo Emerytalne Nowy Świat S.A. (94.98%)	
	Elkom sp. z o.o. (58.95%)	RAMB sp. z o.o.	MegaSerwis sp. z o.o.	ELTUR-SERWIS sp. z o.o.	
PGE Energia Ciepła S.A.	CHP Plant in Bydgoszcz	CHP Plant in Gorzów Wielkopolski	CHP Plant in Lublin Wrotków	Branch no. 1 in Cracow	CHP Plant in Rzeszów
	CHP Plant in Kielce	CHP Plant in Zgierz	Branch Wybrzeże in Gdańsk	Branch in Szczecin	
	PGE Paliwa sp. z o.o.	PGE Toruń S.A. (95.22%)	Zespół Elektrociepłowni Wrocławskich KOGENERACJA S.A. (58.07%)		Elektrociepłownia Zielona Góra S.A.
PGE Energia Odnawialna S.A.	Żarnowiec Hydro Power Plant	Porąbka - Żar Hydro Power Plants Complex	Solina - Myczkowce Hydro Power Plant Complex	Dychów Hydro Power Plant Complex	Zawidów Branch in Bogatynia
PGE Dystrybucja S.A.	Warsaw Branch	Białystok Branch	Łódź Branch	Lublin Branch	
	Zamość Branch	Skarżysko-Kamienna Branch	Rzeszów Branch	Energetyczne Systemy Pomiarowe sp. z o.o.	
PGE Obrót S.A.	Branch based in Zamość	Branch based in Łódź	Branch based in Lublin	ENESTA sp. z o.o. under restructuring (92.25%)	
	Branch based in Skarżysko Kamienna	Branch based in Białystok	Branch based in Warsaw		
PGE Baltica sp. z o.o.	PGE Baltica 2 sp. z o.o.	PGE Baltica 3 sp. z o.o.	Elektrownia Wiatrowa Baltica 1 sp. z o.o. Elektrownia Wiatrowa Baltica 8 sp. z o.o. Elektrownia Wiatrowa Baltica 9 sp. z o.o. Elektrownia Wiatrowa Baltica 10 sp. z o.o. Elektrownia Wiatrowa Baltica 11 sp. z o.o. Elektrownia Wiatrowa Baltica 12 sp. z o.o.	Elektrownia Wiatrowa Baltica 7 sp. z o.o. (55.04%)	Elektrownia Wiatrowa Baltica 4 sp. z o.o.(66.19%)
	PGE Baltica 6 sp. z o.o.	PGE Baltica 5 sp. z o.o.		Elektrownia Wiatrowa Baltica 5 sp. z o.o. (66.19%)	Elektrownia Wiatrowa Baltica 6 sp. z o.o. (66.24%)
	Elektrownia Wiatrowa Baltica 2 sp. z o.o. (50%)	Elektrownia Wiatrowa Baltica 3 sp. z o.o. (50%)			
PGE Dom Maklerski S.A.	PGE Gryfino 2050 sp. z o.o.	PGE Nowa Energia sp. z o.o. in liquidation	PGE Sweden AB	PGE Synergia sp. z o.o.	PGE Trading GmbH in liquidation
PGE Systemy S.A.	Rybnik 2050 sp. z o.o.	PGE Ventures sp. z o.o.	Energoserwis Kleszczów sp. z o.o. (51%)	PGE Ekoserwis S.A.	ZOWER sp. z o.o.
PGE Asekuracja S.A.	ELBIS sp. z o.o.	ELBEST Security sp. z o.o.	MEGAZEC sp. z o.o.		
PGE Energetyka Kolejowa sp. z o.o.	PGE Energetyka Kolejowa S.A.	PGE Energetyka Kolejowa Obsługa sp. z o.o.	PGE Energetyka Kolejowa Centrum Usług Wspólnych sp. z o.o.		

Legend	(Companies with 100% ownership unless stated otherwise)	
Branches of the Companies	Companies directly dependent on PGE	Companies indirectly dependent on PGE

1.3.2 Approach to the management of ESG issues

| GRI 2-12 | GRI 2-13 |

The adoption of the PGE Group's strategy until 2030 with an outlook to 2050, which sets out the directions for the energy transition, the decarbonisation of generation and the path towards climate neutrality, started the process of implementing the structured management of the ESG area in the PGE Group. Climate neutrality, responsible management, good stakeholder relations are the basis of the PGE Group's approach to managing ESG factors.

For the PGE Group, reporting on ESG factors is one of the elements on the way to managing the company's sustainability area. The most important thing is to define ESG objectives and to pursue them effectively, and without a conscious approach to the reporting of non-financial information, it would not be possible to manage and improve the company's activities in this area effectively. Implementing ESG issues into the organisation's operating framework required a remodelling of the governance system. For this reason, on 21 December 2021, the Management Board of PGE Polska Grupa Energetyczna S.A., by resolution, appointed the Management Board Proxy for ESG, as well as the Sustainability Committee headed by the President of the Management Board and the Vice President for Finance.

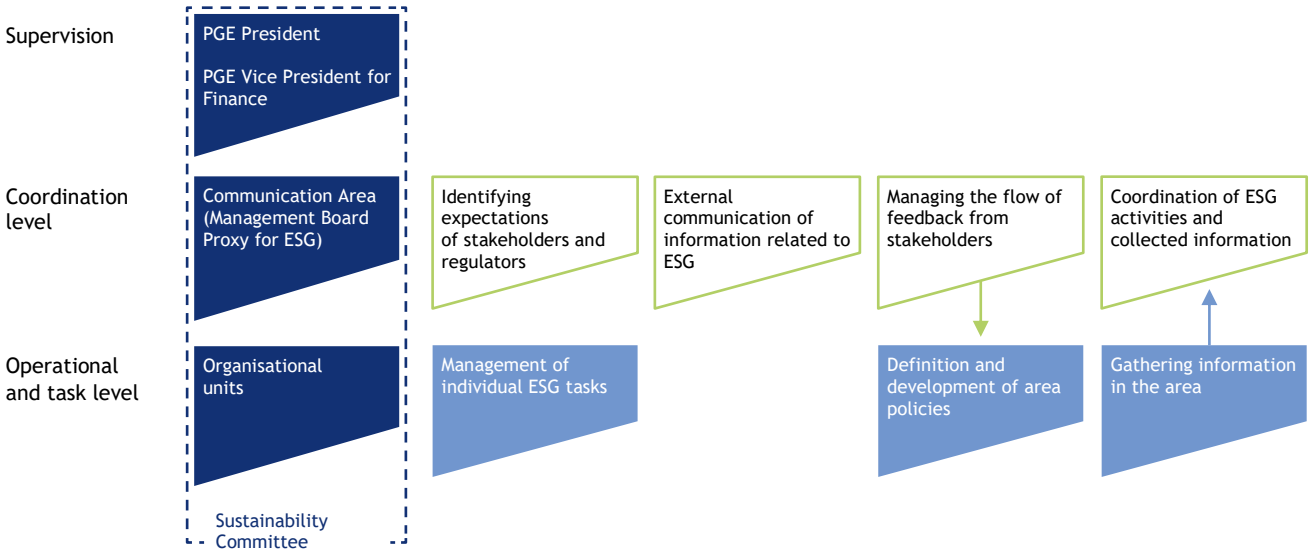


Fig. Division of roles and responsibilities in the ESG area

Sustainability Committee

The Committee's task is to ensure the integrity of the sustainability area in the PGE Group by overseeing the implementation of processes in the ESG area. The wide range of tasks to be carried out in the Group requires the involvement of a number of organisational structures, which is reflected in the composition of the Committee, whose members are the directors of the key organisational units in the ESG area. During Committee meetings, the challenges faced by the Group, stakeholder expectations, good market practices as well as ongoing and planned ESG initiatives are discussed.

The basis for the development of the PGE Group's ESG system is the continuous identification of key stakeholder expectations and the ongoing implementation of regulatory requirements in this area. This includes setting short- and long-term goals, consistent with the Group's pursued strategy. In order to ensure that they are achieved, in the case of new expectations, it is necessary to develop detailed management rules, which primarily include cooperation among Group companies.

Until the end of 2023, the Sustainability Committee meetings discussed topics such as sustainability challenges in the coming years, challenges for PGE from financial institutions, ESG risks, carbon footprint management issues, CDP reporting and ESG ratings.

The Committee was directly informed of the activities of the dedicated working teams. The delivered results were the starting point for planning ESG activities in the following months and years. Information on the scope of the Committee's work was also presented at meetings of the PGE S.A. Management Board.

In order to increase the efficiency of the organisation's environmental impact management, the Environmental Protection Department, which is also responsible for the PGE Group's carbon footprint issues, was established at PGE S.A. in 2022. As part of social impact management and dialogue with the social partner, PGE S.A. has a Dialogue and Social Relations Department. Both these structures operate within the Operations Division, which reports to the Vice President for Operations.

The operational coordination of the ESG process is carried out by the Investor Relations and ESG Department, which is also responsible for the implementation of ESG communication, stakeholder dialogue and non-financial reporting.

Reporting of non-financial information

|GRI 2-14|

The basis for ESG development in the PGE Group is PGE's long-standing experience in communicating with stakeholders and reporting non-financial information. In this area, the PGE Group already has almost 10 years of experience and responds to the growing expectations of the social environment on an ongoing basis. The PGE Group's first social report was developed for the years 2013-2014 and was based on the Global Reporting Initiative (GRI) international reporting standard at the CORE level. The following year, PGE began publishing cyclical integrated reports, also keeping in mind the expectations of investors and other financial institutions. Since 2016, one year before the Non-Financial Reporting Directive (NFRD) came into force, the PGE Group has published information in accordance with the Directive's requirements. Since 2011, PGE S.A. has been included in the Warsaw Stock Exchange's "Respect Index", subsequently replaced by the WIG-ESG index, which is made up of companies mature in managing ESG factors. Participation in the Responsible Corporations Ranking has earned PGE the title of responsible business leader in the power generation sector for three consecutive years. In connection with the implementation of the Corporate Sustainability Reporting Directive (CSRD), the PGE Group has already been actively preparing for the new sustainability reporting guidelines since September 2023, with preparations covering all key areas of the Group's operations.

A statement of non-financial information is approved by the Management Board of PGE S.A. and its content is also reviewed by the Supervisory Board.

Education for sustainable development

|GRI 2-17|

The PGE Group is keen to disseminate ESG knowledge among Polish enterprises and the company's suppliers in order to create an "ESG value chain". In its brand strategy, PGE has taken on the role of a leading company in green change: in the literal sense of the word, both as a leader of change in the Polish electricity market, but also as a guardian and advisor in the area of green energy. For the PGE Group, a sustainable company is one that not only meets standards itself, but also consciously chooses its suppliers - enterprises that operate ethically and monitor their carbon footprint. Through its actions, the PGE Group meets the expectations of its customers, not only individual customers but also institutional ones, who expect the supply of green energy, which has a significant impact on the carbon footprint of their products and services.

As part of the dialogue and sharing of experience in the ESG area with the external environment, the Management Board Proxy for ESG actively participates in debates and conferences related to sustainable business development. The process of educating the Group's employees in the ESG area continued in the PGE Group in 2023.

Advanced ESG training courses were targeted at employees directly involved in the sustainability management and reporting process, but awareness of the importance of this area in business management was being built among all PGE employees. At the executive level, more than 270 employees took part in training courses in a classroom or online format. In 2023, an e-learning training was also implemented. Participation in selected training events has been obligatory for all PGE S.A. employees since January 2024. The range of training courses is planned to be extended to cover more PGE Group companies in the coming months. As part of building awareness of ESG among employees, internal communication activities are being undertaken. Educational articles are being developed in the in-house corporate magazine and on the company intranet. Plans also provide for the implementation of podcasts that will give employees an even better understanding of what ESG is and how sustainability measures are implemented in the PGE Group.

1.3.3 Risk management

As the Corporate Centre, PGE S.A. creates and implements solutions in the area of integrated risk management architecture. PGE S.A. develops risk management policies, standards and practices. It is at the central level that the company designs and develops internal IT tools supporting processes, the level of risk that the PGE Capital Group is prepared to accept in the pursuit of its business objectives is determined, adequate risk limits are set and their utilisation levels are monitored.

In the PGE Capital Group, risk management is carried out on the basis of the GRC (Governance – Risk – Compliance) model, i.e. the concept of three lines of defence (Business – Risk – Audit). It makes it possible to adjust and integrate the process at all management levels in the particular operating areas.

The Risk Committee operates at the highest management level. It is responsible for controlling risk exposures and reducing the scope of incurred risks to an acceptable level in relation to the implementation of the PGE Group's strategy and the achievement of its business objectives. The Risk and Insurance Department integrates risk management processes in the PGE Group, measures and reports market and corporate risks, as well as manages credit risks and insurance. The recipients of information and reports on risk are primarily the Management Board of PGE S.A. and the Management Boards of PGE Group companies. The principles of managing these issues in the PGE Group are described in the following procedures: insurance management, market risk management in trading activities, corporate risk management, internal rating determination, credit risk management as well as in the Risk Committee Regulations and the policy of corporate risk management in the PGE Capital Group.

PGE does not focus only on the negative aspects of the analysed risks. It treats them as challenges and takes advantage of the opportunities presented by the dynamically changing environment in which the PGE Group operates. This approach allows the company to build its position in the market and grow. Effective implementation of solutions developed in the PGE Group translates into more efficient management of the Group's resources across the entire value chain and affects the quality of energy services provided.

Risk identification covers the full spectrum of the Group's activities. The scope and complexity of the analysis is determined by the significance of a given risk with respect to both a particular company and the entire PGE Group. The higher a given risk is ranked, the more thorough its analysis and the more complex and rigorous reporting rules apply. On the one hand, such an approach guarantees the acquisition of full knowledge of the most important risks and the applied mitigating tools, and, on the other hand, it ensures that no stakeholder is overlooked in the reporting process.

The division of the types of risk assessment determines the time horizon over which risks are located:

- current perspective – the assessment of risks for the next year,
- medium-term perspective – 2 to 5 years, risks related to investment initiatives,
- long-term perspective (more than 5 years) – the impact of technological, economic and social trends on the PGE Group's operations.

As a separate category, climate risk, defined as the impact of the awareness of the irreversible consequences of climate change and associated regulatory policies on business operations is assessed over similar time horizons.

Current perspective

The most important objective of risk assessment is to support decision-making processes carried out at the level of both the Corporate Centre and the subsidiaries of the PGE Group. Assessments are made with a time horizon of the following year. Due to the wide range of issues subject to assessment, the process is carried out in three stages:

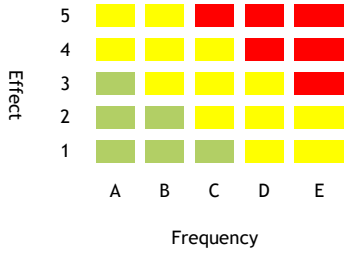


Fig. Risk map drawn for each identified risk of the current activity: from A1 to E5 - low/medium/high risk

Stage 1: An initial assessment and analysis of all identified risks, where each risk is assessed against two aspects: frequency (probability) of materialisation and consequences of potential materialisation. The highest rated risks are moved to the next stage of assessment.

Stage 2: A quantitative assessment and an additional risk analysis to estimate the impact of each risk on financial performance and to determine the significance of the impact of individual factors that could cause a given risk to materialise. In the next step, mitigating tools and their effectiveness are identified and a method for dealing with the risk is defined.

Stage 3: From the risks qualified for stage 2, the most significant risks for the PGE Group are selected, for which a separate report containing an in-depth risk analysis is prepared.

With respect to the year 2024, the pool of the following risks was qualified for an in-depth analysis in the third stage, i.e. the most significant risks for the PGE Group:

- the risk of G tariff for regulated customers at PGE Obrót,
- the risk of the gross margin on electricity from the generation assets operated by PGE Górnictwo i Energetyka Konwencjonalna,
- the risk of the gross margin in electricity and the impact of variable costs on heat generation at PGE Energia Ciepła,
- the risk of ineffective hedging of electricity for sales contracts at PGE Obrót,
- the risk of settlements in PGE Obrót,
- the risk of the abandonment of the NABE project at PGE Górnictwo i Energetyka Konwencjonalna,
- the risk of the gross margin on electricity from the generation assets operated by PGE Energia Odnawialna,
- the risk of environmental protection at PGE S.A.,
- the risk of financial liquidity at PGE S.A.,
- the risk of settlements at PGE Dystrybucja.

Medium-term perspective – investment risks

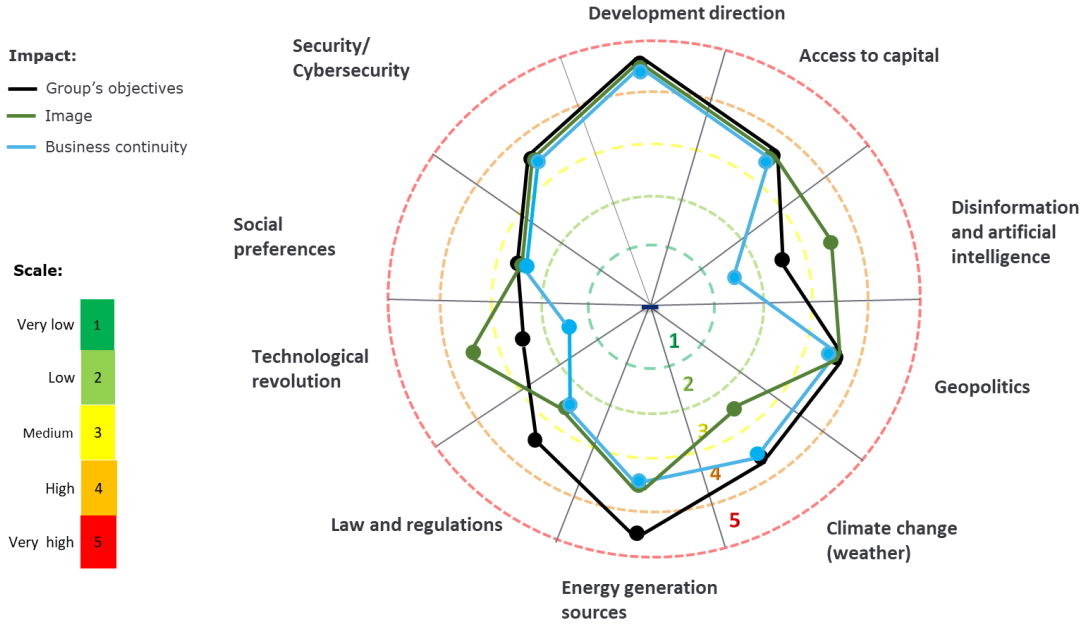
A description of risks, threats and constraints in the medium term relates to the most significant investment initiatives underway in the PGE Group, which have a major impact on the direction of the Group's development. The main obstacles to their implementation and the potential consequences of delays are indicated. The time horizon of the projects varies, depending on specific tasks. It ranges from about two years for PV projects to about five years for offshore wind farms.

Long-term perspective

The subject of an assessment is the challenges and threats that the PGE Group may face over the next decade. Each long-term risk is assessed in terms of its impact on the achievement of business objectives, as well as influence on the company's image and business continuity. The shown result is the modal value (the value most frequently occurring in results) of these three aspects.

AREAS OF LONG-TERM RISKS

- **Development directions** – the risk that the PGE Group will not be able to maintain its leading position if the NESA is not established.
- **Access to financing** – the risk that the PGE Group will not obtain financing necessary to realise planned investments.
- **Disinformation and artificial competition** – the risk that the use of "fake news" and artificial intelligence creating an alternative reality will threaten the functioning of the PGE Group.
- **Geopolitics** – the risk of changing geopolitical factors (EU policy, divergence of interests, political conflicts, wars) resulting in limited access to raw materials used by the PGE Group.
- **Climate change** – the physical climate risk associated with the frequency of extreme weather conditions that may result in damage to the PGE Group's assets and climate change affecting demand for electricity and heat.
- **Generation sources** – the risk that new energy sources will not deliver the expected energy volumes and expected EBITDA levels.
- **Law and regulations** – the risk related to changes in the legal system and uncertainty in the regulatory environment, including the future shape of support schemes and regulatory burdens resulting from environmental requirements affecting the PGE Group.
- **Technological evolution** – the risk that technological changes will be so significant that the energy market will be adjusted (e.g. ways of generating energy).
- **Social preferences** – the risk that social preferences in terms of mass customer expectations, employer attractiveness ratings and public opinion will have a negative impact on the PGE Group.
- **Security/cybersecurity** – the risk that the international situation will negatively affect the physical security and cybersecurity of the PGE Group's assets.



Graph: Map of long-term risks: Own elaboration.

The positioning of the risks on the risk map, based on an assessment of the level of materiality, represents the impact of a given risk on the three aspects of operations:

- the achievement of business objectives,
- the company's image,
- business continuity.

The map of long-term risks was created based on the elements dominating the responses, according to the subjective assessments of these risks by PGE S.A.'s top management (Board Members and Division Directors) formulated during a strategy workshop held on 30 January 2024.

2. ENVIRONMENTAL INFORMATION

| GRI 3-3 [the company's climate impact] | GRI 3-3 [the company's environmental impact] | [climate awareness] GC-7 |GC-8 | GC-9 |

As Poland's largest energy group, the PGE Capital Group prioritises the reduction of its environmental and climate impact in its operations and plans of new investments. One of the pillars of the Group's business strategy is to produce and supply environmentally friendly energy. Increasing its level of climate awareness, the PGE Group is working towards reducing greenhouse gas emissions while building the organisation's resilience to climate change. It does this by applying resource-efficient solutions, reducing emissions into the environment and developing new investments. This is realised by modernising generation sources, increasing the share of renewable energy sources, as well as through innovative measures implemented in the field of research and development. The PGE Group aims to achieve its climate policy goals in a sustainable and responsible manner.

Pro-environmental investments play an important role in the PGE Group. In the year 2023 alone, PGE Group companies incurred expenditures of approximately PLN 5.477 billion on investments in environmental protection, of which:

- PLN 451 million represented investments in new gas units (in the locations of still operating coal units),
- PLN 2.32 billion – investments in the development and modernisation of the distribution network, including the cabling of the overhead network,
- PLN 105 million – connections of RES installations,
- over PLN 705 million – development, strategic tasks and modernisation investments carried out by PGE Energia Odnawialna,
- PLN 477 million – tasks in the offshore energy segment.

The remainder of the expenditures concerns modernisation and restoration investments related to increasing operational and environmental efficiency, reducing environmental nuisance and supporting the responsible use of natural resources.

2.1 The PGE Group identified risks and management options in the area of climate and environmental issues.

CLIMATE AND ENVIRONMENTAL ISSUES IN THE PGE GROUP
Global warming, changing precipitation patterns, rising sea levels and extreme weather events are increasingly posing serious challenges to the resilience of electricity systems, thus increasing the likelihood of disruptions. Climate change directly affects every segment of the electricity system: generation potential and capacity, heating and cooling demand, the resilience of transmission and distribution networks, as well as demand patterns. The PGE Group is aware of the risks posed by climate change, mainly in the form of climate hazards related to temperature, precipitation and wind. The PGE Group's key business activities undergo an assessment with respect to significant physical climate risks and their negative impact on operations, which supports climate change adaptation and enhances resilience to climate risks.
Physical climate risks resulting from climate change
Significant climate risks were assessed, in terms of physical climate hazards (mainly related to temperature, precipitation and wind) that negatively impact the key operations of the PGE Group. The assessment of climate risks related to physical hazards in the PGE Group was carried out for the current perspective and the long-term perspective, using scientific models describing possible climate scenarios, i.e: RCP 4.5 – the optimistic scenario, which assumes the introduction of new technologies to achieve a higher reduction in greenhouse gas emissions than today; the increase in average global temperature will be around 2.5°C at the end of the 21st century relative to the pre-industrial era; and • RCP 8.5 - the pessimistic scenario, which assumes a continuation of the current rate of increase in greenhouse gas emissions, on a business-as-usual basis; by the end of the 21st century, the average global temperature will have risen by 4.5°C compared to the pre-industrial era.

Perspective	
Current perspective	**Long-term perspective**
The assessment of the impact of the physical climate risks was carried out for the current perspective.	The assessment of the impact of the physical climate risks was also carried out based on climate models, using climate scenarios (RCP 4.5 - optimistic scenario and RCP 8.5 - pessimistic scenario).
Mitigating measures	
Implementing measures to increase the resilience of electricity systems to climate change, for example: Utilising more weatherproof solutions, e.g. in the form of underground cabling Maintaining ongoing monitoring of the climate situation, including water levels in the areas at risk Ensuring preventive management of key infrastructure elements affecting business continuity Providing regular maintenance of the technical infrastructure Taking out insurance against events related to weather phenomena Using protective mechanisms, e.g. electric shock protection Applying emergency response procedures Ensuring thorough analyses of land for new investments	

Mitigating the risk of illegality of activities in the context of climate protection	
resulting from non-compliance of the PGE Group's activities with the applicable environmental regulations in all aspects, in particular the standards for emission of pollutants to the atmosphere, water and soil	
Current perspective	**Long-term perspective**
Risk that legal requirements relating to climate protection will not be met	Risk of tightening environmental restrictions related to electricity and heat generation as well as mining activities
Mitigating measures	
Monitoring continuously environmental laws and regulations, with particular attention paid to: the BAT Conclusions, IED Directive, ETS Directive water and wastewater management waste management measurement of emissions Analysing interrelations between environmental aspects and activities of particular companies of the PGE Group as well as products and services offered by them (The list of environmental aspects together with the risks and opportunities analysis) Reducing interference with the natural environment: adjusting installations to the requirements of the BAT Conclusions using the most efficient solutions for wastewater treatment, flue gas treatment, water abstraction working on a new concept for the utilisation of combustion waste and by-products ensuring supply of coal with appropriate parameters (lower ash and sulphur content) implementing an environmental management system allowing, among other things, the monitoring and supervision of major air pollutant (SO_2, NO_x, dust) emissions from individual installations	

Risks associated with water and wastewater management	
resulting from the consequences of inadequate water and wastewater management activities or the possibility of extraordinary events	
Mitigating measures	
Developing emergency plans for floods	

Introducing changes to the business continuity plan (if necessary)
Monitoring laws and regulations and ensuring timely compliance with new legal requirements
Improving pollution control to comply with the conditions set out in applicable administrative decisions
Improving infrastructure maintenance and, where necessary, carrying out required upgrades
Taking preventive measures and failure prevention, ensuring compliance with the provisions of the equipment operating instructions

Risk of impact of volatility of CO_2 emission allowance prices	
resulting from the modification of the CO_2 emissions trading scheme (ETS), allowance price volatility and exchange rate fluctuations	
Current perspective	**Long-term perspective**
Risk related to uncertainty of future level of market commodity prices in the context of open positions of the PGE Group	Risk of fluctuations in macroeconomic indexes and prices of raw materials affecting the PGE Group's operations

Mitigating measures

Optimisation of generation assets with the development of production scenarios for updated electricity and CO_2 market parameters
Monitoring of energy, CO_2, gas, coal and certificate markets as well as sectoral trends
Monitoring of risk exposure, determination of risk limits and hedging strategies for trading activities

Risk of fluctuations in electricity generation	
resulting from reduced generation capacity or interruptions in electricity production	
Current perspective	**Long-term perspective**
Electricity generation volume risk	Risk related to technological changes

Mitigating measures

Generation planning taking into account facilities failure rates and greenhouse gas emission limits
System for real-time monitoring of the status and operating parameters of generation units
Service agreements for efficient and rapid repair of breakdowns and failures
Business continuity plans
Qualified staff with required qualifications

Risk of technological revolution	
resulting from the use of insufficiently tested new technologies and an insufficient level of competence in this field	
Current perspective	**Long-term perspective**
Risks associated with the direction and process of investing	Risk related to technological changes

Mitigating measures

Long-term development plan
Investment-specific risk analysis
Public consultations
Cooperation with central and local government authorities

Monitoring of expected available connection capacities for generation sources Safeguards in agreements with contractors Analyses of impact of installations on the environment

Risk of changes in customer behaviours and preferences	
resulting from unattractive sales offers and poor customer service	
Current perspective	**Long-term perspective**
Risks related to customer retention and acquisition	Risks arising from changing ways of electricity sales and offers development
Mitigating measures	
Customer needs surveys Differentiation of the product offer Customer satisfaction surveys Monitoring of products and prices offered by competitors e-commerce development as an opportunity to use additional ideas for implementing new product solutions Counterparty credit risk management system	

Reputational risk	
resulting from adverse events and negative information published in the media, as well as from inadequate brand management and information policy in relation to the internal and external environment	
Current perspective	**Long-term perspective**
Risks related to reputation and management of the PGE brand	Impact on PGE's reputation is one of the criteria for assessing each of the long-term risks. Examination covers the extent of the impact on reputation and image and the strength of the impact that risk materialisation may have on these aspects
Mitigating measures	
Cooperation with the media and monitoring of the media environment, including social media Crisis communication procedure Assessment of effectiveness of communication channels Brand strategy and its monitoring Systematic internal communication Meetings between managers and employees Dialogue with social partners	

ENVIRONMENTAL ISSUES IN PGE S.A.

Environmental protection risk

resulting from the consequences of inadequate environmental protection measures or the possibility of occurrence of extraordinary events

Mitigating measures

Monitoring of technical condition and modernisation of equipment and installations
Monitoring of environmental laws and regulations
Adaptation of the company's internal regulations and its environmental protection activities to changing legal regulations
Reporting to competent authorities and institutions responsible for environmental management
Reducing interference with the natural environment
Use of the most effective solutions and highly efficient environmental technologies
Outsourcing the disposal of harmful substances to a specialised entity holding a waste management licence

2.2 PGE Group activities in terms of the EU Environmental Taxonomy

The PGE Capital Group, as a public interest entity preparing non-financial information statements in accordance with Directive 2014/95/EU of the European Parliament and of the Council, is required to disclose, for the year 2023, the extent to which its activities can be considered as environmentally sustainable. This requirement stems from Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on establishing a framework to facilitate sustainable investment, amending Regulation (EU) 2019/2088 and the Delegated Regulations on establishing a framework to facilitate sustainable investment (hereinafter: "EU Environmental Taxonomy", "Taxonomy").

For the purpose of preparing the 2023 disclosures, an analysis of the company's activities was carried out, which resulted in the identification of activities that qualify for the Taxonomy, i.e. those that are consistent with the description of the activities shown in the Commission Delegated Regulations (EU):

- **2021/2139** of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing technical qualification criteria for determining the conditions under which an economic activity qualifies as making a significant contribution to climate change mitigation or adaptation, and whether that economic activity does not cause significant harm to any other environmental objective
- **2023/2485** of 27 June 2023 amending Delegated Regulation (EU) 2021/2139 laying down additional technical eligibility criteria for determining the conditions under which certain economic activities qualify as making a significant contribution to climate change mitigation or adaptation, and whether those activities do not cause significant damage to any other environmental objective
- **2023/2486** of 27 June 2023 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing technical qualification criteria to determine the conditions under which an economic activity qualifies as making a significant contribution to the sustainable use and conservation of water and marine resources, to the transition to a circular economy, to the prevention and control of pollution, or to the protection and restoration of biodiversity and ecosystems, and whether that economic activity does not cause serious harm to any of the other environmental objectives included in Annexes I to IV, and amending Commission Delegated Regulation (EU) 2021/2178 as regards the public disclosure of specific information in relation to those economic activities.

The financial data presented in the disclosure for the eligible activities include both:

- revenue (turnover) from business activities that are Taxonomy-eligible, related capital expenditure or operating expenditure,
- purchases from eligible activities,
- related additional (explanatory) information.

The basis for considering an activity as eligible was to compare the actual activity in question with a description of the activity included in the following:

- Annex I (Climate change mitigation – CCM code)

or

- Annex II (Climate change adaptation – CCA code)

to Commission Delegated Regulation (EU) 2021/2139, together with the amendments listed above, and:
- Annex I (Sustainable use and protection of aquatic and marine resources – WTR code)
- Annex II (Transition to a circular economy – CE code)
- Annex III (Pollution prevention and control – PPC code)
- Annex IV (Protection and restoration of biodiversity and ecosystems – BIO code)

to Commission Delegated Regulation (EU) 2023/2486.

The codes placed next to each climate target are the required designations under Commission Delegated Regulation (EU) 2023/2486.

The calculations of revenue, capital expenditure (CapEx) and operating expenditure (OpEx) were based on the definitions set out in Annex I to Commission Delegated Regulation (EU) 2021/2178. In the calculation of these figures for the PGE Group, appropriate consolidation exclusions were taken into account, based on the methods used in the preparation of consolidated financial statements.

An economic activity eligible for inclusion in the Taxonomy means an economic activity as described in Commission Delegated Regulations (EU) 2021/2139, 2023/2485 and 2023/2486.

An activity in line with the Taxonomy systematics (hereafter: "Taxonomy-aligned activity") is one that makes a significant contribution to one or more of the environmental objectives, does not cause serious harm to any of the environmental objectives of the Taxonomy, is carried out in accordance with the minimum guarantees set out in Article 18 of Regulation 2020/852 and meets the technical qualification criteria that have been established by the European Commission.

In accordance with Commission Delegated Regulation (EU) 2021/2178, the first annual reporting period covered 2021, for which eligibility indicators were reported. In the second reporting year (i.e. 2022), indicators were reported for both eligibility and alignment with the Taxonomy for targets one and two; now (i.e. for 2023) the scope of reporting is extended, in accordance with Commission Delegated Regulation (EU) 2023/2486, to include further four climate targets (targets three to six). Eligibility indicators are reported under these objectives, and in subsequent years (i.e. from 2024), alignment indicators will also be reported as required by Delegated Regulation 2023/2486 for objectives three to six.

As part of the implementation of the process described above, the following specific activities were carried out in the PGE Group and their results are disclosed below.

Step 1

DIVISION OF THE PGE GROUP'S ACTIVITIES

The PGE Capital Group's business activities are organised in eight segments:

- Conventional Power Generation
- Heat Generation
- Renewable Power Generation
- Trade
- Distribution
- Circular Economy
- Railway Power Engineering
- Other Activities

The activities occurring in all segments were assessed against the systematics of the EU Environmental Taxonomy.

Step 2

IDENTIFICATION OF ECONOMIC ACTIVITIES ELIGIBLE FOR THE EU ENVIRONMENTAL TAXONOMY

On the basis of Annexes I and II to Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 and in accordance with Commission Delegated Regulation (EU) 2022/1214 of 9 March 2022 and Annexes I to IV to Commission Delegated Regulation (EU) 2023/2486, a selection was made of the activities eligible for the Taxonomy that in 2023 occurred in the PGE Group as part of its business activities or purchases. These are the following:

1) **Activities from which revenue was generated** – turnover and associated CapEx and/or OpEx were identified:

- CCM 4.1 Electricity generation using photovoltaic technology
- CCM 4.10 Electricity storage
- CCM 4.15 Distribution in heating/cooling systems
- CCM 4.20 Cogeneration of thermal/cooling energy and electricity from bioenergy
- CCM 4.21 Generation of thermal/cooling energy from solar heating
- CCM 4.24 Generation of thermal/cooling energy from bioenergy
- CCM 4.3 Electricity generation from wind power
- CCM 4.30 High-efficiency cogeneration of thermal/cooling energy and electricity from gaseous fossil fuels
- CCM 4.31 Generation of thermal/cooling energy from gaseous fossil fuels in an efficient heating and cooling system
- CCM 4.5 Electricity generation from hydro power
- CCM 4.9 Electricity transmission and distribution
- CCM 5.5 Collection and transport of non-hazardous waste in segregated fractions at source

- CCM 6.14 Infrastructure for rail transport
- CCM 7.6 Installation, maintenance and repair of renewable energy technology systems

2) **Other purchasing activities:**

- WTR 3.1 Solutions based on natural resources and concerning flood and drought risk prevention and protection
- CCM 4.1 Electricity generation using photovoltaic technology
- CCM 4.15 Distribution in heating/cooling systems
- CCM 4.20 Cogeneration of thermal/cooling energy and electricity from bioenergy
- CCM 4.29 Electricity generation from gaseous fossil fuels
- CCM 4.30 High-efficiency cogeneration of thermal/cooling energy and electricity from gaseous fossil fuels
- CCM 4.31 Generation of thermal/cooling energy from gaseous fossil fuels in an efficient heating and cooling system
- CCM 4.9 Electricity transmission and distribution
- CE 5.1 Construction, expansion and operation of water abstraction, treatment and supply systems
- CCM 5.4 Modernisation of wastewater collection and treatment systems
- CCM 8.1 Data processing; website management (hosting) and related activities

Step 3

DETERMINATION OF INDICATORS FOR ACTIVITIES ELIGIBLE FOR AND COMPLIANT WITH THE EU ENVIRONMENTAL TAXONOMY FOR 2023

The calculation of the Taxonomy indicators required to be disclosed for 2023 was based on financial data, allowing specific values to be assigned to the identified eligible activities.

The different types of activities were assigned to only one activity eligible for inclusion in the Taxonomy systematics. No part of revenue, CapEx and OpEx was double counted. Once an activity from which revenue (turnover) had been generated was deemed eligible for systematics, then the CapEx and OpEx associated with that activity were also allocated entirely to that activity and were no longer assessed for eligibility as other activities. Other CapEx and OpEx values (not related to eligible, turnover-generating activities) were assessed with respect to possible classification as purchases from eligible activities. Individual CapEx and OpEx items were allocated to only one activity. Where it was possible to allocate them to more than one activity, the one most relevant to them was selected.

For the calculation of the indicators, in the denominator, the value of turnover and capital expenditure (for property, plant and equipment and acquisitions) were used, respectively, consistent with the values reported in the consolidated financial statements of the PGE Capital Group for the period ended 31 December 2023. The OpEx denominator was calculated based on the accounts of costs that meet the definition of OpEx included in Regulation 2021/2178.

Value of the PGE Group's turnover eligible for the EU Environmental Taxonomy

This is the value of turnover derived from the sale of products or services related to a business activity that is considered eligible for the Taxonomy in terms of one of the climate objectives "Objectives I-VI" listed below:

- I (Mitigation of climate change)
- II (Adaptation to climate change)
- III (Sustainable use and protection of water and marine resources)
- IV (Transition to a circular economy)
- V (Pollution prevention and control)
- VI (Protection and restoration of biodiversity and ecosystems)

The numerator of the indicator includes taxonomy-eligible revenue from contracts with customers under IFRS 15. The denominator is the total sales revenue reported in the consolidated statement of comprehensive income.

Value of the PGE Capital Group's capital expenditure (CapEx) eligible for the EU Environmental Taxonomy

As defined in Regulation 2021/2178, capital expenditure is an increase in property, plant and equipment and intangible assets during the financial year before depreciation, amortisation and any revaluations, including those arising from revaluations and impairments for the financial year, excluding changes in fair value. This

figure also includes increases in property, plant and equipment and intangible assets resulting from business combinations.

The numerator of the indicator includes the CapEx eligible for the Taxonomy, while the denominator is the sum of the CapEx reported in the consolidated financial statements – note 6.1. the sum for the whole PGE Group of the items "Total capital expenditure" and "acquisition of PPE, IA, IP and RTUA as part of acquisition of new companies". In addition to the capital expenditures of individual companies, an important element of the taxonomic CapEx in the PGE Group was the acquisition of the property, plant and equipment of PKP Energetyka Holding sp. z o.o., which significantly increased the denominator in relation to 2022 (by PLN 6,977 million), and the property, plant and equipment of LongWing Polska sp. z o.o. (by PLN 338 million).

The acquisition of the PKP Energetyka Group, described in note 1.3.1 to the consolidated financial statements, allowed the PGE Capital Group to create a new segment, namely Railway Power Engineering, and to significantly increase the activities eligible for and compliant with 4.9 Transmission and distribution of electricity, as well as to identify a new activity conducted within the PGE Capital Group, i.e. 6.14 Infrastructure for railway transport.

Given the significant reduction in the list of eligible activities for the next four climate targets under RD 2023/2486 compared to the announced changes and the published draft, particularly for the climate target of Circular economy, it was impossible to make a disclosure in the PGE Group's Circular Economy segment with respect to activities such as sorting and processing of by-products and the generation of products, by-products and waste in combination with the generation of electricity and heat.

Value of the PGE Capital Group's operating expenditure (OpEx) eligible for the EU Environmental Taxonomy

Regulation 2021/2178 defines OpEx as the direct, non-capitalised costs associated with research and development, building refurbishment activities, short-term leases, maintenance and repairs, and any other direct expenditure associated with the day-to-day operation (maintenance) of property, plant and equipment by an enterprise or a third party contracted by the enterprise to conduct activities necessary to ensure the continuous and efficient operation of such assets.

The analyses in terms of the OpEx Taxonomy mainly included accounts for maintenance, repair and overhaul costs, as well as leases not included in the balance sheet, in accordance with the guidelines of the OpEx interpretation published by the European Commission in the Official Journal of the EU in October 2022. The sum of the turnover of these accounts, including consolidation exclusions, constitutes the denominator.

The numerator is the part of the denominator that corresponds to the activities that are considered eligible for the Taxonomy in terms of Objectives I-VI.

Assessment of alignment with the Taxonomy systematics

Taxonomy-aligned activity is one that makes a significant contribution to one or more of the environmental objectives, does not cause serious harm to any of the environmental objectives of the Taxonomy, is carried out in accordance with the minimum guarantees set out in Article 18 of Regulation 2020/852 and meets the technical qualification criteria that have been established by the European Commission.

The assessment of the alignment of the identified eligible activities listed above in the first step involved an analysis of the technical eligibility criteria relevant to each activity, as included in the Delegated Regulations: 2021/2139, 2023/2485, 2023/2486 – in terms of the material contribution criteria and the "do no serious harm" principle.

A due diligence analysis was carried out to identify the degree of alignment of the PGE Group's business activities with the requirements, i.e. the minimum safeguards set out in Article 3(c) in conjunction with Article 18 of Regulation 2020/852 of 18 June 2020 on the establishment of a framework to facilitate sustainable investment. As defined in Article 18 of the above Regulation, minimum safeguards are the procedures to be followed by a business enterprise to ensure that it complies with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work, as well as the principles and rights set out in the International Bill of Human Rights.

In line with the guidelines of the PSF Report (**Platform on Sustainable Finance)**[2], a due diligence analysis was carried out based on the following methodology:

- a procedure-based test, i.e. an examination of the PGE Capital Group's internal regulations and procedures in the context of compliance with the applicable regulations and guidelines, carried out on the basis of documentation provided by the PGE Capital Group,
- a performance-based test focusing on final convictions or penalties, with respect to each of the areas examined, taking into account their materiality, carried out on the basis of the PGE Group's statements,
- a database analysis carried out on the basis of information contained in the records of the Business and Human Rights Resource Centre ("BHRRC") and the National Contact Point, established in accordance with the OECD Guidelines for Multinational Enterprises,
- a general survey of publicly available information on the activities of the PGE Capital Group.

The following areas were examined:

- disclosure of strategic and internal affairs,
- human rights,
- employee rights,
- anti-corruption and anti-bribery activities,
- consumer and competition protection,
- tax policy,
- environmental policy.

In the above-mentioned areas, the PGE Capital Group adopted procedures corresponding to the standards set out in the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. Furthermore, it applies extensive measures that are in line with both applicable national law and international regulations.

No charges have been brought against the PGE Group by the BHRRC, nor is there any case pending before the National Contact Point, which is reflected in the Group's record of penalties imposed by common courts and public administration bodies.

The conducted investigation ruled out the existence of negative indications representing a failure to provide minimum safeguards identified in the PSF Report as risk factors.

[2] Final Report on Minimum Safeguards, Platform on Sustainable Finance; *https://finance.ec.europa.eu/system/files/2022-10/221011-sustainable-finance-platform-finance-report-minimum-safeguards_en.pdf* [accessed 31.12.2023]

Indicators of the PGE Capital Group

The PGE Group's indicators for 2023 are presented in the tables below. They have been prepared on the basis of the formulas included in Regulation 2023/2486, whereby:

- Y – Yes, activity eligible for the Taxonomy and aligned with the Taxonomy for a particular environmental objective
- N – No, activity eligible for the Taxonomy but not aligned with the Taxonomy for a particular environmental objective
- N/EL – Not eligible, activity not eligible for the Taxonomy for a particular environmental objective

Table: Percentage of turnover from products or services related to business activities aligned with the Taxonomy for the year 2023

Financial year 2023	Year 2023			Criteria for significant contribution						Criteria for the DNSH principle "does not significantly harm"									
Business activities	Code or codes (2)	Turnover (3)	Proportion of turnover year N (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) activity Turnover, year N-1 (18)	Category (enabling activity) (19)	Category (transitional activity) (20)
Text		Currency	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	Y
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			

Electricity generation using photovoltaic technology	CCM 4.1	6	0.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Not applicable	Not applicable	Y	Y	Y	0.00%		
Electricity generation from wind power	CCM 4.3	817	0.9%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Not applicable	Y	Y	Y	1.5%		
Electricity transmission and distribution	CCM 4.9	12150	12.7%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Not applicable	Y	Y	Y	Y	9.2%	E	
Distribution in heating/cooling systems	CCM 4.15	4	0.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Not applicable	Y	Y	0.0%		
Cogeneration of thermal/cooling energy and electricity from bioenergy	CCM 4.20	28	0.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Not applicable	Y	Y	0.0%		
Collection and transport of non-hazardous waste in segregated fractions at source	CCM 5.5	4	0.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Not applicable	Not applicable	Y	Not applicable	Y	0.0%		
Infrastructure for rail transport	CCM 6.14	421	0.4%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	-	E	
Installation, maintenance and repair of renewable energy technology systems	CCM 7.6	48	0.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Not applicable	Not applicable	Not applicable	Not applicable	Y	0.0%	E	
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		13478	14.0%	100.0%	0%	0%	0%	0%	0%	Y							10.8%		
of which enabling		12,619	13.2%	13.2%													9.2%	E	
of which transitional		0	0.0%	%													0.0%		Y
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Electricity generation from wind power	CCM 4.3	38	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Electricity generation from hydro power	CCM 4.5	121	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.3%		
Electricity transmission and distribution	CCM 4.9	108	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.1%		

Electricity storage	CCM 4.10	1,725	1.8%	EL	N/EL	N/EL	N/EL	N/EL	N/EL		2.7%
Distribution in heating/cooling systems	CCM 4.15	198	0.2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL		0.2%
Cogeneration of thermal/cooling energy and electricity from bioenergy	CCM 4.20	382	0.4%	EL	N/EL	N/EL	N/EL	N/EL	N/EL		0.3%
Generation of thermal/cooling energy from solar heating	CCM 4.21	0	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL		-
Generation of thermal/cooling energy from bioenergy	CCM 4.24	60	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL		0.0%
High-efficiency cogeneration of thermal/cooling energy and electricity from gaseous fossil fuels	CCM 4.30	3,643	3.8%	EL	N/EL	N/EL	N/EL	N/EL	N/EL		2.2%
Generation of thermal/cooling energy from gaseous fossil fuels in an efficient heating and cooling system	CCM 4.31	119	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL		0.1%
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		6,394	6.7%	6.7%							5.9%
A. Turnover of Taxonomy-eligible activities (A.1+A.2)		19,872	20.7%								16.7%
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES											
Turnover of Taxonomy-non-eligible activities (B)		76,091	79.3%								
TOTAL (A + B)		**95,964**	**100%**								

Table: Proportion of turnover by climate target for 2023

Part of turnover/total turnover	
Alignment with Taxonomy by objective	Eligibility for Taxonomy by objective

CCM	14.0%	20.7%
CCA	0.0%	0.0%
WTR	0.0%	0.0%
CE	0.0%	0.0%
PPC	0.0%	0.0%
BIO	0.0%	0.0%

In accordance with Regulation 2023/2486, the code constitutes the abbreviation of the relevant objective to which the economic activity is eligible to make a substantial contribution, as well as the section number of the activity in the relevant Annex covering the objective, i.e.:

- climate change mitigation: CCM
- climate change adaptation: CCA
- water and marine resources: WTR
- circular economy: CE
- pollution prevention and control: PPC
- biodiversity and ecosystems: BIO

Table: Proportion of capital expenditure related to products or services associated with Taxonomy-aligned economic activities for the year 2023

Financial year 2023		Year 2023		Criteria for significant contribution						Criteria for the DNSH principle "does not significantly harm"									
Economic activities	**Code or codes (2)**	**Capital expenditure (3)**	**Proportion of turnover year N (4)**	**Climate change mitigation (5)**	**Climate change adaptation (6)**	**Water and marine resources (7)**	**Pollution (8)**	**Circular economy (9)**	**Biodiversity (10)**	**Climate change mitigation (11)**	**Climate change adaptation (12)**	**Water and marine resources (13)**	**Pollution (14)**	**Circular economy (15)**	**Biodiversity (16)**	**Minimum safeguards (17)**	**Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) activity Turnover, year N-1 (18)**	**Category (enabling activity) (19)**	**Category (transitional activity) (20)**
Text		Currency	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	Y
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Electricity generation using photovoltaic technology	CCM 4.1	532	3.1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Not applicable	Not applicable	Y	Y	Y	1.7%		
Electricity generation from wind power	CCM 4.3	362	2.1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Not applicable	Y	Y	Y	13.9%		
Electricity transmission and distribution	CCM 4.9	10,967	63.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Not applicable	Y	Y	Y	Y	31.5%	E	
Cogeneration of thermal/cooling energy and electricity from bioenergy	CCM 4.20	5	0.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Not applicable	Y	Y	0.0%		

Collection and transport of non-hazardous waste in segregated fractions at source	CCM 5.5	6	0.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Not applicable	Not applicable	Y	Not applicable	Y	0.0%		
Infrastructure for rail transport	CCM 6.14	539	3.1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	-	E	
Capital expenditure of environmentally sustainable activities (Taxonomy-aligned) (A.1)		12,412	71.3%	100.0%	0%	0%	0%	0%	0%	Y							47.2%		
of which enabling		11,506	66.1%	66.1%													31.5%	E	
of which transitional		0	0.0%	%													0.0%		Y
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Nature-based solutions for flood and drought risk prevention and protection	WTR 3.1	12	0.1%	N/EL	N/EL	EL	N/EL	N/EL	N/EL								-		
Electricity generation using photovoltaic technology	CCM 4.1	1	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								-		
Electricity generation from wind power	CCM 4.3	455	2.6%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								2.4%		
Electricity generation from hydro power	CCM 4.5	102	0.6%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.7%		
Electricity transmission and distribution	CCM 4.9	3	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.1%		
Electricity storage	CCM 4.10	101	0.6%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.4%		
Distribution in heating/cooling systems	CCM 4.15	69	0.4%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1.0%		
Cogeneration of thermal/cooling energy and electricity from bioenergy	CCM 4.20	2	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.2%		
Generation of thermal/cooling energy from bioenergy	CCM 4.24	2	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.1%		
Electricity generation from gaseous fossil fuels	CCM 4.29	603	3.5%														24.0%		
High-efficiency cogeneration of thermal/cooling energy	CCM 4.30	690	4.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								7.4%		

and electricity from gaseous fossil fuels												
Generation of thermal/cooling energy from gaseous fossil fuels in an efficient heating and cooling system	CCM 4.31	182	1.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL		0.3%	
Repair, refurbishment and remanufacturing	CE 5.1	19	0.1%	N/EL	N/EL	N/EL	N/EL	EL	N/EL		-	
Modernisation of wastewater collection and treatment systems	CCM 5.4	46	0.3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL		0.6%	
Data processing; website management (hosting) and related activities	CCM 8.1	11	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL		0.1%	
Capital expenditure of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		2,297	13.2%	13.0%		0.1%		0.1%			37.3%	
Capital expenditure of Taxonomy-eligible activities (A.1+A.2)		14,710	84.5%								84.5%	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES												
Capital expenditure of Taxonomy-non-eligible activities		2,694	15.5%									
Total (A + B)		**17,404**	**100.0%**									

Table: Proportion of capital expenditure by climate target for 2023

	Part of capital expenditure/total capital expenditure	
	Alignment with Taxonomy by objective	Eligibility for Taxonomy by objective
CCM	71.3%	84.3%
CCA	0.0%	0.0%
WTR	0.0%	0.1%
CE	0.0%	0.1%
PPC	0.0%	0.0%
BIO	0.0%	0.0%

In accordance with Regulation 2023/2486, the code constitutes the abbreviation of the relevant objective to which the economic activity is eligible to make a substantial contribution, as well as the section number of the activity in the relevant Annex covering the objective, i.e.:

- climate change mitigation: CCM
- climate change adaptation: CCA
- water and marine resources: WTR
- circular economy: CE
- pollution prevention and control: PPC
- biodiversity and ecosystems: BIO

Table: Proportion of operating expenditure related to products or services associated with Taxonomy-aligned economic activities for the year 2023

Financial year 2023	Year 2023			Criteria for significant contribution						Criteria for the DNSH principle "does not significantly harm"								
Business activities	Code or codes (2)	Operating expenditure (3)	Proportion of turnover year N (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) activity Turnover, year N-1 (18)	Category (enabling activity) (19)	Category (transitional activity) (20)
Text		Currency	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	Y
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Electricity generation using photovoltaic technology	CCM 4.1	1	0.1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Not applicable	Not applicable	Y	Y	Y	0.0%		
Electricity generation from wind power	CCM 4.3	38	2.8%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Not applicable	Y	Y	Y	3.1%		
Electricity transmission and distribution	CCM 4.9	388	28.6%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Not applicable	Y	Y	Y	Y	28.5%	E	
Distribution in heating/cooling systems	CCM 4.15	4	0.3%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Not	Y	Y	0.2%		

													applicable					
Cogeneration of thermal/cooling energy and electricity from bioenergy	CCM 4.20	0	0.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Not applicable	Y	Y	0.0%	
Collection and transport of non-hazardous waste in segregated fractions at source	CCM 5.5	7	0.5%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Not applicable	Not applicable	Y	Not applicable	Y	0.5%	
Infrastructure for rail transport	CCM 6.14	23	1.7%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	-	E
Installation, maintenance and repair of renewable energy technology systems	CCM 7.6	1	0.1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Not applicable	Not applicable	Not applicable	Not applicable	Y	0.0%	E
Operating expenditure of environmentally sustainable activities (Taxonomy-aligned) (A.1)		461	34.0%	100%	0%	0%	0%	0%	0%	Y							32.5%	
of which enabling		412	30.3%	30.3%													28.5%	E
of which transitional		0	0.0%	%													0.0%	Y

A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)

				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL		
Electricity generation from wind power	CCM 4.3	3	0.2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL		0.1%
Electricity generation from hydro power	CCM 4.5	14	1.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL		1.0%
Electricity transmission and distribution	CCM 4.9	1	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL		0.1%
Electricity storage	CCM 4.10	21	1.5%	EL	N/EL	N/EL	N/EL	N/EL	N/EL		1.8%
Distribution in heating/cooling systems	CCM 4.15	8	0.6%	EL	N/EL	N/EL	N/EL	N/EL	N/EL		0.8%
Cogeneration of thermal/cooling energy and electricity from bioenergy	CCM 4.20	4	0.3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL		0.4%
Generation of thermal/cooling energy from bioenergy	CCM 4.24	0	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL		0.0%
High-efficiency cogeneration of thermal/cooling energy and electricity from gaseous fossil fuels	CCM 4.30	35	2.6%	EL	N/EL	N/EL	N/EL	N/EL	N/EL		3.4%
Generation of thermal/cooling energy from gaseous fossil	CCM 4.31	1	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL		0.1%

fuels in an efficient heating and cooling system												
Repair, refurbishment and remanufacturing	CE 5.1	16	1.2%	N/EL	N/EL	N/EL	N/EL	EL	N/EL			-
Modernisation of wastewater collection and treatment systems	CCM 5.4	8	0.6%	EL	N/EL	N/EL	N/EL	N/EL	N/EL			0.8%
Operating expenditure of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		112	8.2%	7.1%				1.2%				8.5%
Operating expenditure of Taxonomy-eligible activities (A.1+A.2)		573	42.2%									41.0%
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES												
Operating expenditure of Taxonomy-non-eligible activities		785	57.8%									
Total (A + B)		**1,357**	**100%**									

Table: Proportion of operating expenditure by climate target for 2023

	Part of operating expenditure/total operating expenditure	
	Alignment with Taxonomy by objective	Eligibility for Taxonomy by objective
CCM	34.0%	41.0%
CCA	0.0%	0.0%
WTR	0.0%	0.0%
CE	0.0%	1.2%
PPC	0.0%	0.0%
BIO	0.0%	0.0%

In accordance with Regulation 2023/2486, the code constitutes the abbreviation of the relevant objective to which the economic activity is eligible to make a substantial contribution, as well as the section number of the activity in the relevant Annex covering the objective, i.e.:

- climate change mitigation: CCM
- climate change adaptation: CCA
- water and marine resources: WTR
- circular economy: CE
- pollution prevention and control: PPC
- biodiversity and ecosystems: BIO

Turnover

Total eligible turnover amounted to PLN 19,872 million, made up of segment revenue, as shown in the table below.

Table: Value of turnover from Taxonomy-eligible activities in the respective segments of the PGE Group

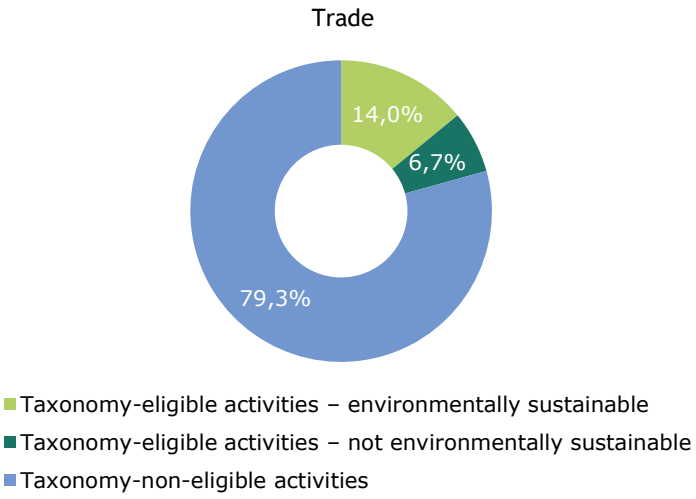
Segment	value [PLN million]		difference
	2023	2022	
Distribution	10,461	6,783	3,678
Heat Generation	4,446	2,110	2,336
Renewable Power Generation	2,707	3,281	-574
Railway Power Engineering	2,108	0	2,108
Trade	125	74	51
Conventional Power Generation	21	20	1
Circular Economy	4	9	-5
Total	**19,872**	**12,277**	**7,595**
including:			
Turnover of environmentally sustainable activities (Taxonomy-aligned)	13,478	7,935	5,543
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)	6,394	4,342	2,051

The PLN 7,595 million increase in turnover from Taxonomy-eligible activities compared to 2022 is mainly due to changes in the following segments:

- Distribution – increase in selling prices of distribution services,
- Heat generation – increase in heat selling prices and electricity selling prices,
- Railway Power Engineering – increase in revenue compared to 2022 as a result of the acquisition of the PKP Energetyka Group. Activities 4.9 Transmission and distribution of electricity and 6.14 Infrastructure for rail transport are classified within the new segment.

Within the segments, Taxonomy-aligned activities were identified, generating a total turnover of PLN 13,478 million, the bulk of which related to the following activities:

- 4.9 *Electricity transmission and distribution* in the Distribution and Railway Power Engineering segments,
- 4.3 *Electricity generation from wind power* in the Renewable Power Generation segment,
- 6.14 *Infrastructure for rail transport* in the Rail Power Engineering segment.



Graph: Proportion of environmentally sustainable, not environmental sustainable and Taxonomy-non-eligible activities in turnover

CapEx

Total eligible CapEx amounted to PLN 14,710 million, comprising capital expenditure in the segments, as shown in the table below:

Table: Value of investment expenditure related to Taxonomy-eligible activities in the respective segments of the PGE Group

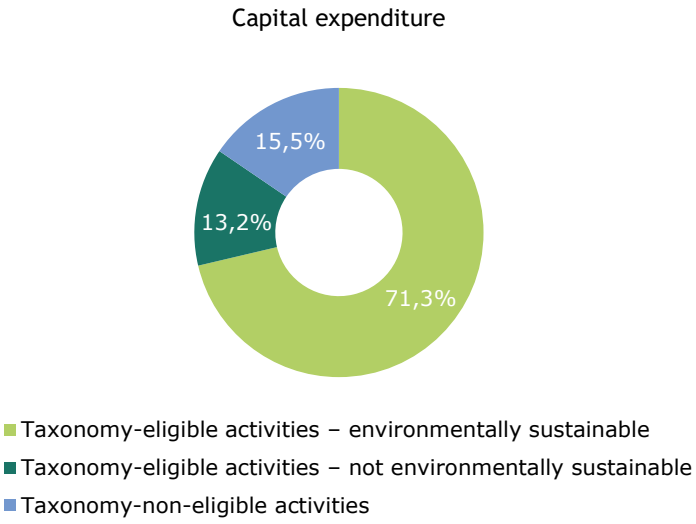
Segment	value [PLN million]		difference
	2023	2022	
Railway Power Engineering	7,286	0	7,286
Distribution	4,220	2,575	1,645
Renewable Power Generation	1,553	1,566	-13
Heat Generation	950	736	214
Other activities	614	1,968	-1,354
Conventional Power Generation	76	50	26
Circular Economy	6	1	5
Trade	4	3	1
Total	**14,710**	**6,900**	**7,810**
including:			
Capital expenditure of environmentally sustainable activities (Taxonomy-aligned)	12,412	3,852	8,560
Capital expenditure of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)	2,297	3,048	-751

The PLN 7,810 million increase in capital expenditure related to Taxonomy-eligible activities compared to 2022 is mainly due to changes in the following segments:

- Railway Power Engineering - acquisition of the PKP Energetyka Group resulting in an increase in tangible and intangible assets aligned with the Taxonomy and capital expenditure incurred for the modernisation and development of the distribution network (after the date of acquisition),
- Distribution - execution of investments allowing for the modernisation and development of the distribution network.
- Lower level of capital expenditure in the Other Activities segment - expenditure mainly related to the construction of two CCGT units (PGE Gryfino 2050 sp. z o.o.). Lower capital expenditure compared to 2022 was due to the implementation of the investment schedule.

Within the segments, Taxonomy-aligned activities were identified, generating total capital expenditure of PLN 12,412 million, the bulk of which related to the following activities:

- 4.9 *Electricity transmission and distribution* in the Distribution segment and the new Railway Power Engineering segment,
- 4.1 *Electricity generation using photovoltaic technology* in the Renewable Power Generation segment,
- 6.14 *Infrastructure for rail transport* in the new Rail Power Engineering segment.



Graph: Proportion of environmentally sustainable, not environmentally sustainable and Taxonomy-non-eligible activities in capital expenditure.

OpEx

Total OpEx related to eligible activities amounted to PLN 573 million, consisting of operating expenditure incurred in the respective segments.

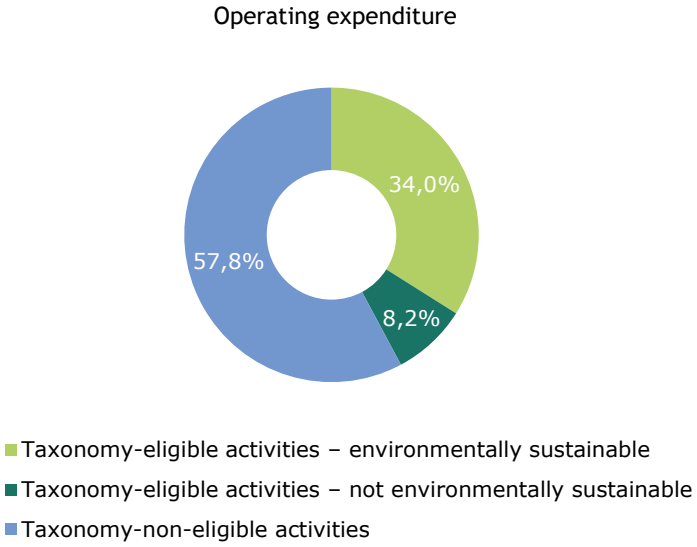
Table: Value of operating expenditure from Taxonomy-eligible activities in the respective segments of the PGE Group

Segment	value [PLN million]		difference
	2023	2022	
Distribution	305	284	21
Railway Power Engineering	105	0	105
Renewable Power Generation	77	61	16
Heat Generation	48	47	1
Conventional Power Generation	29	12	17
Circular Economy	7	5	2
Trade	2	1	1
Total	**573**	**409**	**164**
including:			
Operating expenditure of environmentally sustainable activities (Taxonomy-aligned)	461	324	137
Operating expenditure of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)	112	85	27

The increase in the level of Taxonomy-eligible operating expenses by PLN 164 million compared to 2022 is mainly due to the acquisition of the PKP Energetyka Group and its inclusion in the new Railway Power Engineering Segment.

Within the segments, Taxonomy-aligned activities were identified, generating total operating expenditure of PLN 461 million, up by PLN 137 million on 2022, the bulk of which related to the following activities:

- 4.9 *Electricity transmission and distribution* in the Distribution segment and the new Railway Power Engineering segment,
- 4.3 *Electricity generation from wind power* in the Renewable Power Generation segment,
- 6.14 *Infrastructure for rail transport* in the new Rail Power Engineering segment.



Graph: Proportion of environmentally sustainable, not environmentally sustainable and Taxonomy-non-eligible activities in operating expenditure.

Disclosure in accordance with Annex III of Commission Delegated Regulation (EU) 2022/1214, supplementing Commission Delegated Regulation (EU) 2021/2178 with Annex XII on standard templates for the disclosure of information referred to in Article 8(6) and (7). - i.e. for the nuclear energy and natural gas activities is presented in Appendix 1 to this non-financial information statement.

Linking the Taxonomy indicators to the PGE Capital Group Strategy

It is the intention of the PGE Group to make material investments in alignment with the EU Environmental Taxonomy as far as technologically feasible. The investments currently underway will result in an increase in the value of the Taxonomic indicators, in particular for objective one: climate change mitigation.

The basis for current and future development investments, in line with the PGE Capital Group Strategy, are investments in renewable energy sources (RES), electricity distribution, as well as zero- and low-carbon energy sources.

2.3 Environmental process management

| GRI 3-3 [compliance with laws and regulations, including compliance with environmental regulations]

Responsibilities related to the supervision of the environmental area are fulfilled by the Environmental Protection Division within the structure of the Operational Management and Investment Department of PGE Polska Grupa Energetyczna S.A. The department develops and sets standards in the area of environmental management in key PGE Group companies.

Environmental protection policy

Processes and activities relevant to environmental protection are defined in the PGE Group's Environmental Protection Policy. The policy defines the following elements:

- general principles, rights and obligations in the field of environmental protection applicable in the PGE Group,
- key roles defined in the environmental protection management process to appropriate levels of the PGE Group management organisational structure,
- environmental processes in the particular business units, taking into account the specific character of each unit,
- constantly raising the awareness of the PGE Group's employees in the field of environmental protection.

In 2023, as part of the project to integrate the Railway Power Engineering segment into the PGE Capital Group, the Environmental Protection Policy and the Declaration of the Management Board of PGE Energetyka Kolejowa S.A. on environmental policy were adopted for application in the company.

As part of the integration project, the following PGE Group's environmental procedures were also implemented:

- General Procedure – Context and Environmental Planning in the PGE Group,
- General Procedure – Calculation of the Carbon Footprint in the PGE Group,
- General Procedure – Model of the Environmental Management System in the PGE Group

Code of Ethics and the environment

The PGE Group Code of Ethics obliges all employees to the rational use of natural resources, which is also reflected in the PGE S.A. Management Board's Declaration on Environmental Policy. In this declaration, the Management Board assumed the obligation to continuously improve activities aimed at protecting and improving the state of the environment and to prevent pollution by implementing high and economically justified technological standards. The Management Board's declaration is available on the PGE Group's website at: https://www.gkpge.pl/grupa-pge/zrownowazony-rozwoj/srodowisko/deklaracja-srodowiskowa

Environmental Management System ISO 14001:2015

In PGE S.A., a team responsible for the implementation, maintenance and improvement of the environmental management system based on the PN-EN ISO 14001:2015 standard has functioned since 2019.

Considering the key companies of the PGE Capital Group (PGE S.A., PGE GiEK, PGE EC, PGE EO, PGE Dystrybucja, PGE Ekoserwis, PGE EK), the ISO 14001:2015 standard is implemented in 100 percent of the companies and certified in the majority of the companies (PGE GiEK, PGE EC, PGE Ekoserwis, PGE EK). To ensure that the environmental policy in the PGE Group is effectively implemented, administrators and coordinators of the environmental management system have been appointed in the particular companies.

The basic task of the ISO 14001 standard is to support environmental protection and pollution prevention in a manner that takes into account socio-economic needs, in accordance with the principles of sustainable development. The Environmental Management System compliant with the PN-EN ISO 14001:2015 standard identifies and monitors the PGE Group's influence on the environment, taking into account environmental impacts in the context of risks and opportunities for individual environmental aspects, internal and external factors, as well as stakeholders. The fulfilment of legal requirements for environmental protection and the volume of emissions to the environment are monitored on an ongoing basis. The cyclical results of conducted audits confirm that both the regulations developed and the activities implemented as part of the certified Management System comply with the requirements of the standards and represent best practices that enhance management effectiveness. Where the need arises, improvement measures are implemented.

Integrated Management System at PGE Energetyka Kolejowa S.A.

PGE Energetyka Kolejowa (PGE EK) carries out its activities on the basis of the adopted procedures of the Integrated Management System, environmental standards in the field of waste management, as well as IT tools enabling ongoing monitoring and supervision of the environmental protection area (Ekostrateg, ZMS, GIS Mapper, Fire Protection application, EOD).

In 2023, the company's activities in the environmental area, in addition to the implementation of the integration project, focused on the implementation of the environmental tasks included in the Improvement Plans, for example:

- adaptation of the places and methods of storing chemical substances and mixtures and the purchase of environmental first-aid kits, both on rail vehicles and in facilities,
- adjustment of the places and methods of transformer storage,
- organisation of technical gases storage in accordance with the requirements of the standard,
- connection of facilities to the water supply network and acquisition of new water permits.

At the turn of 2022 and 2023, there was a transition from the "Industry Environmental Pollution Bank" programme to the state-of-the-art "Ekostrateg" web application. The programme allows the management of the environmental area, including the generation of reports on emissions, waste, water abstraction and the discharge of wastewater into the environment.

Energy Management System based on the ISO 50001 standard

For several years, PGE Energetyka Kolejowa has also been taking measures to optimise energy consumption and reduce losses, particularly in transformation and distribution. These measures are sanctioned by the company's ISO 50001-compliant Energy Management System, which has been implemented and certified.

PGE Energetyka Kolejowa has been working for many years to modernise its electricity infrastructure, which has a significant impact on reducing losses in the transformation and distribution of electricity.

EMAS

EMAS (EcoManagement and Audit Scheme) is an EU environmental certification system and a tool to support the implementation of a culture of sustainability within an organisation in terms of efficient management of available resources and energy. The system operates on the basis of the EU Regulation on the voluntary participation of organisations in the eco-management and audit scheme.

EMAS is currently in place in two branches of PGE Górnictwo i Energetyka Konwencjonalna - the Opole Power Plant and the Dolna Odra Power Plant Complex - as well as two branches of PGE Energia Ciepła - the Wybrzeże CHP Plant and the Szczecin CHP Plant. Together with the prepared environmental declaration, it is subject to annual verification by an independent accredited verifier. Registration in the EMAS system means meeting the highest standards in environmental management and audit. The Opole Power Plant Branch and the Dolna Odra Power Plant Branch, which belong to PGE Górnictwo i Energetyka Konwencjonalna S.A., are among the organisations registered in the national Eco-Management and Audit Scheme (EMAS) for the longest time, with the Opole Power Plant being the national leader in this respect.

Certification of the Sustainability Criterion for biomass combustion

In accordance with the requirements set out in the Directive on the promotion of the use of energy from renewable sources (the so-called RED II), PGE Energia Ciepła has implemented the System for the Sustainability Criterion for biomass in its Szczecin and Kielce branches, as well as in its subsidiary Zespół Elektrociepłowni Wrocławskich KOGENERACJA S.A. and the Czechnica Power Plant. As proof of a properly implemented Sustainability Criterion system, the locations have been certified to use biomass for the production of electricity and heat. Current certificates are available on the website of the Oil and Gas Institute (INiG). PGE Energia Ciepła completed a recertification audit in 2022 and obtained the relevant certificates authorising the use of sustainable biomass for electricity and heat production for the following year.

The system for the Sustainability Development Criterion for biomass has also been certified at the Dolna Odra Power Plant Branch of PGE Górnictwo i Energetyka Konwencjonalna S.A.

The INiG KZR scheme is a global voluntary scheme recognised by the European Commission. Its participants are required to verify the scope of certification of the entire life cycle of biofuels, bioliquids and biomass fuels.

Registration in the scheme signifies that the organisation meets the requirements of the sustainability criteria as required by the European Commission. PGE Energia Ciepła as a producer of heat and electricity is subject to certification in the system with regard to the implementation of a mass balance, calculation of greenhouse gas emissions, calculation of efficiency based on its own operating data.

Green Office Certificate

In many PGE Group locations, offices have undergone the "Green Office" certification process conducted by the Foundation for Environmental Education. The certificate is an acknowledgement of green office management and its implementation contributes to generating savings through rational management of resources and to raising the environmental awareness of employees. Alongside the implementation of the Green Office standard, the PGE Group has trained its employees in the application of green principles at home and in the office. Best practices in the day-to-day running of the company include the conscious use of water resources, electricity and heat or paper for office purposes.

Holding the "Green Office" certificate confirms that PGE Group companies undertake pro-environmental initiatives which have the effect of reducing their impact on the natural environment, also in the administrative aspect, through, among other things, the reuse of binders, the introduction of central printing points and the use of tracing printing and the default setting of printers to duplex and black and white printing, the implementation of electronic document workflow in SAP (which reduces the use of paper and toner), the use of the intranet for internal communication, waste segregation, the introduction of special containers for bottle caps and electro-waste, the posting of information on light extinguishing, and adherence to the principles of the implemented Code of Ethics.

In 2023, the following companies held the Green Office Certificate:

- PGE S.A.,
- PGE Dystrybucja: the head office and branches: Białystok, Lublin, Łódź, Rzeszów, Skarżysko-Kamienna, Warszawa, Zamość,
- PGE Obrót with the registered office in Rzeszów, and the company's six locations in Białystok, Lublin, Warsaw, Łódź, Skarżysko-Kamienna and Zamość,
- PGE Górnictwo i Energetyka Konwencjonalna: the head office and seven branches.

2.4 Climate change

| GRI 3-3; climate awareness|

PGE was the first company in the industry in Poland to announce a business strategy with a transformation plan aiming for the Group's climate neutrality in 2050. In pursuit of the goals and objectives defined in the strategy adopted by the management board of PGE S.A. and published in October 2020, the Group is rebuilding its generation portfolio towards low- and zero-carbon sources. The effects of emission reductions will become apparent as more investments are put into use.

As the Polish leader of a sustainable energy transition towards environmentally friendly energy, PGE commits to reducing its impact on the environment through the following:

- reducing the carbon footprint of our generation capacities by changing technology, expanding the RES portfolio and enabling customers of the Group to participate in the transition,
- increasing the use of renewables and reducing the carbon footprint of the portfolio,
- developing a circular economy,
- achieving climate neutrality by 2050 at the latest.

The effectiveness of the climate measures is also confirmed by the awards received in 2023. PGE Polska Grupa Energetyczna was awarded the title of "The Climate Aware Company 2023" as part of the Corporate Climate Crisis Awareness (CCCA) survey. The survey was conducted on the basis of the content of 2022 non-financial information statements. PGE scored 8.33 points out of a possible 10 and was thus ranked 17th out of 152 largest companies listed on the Warsaw Stock Exchange.

In addition, in 2023, the PGE Group once again took part in an international CDP study on the company's environmental impact (https://www.cdp.net/en), once again improving its rating, which currently ranks at the level "B".

CDP is an organisation that runs a global disclosure system for investors, companies, cities and regions to manage their environmental impacts. It is the primary environmental reporting standard and data set for the environmental performance of corporations and cities.

Participation in the CDP study enables the PGE Group to gain new competencies for even better reporting on non-financial issues in the years to come. This makes it easier for PGE to meet the requirements for mandatory activity analyses, in line with the EU Taxonomy and sustainable reporting standards. Furthermore, the parallel execution of the PGE Group's carbon footprint counting process makes it possible to increase the amount of information disclosed about the organisation's climate impact. Notwithstanding the information dimension, this translates into the use of such data within the organisation to define and implement the PGE Group's development plans, also in terms of ESG.

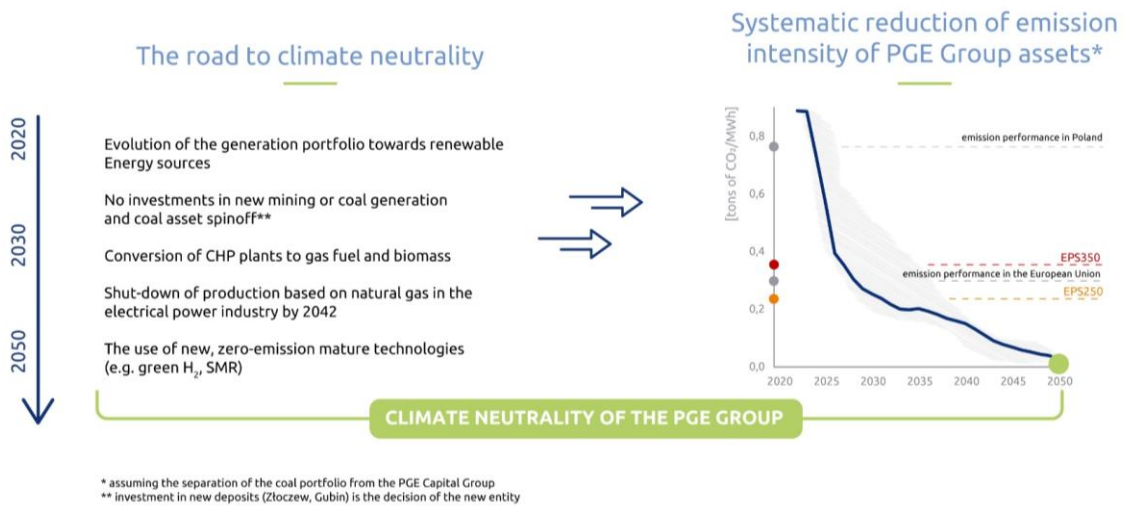


Fig. The PGE Group's path to climate neutrality

2.4.1 Risks and opportunities associated with climate change

| GRI 201-2 |[climate awareness]

Climate risks

The PGE Capital Group is aware of the impact of its activities on the climate, as well as the risks of climate change to the Group's operations. It is well known that our business activities both influence and depend on the climate, and this interdependence generates both risks and opportunities for growth. Therefore, stakeholders' expectations regarding the reporting of the environmental impact of its activities are therefore understood, thus recognising climate risk management as a key element of strategic management, with a direct impact on financial aspects.

The PGE Group focuses on not only risks but also opportunities to ensure that it is resilient to risks and increases sustainable revenue. The PGE Capital Group has taken a number of measures aimed at achieving climate neutrality by 2050, as indicated in the PGE Group Strategy to 2030. It also continues to work on the implementation of its ESG strategic plans, which focus on 4 areas: competitiveness in the financial market, being a leader in green transformation, a corporate culture that supports sustainability and active communication on sustainability with all stakeholders. The PGE Group also stepped up its efforts to meet regulatory requirements, both national and European. This mainly concerns the EU Taxonomy, preparation for the Corporate Sustainability Reporting Directive (CSRD), as well as the expectations of financial institutions, investors and customers.

Issues related to the climate risk are subject to rigorous requirements and guidelines resulting from the corporate risk management process. The body responsible for overseeing the PGE Group's corporate risk management process, including the climate risk, is the Risk Committee. The establishment of the Risk Committee reporting directly to the Management Board ensures the supervision over the effectiveness of the risk management processes in the PGE Group. This positioning of the risk function allows for an independent

assessment of individual risks, their impact on the PGE Group, as well as the mitigation and control of significant risks through dedicated instruments.

The assessment of climate and environmental risks is carried out on the basis of the General Procedure for Corporate Risk Management. In the PGE Group, climate-related risks are analysed both in the context of the impact of climate change on business and the impact of business on climate change. The identification and analysis of climate-related risks and continuous improvement of pro-environmental solutions as well as control tools allow for effective management and minimisation of climate impact, while taking care of the PGE Group's financial performance. Solutions developed by the PGE Group aim to ensure its development and sustainable transformation in line with climate requirements and interests of all stakeholders.

Climate issues are assessed centrally in PGE S.A., taking into account all activities of the PGE Group and its constituent entities. This means that the result of the assessment is reported jointly at the PGE Capital Group level.

The approach to the issue of climate risks is inspired by the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD); however, the method adopted for the inventory and assessment of risks is an internal PGE S.A. concept.

There is an interdependence between climate-related risks and opportunities for business. Any business is affected by two types of climate risks:

- physical risks related to the physical impacts of climate change i.e. real threats in the form of extreme weather events, drought, flooding;
- risks related to transition (i.e. transformation/transition risks) towards a low-carbon and climate-resilient economy; these relate to meeting regulatory requirements, implementing new technologies or the impact on the Company's reputation.

At the same time, the changing climate and climate change mitigation activities aimed at mitigating and adapting to its effects provide new opportunities and chances for business development. Therefore, the PGE Capital Group focuses on not only risks but also opportunities to ensure that it is resilient to risks and increases sustainable profit. Climate-related opportunities in the PGE Group primarily relate to the following:

- effective resources management, e.g. in the form of work on waste management solutions and recovery of valuable products from wind turbine blades;
- new sources of electricity through investments in offshore and onshore wind farms and photovoltaic farms, construction of an emission-free hybrid electricity storage facility;
- new products such as the expansion of the product portfolio with PRO EKO initiatives - products compatible with low-carbon heating systems, development of products/offers promoting low-carbon activities, following changes in consumer preferences or development of insurance solutions for offshore wind farms;
- increased resilience to climate change, for example in the form of developing competences in the offshore wind power industry as part of PGE S.A.'s cooperation with secondary schools and universities in Poland, establishing scientific and research cooperation between PGE S.A. and institutes from the offshore wind power industry or underground cabling.

Within the PGE Capital Group, the climate risk was defined in the following five areas:

- sourcing of aid funds and investment incentives in national regulations - related to increasing the impact of climate requirements relevant to the allocation of aid funds and investment incentives in national regulations,
- international regulations - related to EU legislation in the field of energy and climate policies, in particular under the pending Fit for 55 package,
- CO_2 emissions - related to the rising cost of emission allowances, which may adversely affect the profitability of generating units or lead to the suspension of production at these units,
- operations - relating to extreme weather phenomena or changes in climate conditions that may adversely affect the assets and operations of the PGE Capital Group,
- investments - relating to the PGE Group's potential failure to meet its investment commitments aimed at green transformation, at the EU, national and strategic goals level.

Each area of climate risks described above is assessed in the short, medium and long terms. The adopted time horizons result from analogy with ongoing external studies.

Assessment of the impact of physical climate risks on the PGE Group's operations

Global warming, changing precipitation patterns, rising sea levels and extreme weather events are increasingly posing serious challenges to the resilience of electricity systems, thus increasing the likelihood of disruptions.

Climate change directly affects every segment of the electricity system: generation potential and capacity, heating and cooling demand, the resilience of transmission and distribution networks, as well as demand patterns.

The PGE Group, being aware of the risks posed by climate change, as part of the first stage of the climate risk management process, in 2023 once again conducted an assessment of the relevant physical (material) climate risks that could have a negative impact on its operations, consequently supporting adaptation to climate change and increasing resilience to climate risks. The assessment covered climatic factors in the form of primarily temperature, precipitation and wind as well as their negative impact on the key activities of the PGE Group.

The assessment of climate risks related to physical hazards in the PGE Capital Group in 2023 was carried out on a current basis and a long-term basis, using scientific models describing possible climate scenarios, i.e:

- RCP 4.5 - the optimistic scenario, which assumes the introduction of new technologies to achieve a higher reduction in greenhouse gas emissions than today, assuming that the increase in average global temperature will be around 2.5°C at the end of the 21st century relative to the pre-industrial era; and
- RCP 8.5 - the pessimistic scenario, which assumes a continuation of the current rate of increase in greenhouse gas emissions, on a business-as-usual basis, assuming that, by the end of the 21st century, the average global temperature will have risen by 4.5°C compared to the pre-industrial era.

The performed assessment showed a low to medium impact of risks related to physical climate hazards on the key activities of the PGE Group in 2023. According to the adopted criterion, risks whose assessment showed a high impact were tested. An important role in the impact assessment process is played, among other things, by the implementation of adaptation measures developed in the PGE Capital Group that increase the resilience of electricity systems to climate change in the form of:

- using more weatherproof solutions in the form of a cabling programme (replacement of overhead transmission networks with cables placed in the ground),
- ensuring preventive management of key infrastructure elements affecting business continuity,
- taking out insurance against events related to weather phenomena,
- precisely analysing sites for new investments.

Impact of transformational climate risks on the PGE Group's operations

Transformational climate risks in the PGE Capital Group mainly concern areas affecting the transformation towards achieving climate neutrality planned by 2050, i.e. requirements and regulations applicable to existing products and services (area: policy and law), replacement of existing products and services with their low-carbon counterparts (area: technology) and stakeholder concerns/negative opinions (area: reputation). Examples of risks from these areas are listed below by category:

POLITICS AND LAW

Existing climate regulations have a direct impact on energy companies. PGE Capital Group companies, like other entities of the energy sector, are exposed to risks and threats resulting from the nature of their operations and functioning in a specific market, regulatory and legal environment. The PGE Capital Group operates in an environment characterised by a significant impact of domestic and foreign regulations. The risk of current regulations is particularly significant in the context of obtaining capital, subsidies and support from aid funds.

The PGE Group undertakes a number of activities related to monitoring available sources of support, preparing solid application documentation and using expert know-how. The PGE Capital Group has extensive experience in obtaining preferential support and has the knowledge and staff to successfully implement this process.

Emerging regulations are important for implementing the strategy and for supporting an effective transition to low- and zero-carbon technologies. The PGE Group seeks to take full advantage of available financing options for green investments. Emerging regulatory changes, such as EU infrastructure support to stimulate sustainable investments, consideration of financing shortfalls, penalties for climate negative transactions, may give rise to significant risks. These changes will have an impact on the credit risk and may affect cash flows generated by the PGE Capital Group's assets and thus affect their income value.

The risk of increasing costs of emission allowances, including a reduction in the limit of free emission allowances for district heating, results in a decrease in the ability to finance low- and zero-emission investments.

The PGE Capital Group systematically undertakes measures to reduce greenhouse gas emissions. The decarbonisation of generation assets will intensify in parallel with the implementation of the PGE Capital Group

strategy. As a result, PGE's contribution to avoiding CO_2 emissions is expected to be 120 million tonnes by 2030. At the same time, pro-environmental investments constitute the core of the PGE Capital Group's investment activities. Furthermore, the PGE Group invests in asset modernisation and development projects, including the optimisation of combustion processes and the introduction of solutions aimed at improving generation efficiency, higher fuel and raw material consumption efficiency and reducing the energy intensity of generation processes and internal needs.

TECHNOLOGY

A sustainable reduction in emissions intensity is to be achieved in the PGE Group by changing generation technologies, investing in new technologies, expanding the portfolio of renewable energy sources, developing the circular economy and enabling customers to participate in the energy transition. The technology risk also includes the selection of optimal and efficient new technologies, the use of potential by the PGE Capital Group. By 2030, the share of low- and zero-carbon sources in the Group's generation portfolio is expected to reach 85 percent and renewable energy sources will account for 50 percent of generated energy. The PGE Group's goal is to achieve climate neutrality by 2050.

REPUTATION

The reputational risk for the PGE Group is very significant as the power sector plays an important role in supporting an effective transition to a low-carbon and ultimately zero-carbon economy. As the leader of the energy transition, the PGE Group is focusing on reducing its environmental impact. A sustainable reduction in emissions intensity is to be achieved by changing generation technologies, expanding the renewable portfolio and enabling customers to participate in the energy transition by offering them attractive products. A lack of due attention to the low-carbon economy and ESG issues can cause problems with access to capital.

In order to mitigate this risk, the PGE Capital Group established a dedicated team for calculating its carbon footprint, created a joint initiative within the Polish Association of Combined Heat and Power Plants to develop a sectoral guide for the uniform recognition of the carbon footprint of power plants, combined heat and power plants, including heat transmission and distribution, and for electricity distribution activities, and increased the staffing of organisational units involved in processes related to reporting, decarbonisation and risk assessment.

2.4.2 Decarbonisation of operations

| GRI 3-3[strategy and its implementation] | GRI|3-3 [the company's impact on the climate] |own indicator|

PGE has been consistently implementing measures aimed at reducing the carbon intensity of its operations, with the dynamics of this process depending on investment implementation schedules and the current demand of the National Power System (NPS) for electricity, as well as consumers' demand for heat. The temporary increase in the average emission intensity of the PGE Group in 2021 and 2022 was due to increased demand from the NPS for electricity generation from more carbon-intensive, lignite and electricity exports as a result of the energy crisis. In the coming years, with the commissioning of further renewable investments and the replacement of hard coal with low-carbon natural gas, the Group's average carbon footprint is expected to continue to decline steadily.

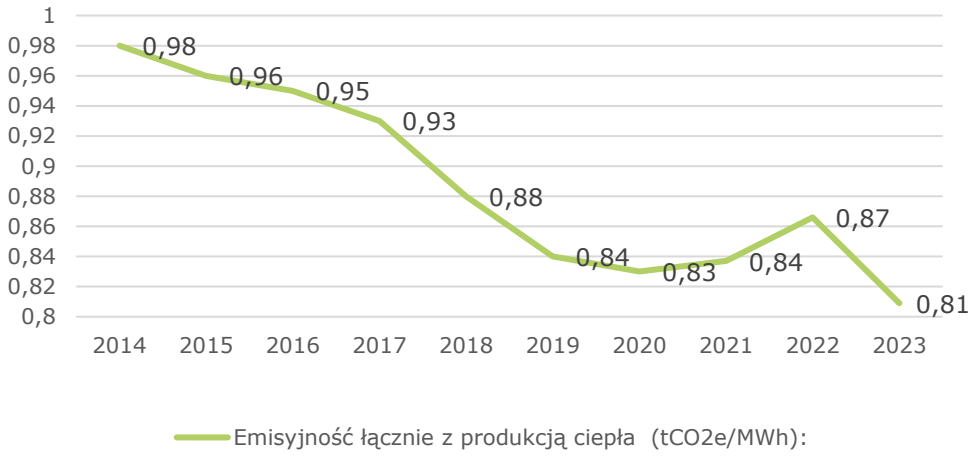


Fig. Average CO_2 emission intensity of the PGE Group including heat production (tCO_2/MWh)

The temporary increase in average emission intensity in 2022 was due to the increased demand of the national electricity system for lignite generation and electricity exports as a result of the energy crisis.

| own indicator |

Renewable assets

Renewable assets are a key element of the energy transition, leading to a reduction in carbon dioxide emissions into the atmosphere and thus increasing the share of renewable energy sources in the National Power System.

The PGE Group's long-term strategic objective is to provide its customers with energy generated from renewable sources by 2050, which will be possible through the implementation of the following:

- the offshore programme,
- the PV programme,
- the development of an onshore wind portfolio,
- the energy storage programme.

The implementation of RES projects will contribute to the diversification of the PGE Group's fuel mix, an increase in installed capacity in renewable energy sources, and thus the implementation of the EU climate policy.

Currently, the PGE Group already has approx. 1.4 GW of installed capacity in renewable energy, including hydro power plants, wind farms, photovoltaics and biomass, of which approximately 797 MW comes from wind farms. In addition, PGE is Poland's largest operator of pumped storage power plants (1.25 GW of capacity without natural inflow) that act as energy storage facilities.

Offshore Programme

The PGE Group is currently developing three offshore wind farm projects in the Baltic Sea. Two of these are the Baltica 2 and Baltica 3 offshore wind power plants, which make up the Baltica Offshore Wind Farm with a total capacity of 2.5 GW. PGE is implementing this project together with the Danish partner Ørsted. Both phases of the Baltic offshore wind farm have location decisions, environmental decisions, transmission grid connection agreements with the operator, as well as the right to a Contract for Difference (CfD) and an approved level of individual support. The start of electricity supply to Polish households will take place later this decade. In parallel, PGE is preparing to build a third project, Baltica 1. This offshore wind farm is scheduled to come online after 2030 and will have a capacity of approximately 0.9 GW. PGE Baltica, the company responsible for the PGE Group's Offshore Programme, continued environmental studies and carried out geophysical surveys for the project in 2023. A full year of wind intensity measurements was completed in July 2023. Baltica 1 already has a location decision and a connection agreement. Implementing further offshore wind farm projects, PGE intends to fulfil its strategic goal of achieving at least 6.5 GW of offshore generation capacity in the Baltic Sea by 2040.

In August 2023, PGE companies received final decisions from the Ministry of Infrastructure on five permits that will enable the construction of further offshore wind farms in the future. Total potential capacity of wind farms planned for construction in the new areas is approximately 3.9 GW.

PV Programme

The PGE Group is running a programme for the development of the Group's photovoltaic installations whose strategic goal is to achieve 3 GW of solar power capacity by 2030 and ensure that the PGE Group is the leader in the development of photovoltaic power plants in Poland. To date, PGE has secured 4,000 hectares of land, allowing for the construction of approximately 2.75 GW of photovoltaic capacity.

In 2023, PGE Energia Odnawialna continued its activities in the area of the development of its own photovoltaic farms, under which, in the last year, the Group submitted applications to obtain technical connection conditions for more than 700 MW of PV capacity. An analysis of acquisition projects with a total capacity of approximately 1.9 GW was also underway in 2023.

Works on individual facilities at ten PV projects with a total capacity of approximately 95 MW were also completed in 2023. The commissioning of these facilities is planned for 2024. In addition, in 2023, PGE Energia Odnawialna entered into agreements with contractors for the construction of photovoltaic installations with a total capacity of approximately 200 MW, including large farms such as: PV Kleszczów (50 MW), PV Wrzosów (32 MW), PV Jeziórko III (30 MW), PV Tyszki-Wądołowo (10 MW) and PV Tarchały Wielkie (10 MW). The construction of these installations will take place in 2024 and 2025.

As part of the PGE Group's programme for the construction of photovoltaic installations, preparatory works are underway for the first stage of the construction of photovoltaic farms on the premises of the Bełchatów Complex. These farms are to be erected in such locations as the Szczerców Mountain area, which requires, first and foremost, land rehabilitation, changes to the Conditions Study and Local Spatial Development Plans, as well as obtaining a complete set of administrative decisions. By the end of 2025, PGE will have built installations with a total capacity of around 150 MW in the Szczerców Mountain area.

The 2023 photovoltaic development programme in figures: Target: > 3 GW of installed capacity in 2030

- approx. 45 MW – installed capacity
- approx. 355 MW – underway
- approx. 30 MW – capacity in building permits, including 24.25 from the December 2022 acquisition
- approx. 4,000 ha with a capacity of approx. 2.75 GW – secured land
- Analysis of acquisition projects: approx. 1.9 GW.

Development of the onshore wind portfolio

The PGE Group is the largest domestic generator of electricity from onshore wind farms, with approximately 10 percent of installed capacity in wind farms in Poland (the Group currently has over 790 MW of installed wind capacity). The current investment portfolio includes projects with a total capacity of nearly 250 MW. These are: WF Lotnisko II, WF Karnice III, WF Bukowo, WF Resko III, WF Jagniątkowo II, WF Skoczykłody II, WF Stalowa Wola and projects under development in the Bełchatów area. Additionally, the Group is preparing to develop cable-pooling wind projects, using existing and newly-constructed photovoltaic and hydro power plants, which will have a total capacity of more than 250 MW. It will be possible to carry out new investments after obtaining the technical conditions for connection to the electricity grid and other required administrative decisions.

The 2023 onshore wind farm development in figures. Target: > 1 GW of new capacity by 2030:

- approx. 500 MW – capacity of projects in the pipeline (including cable-pooling projects in PGE Capital Group locations),
- acquisition of the Zalesie wind farm with a capacity of 25 MW in the Warmińsko-Mazurskie Province with an average annual generation of 75 GWh,
- analysis of acquisition projects with a total capacity of approximately 300 MW.

Energy storage programme

The PGE Group is also carrying out analytical and preparatory works on the potential development of energy storage facilities. The strategic aspiration is to build 800 MW of storage capacity by 2030. The PGE Group currently sees potential for the development of electrochemical energy storage facilities such as large-scale energy storage facilities operating at the Żarnowiec pumped storage power plant with a capacity of up to 270 MW and the storage facility in Gryfino with a capacity of 400 MW, or approx. 50 smaller energy storage facilities cooperating with the main power supply points in the area of PGE Dystrybucja, with a total capacity of over 250 MW. At the same time, the Group sees opportunities associated with the development of new pumped storage power plants such as ESP Młoty, which also performs an energy storage function in the National Power System. Technical and economic analyses are currently being carried out in order to make an investment decision on the construction of the power plant in Młoty.

Transition in the heat generation sector

Following the acquisition of district heating assets from EDF, the PGE Capital Group is the largest supplier of district heat in Poland, transforming the district heating sector by replacing depleted and inefficient coal-fired sources with modern low- and zero-emission solutions. The primary fuel in this sector will be gas supported by RES installations based on photovoltaics, biomass, solar panels or municipal waste. PGE's intention is also to maximise the potential of large-scale heat pumps, waste heat and electrode boilers. In the case of the planned gas-fired units, the possibility of adapting them to use hydrogen in the future is also taken into account, which in the long term offers the chance of significantly reducing CO_2 emissions in cogeneration systems. The rebuilding of generation capacity is envisaged to be completed by 2030 (ending coal-based generation) and 2050 (achieving climate neutrality).

Projects completed in 2023

In 2023, the following new units were commissioned:

- gas engines at the Zgierz CHP Plant with a total capacity of 13.16 MWe and 14.98 MWt,
- gas engines at the Zawidawie CHP Plant - 2 x AK with a capacity of 1.0 MWe/1.25 MWt each
- a gas boiler plant at the Bydgoszcz CHP Plant - 4 x KRS with a capacity of 9.5 MWt each
- a gas boiler plant at the Kielce CHP Plant - 5 x KRS with a capacity of 32 MWt each
- a gas boiler plant in Siechnice - 4 x KRS with a capacity of 38 MWt each (constructed as part of the new Czechnica CHP Plant)

Investments under construction

The construction of new gas-fired CHP units in Siechnice (Czechnica CHP Plant) has been underway since 2021, while the construction of a gas-fired CHP source with a capacity of at least 50 MWe based on gas engines and a back-up and peak heat source at the Bydgoszcz CHP Plant and the construction of a gas-fired unit based on an 8 MWe gas turbine with a water recovery boiler at the Kielce CHP Plant has been in progress since 2022. At the end of 2023, the process of obtaining corporate approvals for the construction of a new cogeneration source based on gas engines in Gdynia was also initiated (a contract was concluded in February 2024). At the end of 2021, the construction of new reserve and peak load boiler plants at locations in Gorzów Wielkopolski, Lublin, Rzeszów and Gdynia began, with a total capacity of around 545 MW, to replace old coal-fired boilers. In 2023, the projects entered a decisive phase of implementation – major components (including gas boilers) were delivered and installed, construction and installation works were being continued. The completion of the works is expected at the latest by the end of Q2 2024. In 2023, the PV Programme for all PGE Energia Ciepła sites began.

Planned investments

PGE Energia Ciepła is also pursuing projects with a longer time horizon as part of dedicated programmes to develop its existing power generation units in Cracow, Gdańsk and Wrocław. They are scheduled to be

completed by 2030. In addition, projects relating to the construction of an approx. 30 MWt biomass boiler in Gdynia, the construction of a new heat source in Gryfino and the construction of a new heat source in the Pomorzany CHP Plant are at the preparatory stage.

The following decarbonisation effects are expected:

- security of of heat and electricity supplies from the new power units,
- clean air – the predicted reduction in emissions when replacing a coal-fired water boiler with a gas-fired boiler is more than 90 percent for sulphur oxides, 75 percent for nitrogen oxides, 95 percent for particulate matter and 40 percent for carbon dioxide,
- higher efficiency – new low- and zero-carbon equipment in CHP plants will cogenerate heat and electricity in parallel.

Reducing greenhouse gas emissions in the conventional power generation sector

The PGE Group is systematically working towards reducing greenhouse gas emissions also in conventional power plants, regardless of the anticipated implementation of the process of spinning off these assets from the Group's structures. Specific emissions of carbon dioxide are being systematically reduced. This is the result of the modernisation of the generation assets and the executed development investments. Among other things, works aimed at the optimisation of generation efficiency, improvement in the use of fuels and raw materials and reduction in the energy intensity of generation processes and auxiliary processes are being performed.

Bełchatów Power Plant

The Bełchatów Power Plant is a significant point source of of greenhouse gas emissions. This is due to the fact that it is the largest unit in Poland and in the world generating electricity based on the combustion of lignite, which causes the accumulation of emissions in one location and their significant absolute values.

It is noteworthy that between 1989 and 2022, the Bełchatów Power Plant reduced its CO_2 emissions per unit of energy generated from approximately 1.20 t CO_2/MWh to approximately 1.101 t CO_2/MWh. The decrease in specific CO_2/MWh emissions was as much as 8 percent during this period. Also, the Bełchatów Power Plant emitted 8.8 million tonnes of CO_2 less in 2023 than in 2022.

Opole Power Plant

The new units 5 and 6 at the Opole Power Plant contribute to the decarbonisation of the national power engineering industry due to their significantly higher efficiency. They are being commissioned first before the older units with lower efficiency ratings. As a result, for a given level of electricity supply (the capacity of the installed units) and a stable level of demand in the country (the demand for capacity), the "new" units with lower carbon emissions displace the "old" units with higher CO_2 emissions. The above measures contribute to reducing emissions from the national power generation sector.

In 2023, the emission factor for units 1-4 of the Opole Power Plant was 0.899 Mg/MWh, and for units 5 and 6 of the Opole Power Plant – 0.742 Mg/MWh.

Turów Power Plant

Reductions in carbon dioxide emissions at the Turów Power Plant were achieved by increasing the electricity generation efficiency of units 1-3 and by commissioning a highly efficient unit 7 in 2021. In May 2021, the modern and highly efficient power generation unit 7 was commissioned.

Additionally, investments were made in the development of a district heating network at the Trzciniec Estate and the addition of a local heat exchanger. There was a significant increase in the power and availability of the Turów Power Plant's district heating system, which allowed for the elimination of CO_2 emissions from household furnaces and the reduction of other pollutants typical of low emission sources.

Dolna Odra Power Plant

At the Dolna Odra Power Plant, there has been a gradual reduction in the amount of coal burned since 2013. Since 2004 biomass has been used as an addition to the main fuel, which allows for a reduction in the volume of coal. As part of the modernisation measures carried out on the units operated at the branch, efforts were made to increase the efficiency of electricity generation and consequently reduce CO_2 emissions.

New units at the Dolna Odra Power Plant

At the Dolna Odra Power Plant, a project is currently underway to build two CCGT power generating units with a gross capacity of around 700 MW each. The primary energy source resulting from the chosen generation technology will be high-methane natural gas. The total project progress, including design work, equipment manufacture and delivery, as well as site works, exceeded 95 percent at the end of December 2023. The company responsible for the project is PGE Gryfino 2050 sp. z o.o. According to the project schedule, which was revised in July 2023, all works should be completed by 30 April 2024.

The implementation of projects providing for the combustion of natural gas as a transitional fuel supports the transition towards climate neutrality. The construction of the two new CCGT units in the Dolna Odra Power Plant is a project of strategic importance for the Polish economy and at the same time important from the perspective of lowering the costs of the energy transition. The average CO_2 emission values of the new units are more than twice lower than the current average emission values for power generation in the National Power System (NPS). This means that energy production in the new units will result in a reduction of CO_2 emissions from energy production in the NPS by approximately 2-3 million tonnes per year. Reduction in emissions is achieved not only by changing the fuel to natural gas, but also by using the latest state-of-the-art gas turbines. Their power generation efficiency exceeds 63 percent. For comparison, CCGT power plants with turbines of the previous generation achieve 59-60 percent efficiency, while the most modern coal-fired units – about 46 percent efficiency.

Rybnik Power Plant

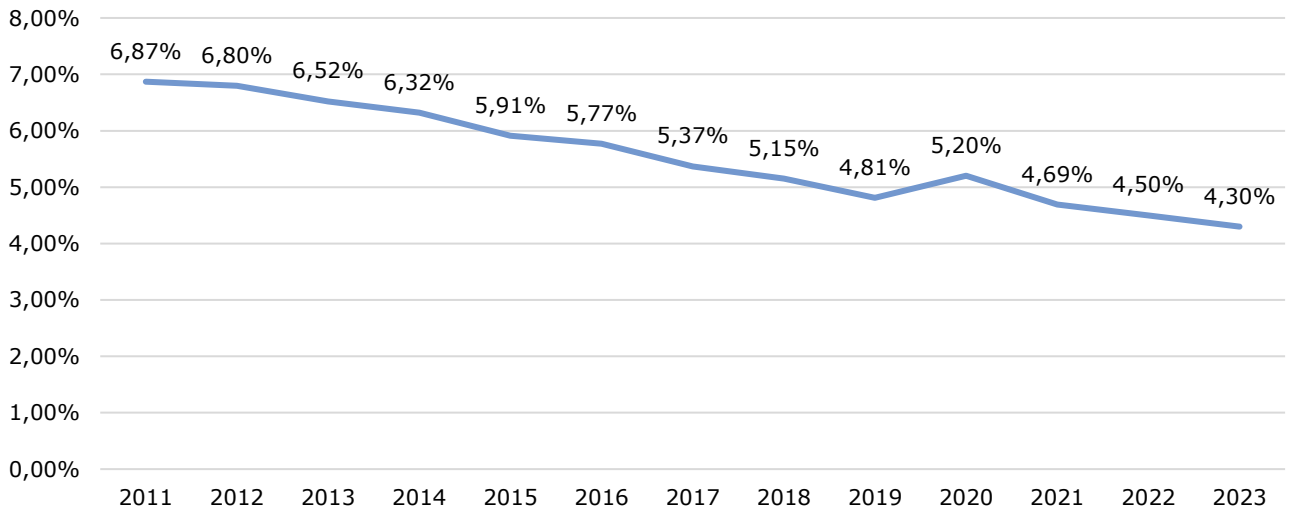
For the reduction of greenhouse gas emissions at the Rybnik Power Plant, the execution of the 882 MW CCGT unit project is of key importance. The new gas fired power generating unit in Rybnik will replace four coal-fired units that are being decommissioned, with a total capacity of 900 MW. The unit is scheduled to be commissioned in December 2026 and will significantly contribute to the decarbonisation of the National Power System, similar to the new units at the Dolna Odra Power Plant. The emission factor of the new unit is 320g of CO_2 per kWh of electricity generated, which is three times lower than for 200 MW coal-fired units.

Energy consumption management

| GRI 3-3 [energy consumption management] |

Taking into account the management of energy consumption in the PGE Group, due to its activities, the most significant aspect is the reduction of losses resulting from energy generation and transmission processes. As part of production activities, modernisation investments are being made in conventional generation units to improve the efficiency of generation by reducing units' own losses. The construction of CCGT units at the coal-fired Dolna Odra and Rybnik Power Plants will also contribute to improving the efficiency of primary energy utilisation.

In the case of electricity supply, programmes are being implemented to reduce network losses, which consequently reduces the amount of electricity losses.



Increase in connection capacity

The majority of investments in the area of electricity distribution in 2023 was related to the modernisation and development of the high-, medium- and low-voltage electricity network and transformer stations. These investments will allow an increase in the connection capacity of the distribution network, including for renewable energy sources, as well as an improvement in electricity outage rates and a further reduction of network losses. The energy efficiency of electricity equipment is increased by replacing transformers and purchasing metering equipment, including modern electricity meters. Renewable energy sources (RES) constitute an important element of sustainable development bringing about measurable economic and ecological effects.

In 2023, PGE Dystrybucja connected 95,400 domestic photovoltaic installations with a total capacity of 794.16 MW to its grid.

In 2023, 456 RES sources with a unit power of more than 50 kW, i.e. sources that do not count as micro-installations, were connected to the PGE Dystrybucja grid, including:

- 437 photovoltaic power plants with a total capacity of 451.48 MW,
- 10 wind power plants with a total capacity of 70.86 MW,
- 5 biogas plants with a total capacity of 4.25 MW,
- 2 hydro power plants with a total capacity of 0.31 MW,
- 2 other RES sources with a capacity of 3.54 MW.

The above measures are important in view of the planned reductions in energy generation from conventional sources.

Emission reduction effect of the management of combustion by-products (CBP)

Another important aspect is the reduction of greenhouse gas emissions in production cycles that use combustion by-products. A case in point is the reduced carbon footprint of cement production processes using fly ash or gypsum board production processes using synthetic gypsum. The use of ash with a high calcium content from commercial power generation reduces CO_2 emissions that accompany the industries producing traditional binders such as cement or lime. In this way, the conventional power generation sector contributes to the avoidance of CO_2 emissions due to the use of combustion by-products supplied from power plants to cement production factories. According to a report prepared by the National Centre for Emissions Balancing and Management, thanks to the production of binders from combustion by-products, which successfully replace cement and natural lime in selected geotechnical applications – mainly in road construction, CO_2 emissions can be reduced by almost 568,000 tonnes over a period of five years.

2.4.3 PGE Group's carbon footprint

The carbon footprint is one of the key measures of a company's environmental impact. Its calculation and data management demonstrate an organisation's strong climate awareness. The carbon footprint is the total sum of greenhouse gas emissions (carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFC_s), perfluorocarbons (PFC_s), sulphur hexafluoride (SF_6)) caused directly or indirectly by a person, organisation, event or product.

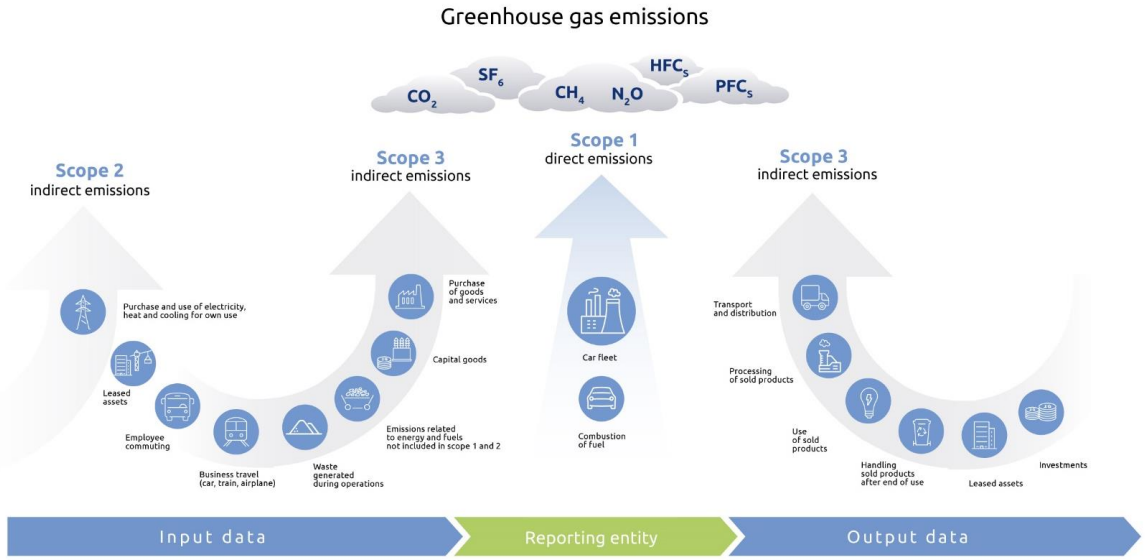


Fig. Simplified diagram of an organisation's carbon footprint scopes

Sector's cooperation for a unified approach to calculating the carbon footprint

In April 2021, PGE Polska Grupa Energetyczna began proactive and conscious efforts to implement a carbon footprint calculation standard in the PGE Group. The PGE Group undertook both internal activities within the framework of the established team for calculating the carbon footprint and external activities, in cooperation with the Polish Association of Combined Heat and Power Plants, which resulted in the development of a joint guide for calculating the carbon footprint for the power industry, with substantive support from Bureau Veritas. The guide was developed in accordance with the ISO 14064 standard and the GHG Protocol. It is intended to be used to calculate the carbon footprint at different levels of the organisation. The co-authors of the guide, apart from PGE Polska Grupa Energetyczna S.A., include representatives of PGE Group companies operating within the Conventional Power Generation and Heat Generation segments: PGE Górnictwo i Energetyka Konwencjonalna, PGE Energia Ciepła and Zespół Elektrociepłowni Wrocławskich KOGENERACJA. The PGE Group's carbon footprint counting team was also involved in the development of the guide.

The developed "Guide to the Uniform Carbon Footprint for Power and Heat Generation Entities", together with an integral IT tool, serve to uniformly capture the carbon footprint for power and heat generation sector entities in the following scopes:

- **Scope 1** – these are direct emissions into the atmosphere from installations (equipment, vehicles, machinery, boilers, plants) that are owned or controlled by an organisation;
- **Scope 2** – these are indirect emissions related to the energy used by an organisation to operate its facilities, whether owned or leased (electricity, heat, cold, transport and distribution losses);
- **Scope 3** – these are other indirect emissions that occur throughout the business value chain, i.e. purchases of goods and services, business travels, commuting to and from work, capital goods, etc.);
- **biogenic emissions** – these are emissions associated with the natural carbon cycle, resulting from the combustion, fermentation, decomposition or processing of materials of biological origin.

Based on the work performed so far within the Association in cooperation with key PGE Group companies, a general procedure for calculating the carbon footprint in the PGE Group was adopted in 2022. The purpose of

the procedure is to support business management by introducing a standard and providing uniform rules of conduct for the calculation of the carbon footprint in PGE Group companies for the reporting of climate and sustainability issues. This procedure specifies in particular:

- the ways of setting organisational boundaries for counting the carbon footprint and consolidating GHG emissions data,
- the identification and setting of operational boundaries for individual scopes (scope 1, scope 2, scope 3) as well as biogenic emissions within the carbon footprint calculation,
- the establishment of materiality limits for the calculation of the carbon footprint.

Central to this process was the preparation of companies and their training, in particular in the identification of emission sources, their classification and appropriate conversion to CO_2 equivalent, using an available and specific CO_2 emission factor appropriate for the reporting year and a dedicated IT tool. In subsequent years, it will be important to calculate the carbon footprint for a given reporting year based on updated CO_2 emission factors appropriate for that calendar year. It is planned that, as more data become available, in particular in terms of available emission factors for individual emission sources, and as the maturity of the organisation continues to develop, this process will be streamlined in future years. At the same time, it will enable specific emission reduction targets to be developed.

PGE Group's carbon footprint

The PGE Group calculated its carbon footprint for the first time as part of the 2020 pilot project. However, taking a responsible approach to calculating the data and obtaining comparable results within the sector, it takes as its base the data for 2021, when the carbon footprint was calculated on the basis of the manual developed in cooperation with the Polish Association of Combined Heat and Power Plants and the PGE Group's general procedure for calculating the carbon footprint. The adopted method constitutes a consistent approach to calculating the footprint of a country's power generation sector.

| GRI 2-2 |

Greenhouse gas emissions for 2023 were calculated for the key PGE Group companies whose activities are significant and have a significant impact on their carbon footprint, particularly in terms of scope 1 direct emissions and taking into account fees for the use of the environment and water services. The carbon footprint was calculated in full and included the following PGE Group companies, which are decisive in terms of carbon footprint generation:

- PGE Górnictwo i Energetyka Konwencjonalna,
- PGE Energia Ciepła,
- Zespół Elektrociepłowni Wrocławskich KOGENERACJA,
- PGE Toruń,
- Elektrociepłownia Zielona Góra,
- PGE Energia Odnawialna,
- PGE Dystrybucja,
- PGE Ekoserwis,
- PGE Obrót,
- PGE Energetyka Kolejowa S.A.
- PGE Energetyka Kolejowa Obsługa Sp. z o.o.
- PGE Energetyka Kolejowa Holding Sp. z o.o.
- PGE Energetyka Kolejowa CUW Sp. z o.o.
- PGE Polska Grupa Energetyczna S.A.,
- PGE Baltica,
- PGE Systemy,
- PGE Dom Maklerski.

The Other PGE Group companies that are assessed as likely to have a significant impact on greenhouse gas emissions will be successively included in the carbon footprint calculation process. Such an impact assessment is carried out annually.

Noteworthy are the actions taken by the PGE Group in 2022 and 2023 to improve and make more realistic the calculation of the carbon footprint within the scope of category 7: "Employee commuting" As part of the Employee Opinion Survey (EOS) addressed to selected PGE Group companies, specific questions were introduced into the survey on issues related to employee commuting to and from work. The questions were designed to elicit responses at the level required for carbon footprint calculations, using the dedicated IT tool. By obtaining data as early as 2022, it was possible to use real data from employees in this area for the selected

companies. Importantly, a significant number of employees participate in the Employee Opinion Survey. The companies boast a high attendance rate – depending on the company, it even exceeds 90 percent. This makes the answers given by the employees of a given company reflect the actual circumstances.

The carbon footprint calculation data for the whole PGE Group broken down by individual emission bands and biogenic emissions (not included in the carbon footprint):

PGE Group's carbon footprint (t CO_2e)	2023	2022	2021
Scope 1			
Fuels, including:	56,551,970	69,370,331	70,169,857
- lignite	34,422,711	45,581,652	42,692,766
- hard coal	19,713,698	22,018,088	25,083,918
- natural gas	1,919,481	1,331,587	1,954,130
- other fuels	496,081	439,363	439,043
Process emissions	655,104	807,646	764,718
Refrigerants and other gases	169,958	210,809	51,836
Total scope 1	**57,377,033**	**70,389,145**	**70,986,410**
inclduing EU-ETS emissions (%)	99.3	99.5	99.7
Scope 2 Market-based*, including:	**2,144,977**	**2,196,571**	**2,183,395**
Electricity losses in transmission and distribution	1,279,482	1,322,593	1,379,892
Purchased electricity for own use	819,748	828,318	759,699
Purchased heat for own use	45,746	45,660	43,804
Scope 2 Location-based**	**2,145,271**	**2,196,976**	**2,183,836**
Scope 3			
Category 3. Energy- and fuel-related emissions	22,018,550	23,116,540	22,191,648
Category 1. Purchased goods and services	1,136,201	497,790	821,824
Category 10. Processing of products sold	802,389	756,132	755,065
Category 2. Capital goods	291,202	252,844	508,996
Category 4. Upstream – transport and distribution	542,599	329,133	259,805
Category 5. Waste resulting from activities	169,011	84,809	75,014
Category 11. Use of products sold	104,237	40,640	74,949
Category 7. Employee commuting	41,288	39,041	34,965
Category 6. Business trips	434	635	158
Total scope 3	**25,105,913**	**25,117,565**	**24,722,424**
Total scope 1 + scope 2 + scope 3 Market-based	**84,627,922**	**97,703,281**	**97,892,230**
Total scope 1 + scope 2 + scope 3 Location-based	**84,628,217**	**97,703,685**	**97,892,671**
Biogenic emissions	780,713	390,463	687,876

*Scope 2 Market-based - emissions resulting from the consumption of purchased electricity, calculated on the basis of an index published by a specific energy retailer.

**Scope 2 Location-based - emissions resulting from the consumption of purchased electricity. It is calculated on the basis of the average index for Poland, which represents the actual volume of emissions generated in the country. This index is published on the NEBMC website.

In 2023, there was a 13.55 percent reduction in the carbon footprint relative to 2021, despite the inclusion of the Rail Power Engineering segment within the Group. There was a significant reduction of 19.2 percent in scope 1 and 1.8 percent in scope 2. Conventional power generation is responsible for 72.5 percent of the PGE Group's calculated carbon footprint. Scope 3 represents approximately 29.7 percent of the total carbon footprint understood as the sum of scope 1, scope 2 and scope 3.

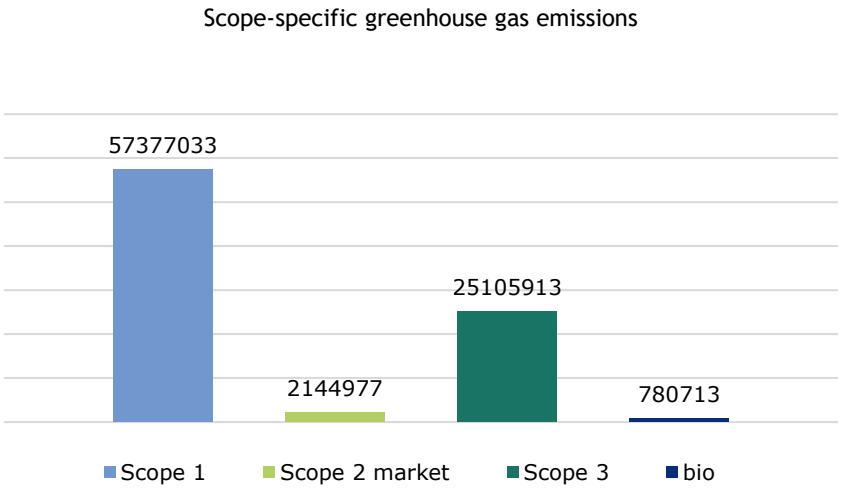


Fig. Greenhouse gas emissions in 2023 by the respective emission scopes

Methodology and emission factors

The organisation's performance data are monitored in accordance with the PGE Group's implemented process for calculating the carbon footprint. The emissions calculations were prepared in accordance with the following standards:

- The Greenhouse Gas Protocol A Corporate Accounting and Reporting Standard Revised Edition-GHG Protocol Scope 2 Guidance, and
- Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

Biogenic CO_2 emissions were identified and reported separately. Operational and/or financial control in the Group was used as a consolidation criterion, meaning that 100 percent of the companies' emissions were attributed to the PGE Group. The sources of emission factors were publications from the following databases:

- the National Emissions Balancing and Management Centre (NEBMC),
- the DEFRA (Department for Environment, Food & Rural Affairs) database,
- the European Environment Agency (EEA), and
- Ecoinvent 3.6.the Global Warming Potential factors for refrigerants were adopted according to the 5th Report of the IPCC (Intergovernmental Panel on Climate Change).

By using a homogeneous approach to calculating the carbon footprint, the data will be comparable within the sector.

2.5 Pollution

The generation of electricity and heat from fossil fuels has an impact on the environment, including the immediate surroundings, which is why the PGE Group attaches great importance to improving air quality in the area of its operations. Due to the highly developed structure of system heat distribution in Polish cities, PGE aims to maximise its use.

2.5.1 Caring for air quality

| GRI 3-3 [the company's impact on the environment and its preventive activities]

District heating is one of the most effective ways of reducing low emissions – the main cause of smog, which, especially in the autumn/winter season, is a problem for many Polish cities. Studies show that, depending on the location, one of the main sources of smog is individual heating of buildings with low-quality fuels. In the case of PGE's CHP plants, energy for central heating is generated, instead of small individual furnaces, in highly efficient CHP plants equipped with efficient denitrification, desulphurisation and dust filtration systems. In addition, electricity is produced in the co-generation process, making the energy contained in the fuel more efficiently converted and utilised.

PGE – the largest producer and supplier of district heat

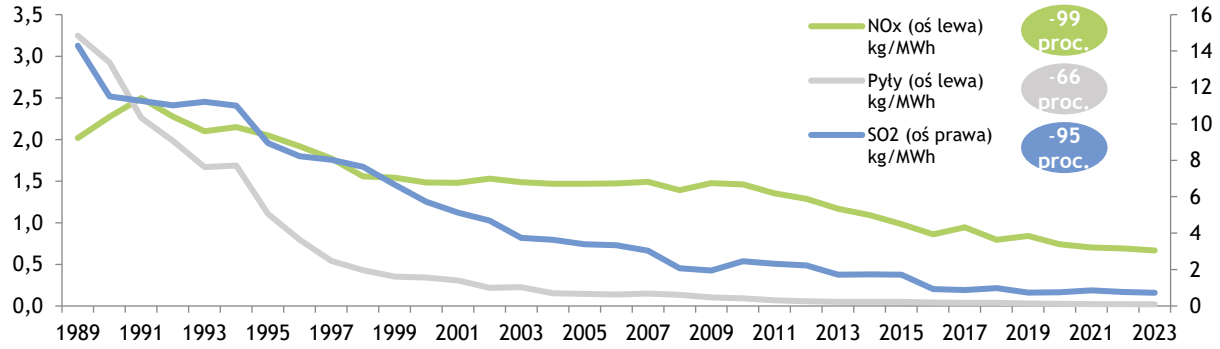
The PGE Group nurtures partnerships with local governments and local distributors to develop solutions that benefit customers. The PGE Group's district heating strategy provides for the following:

- more than 100,000 individual heating sources replaced by 2030,
- investment decisions for natural gas by 2025 at the latest; in subsequent years, commercialisation of zero-carbon fuels (e.g. green hydrogen) or electrification of district heating will be necessary,
- more than 70 percent share of zero- and low-carbon sources in heat generation by 2030,
- new thermal waste treatment facilities.

In 2023, PGE Energia Ciepła connected buildings with a demand of 210 MWt to district heating networks in local heat markets. It is as if an entire city the size of Zielona Góra was connected to a district heating network in one year. In the markets where PGE Energia Ciepła is only a heat producer, buildings with a demand of 188 MWt were connected, while where it operates as an integrated entity and is also a heat distributor, buildings with a demand of 22 MWt were connected to district heating networks. 62 percent of connections were made in the three major cities of Cracow, Wrocław and Gdańsk. To its district heating networks, PGE Energia Ciepła also connected facilities from the primary market, i.e. newly built facilities with a heat demand of 133 MWt. In the case of the secondary market, i.e. buildings that switched their heat supply to a district heating network, the company connected buildings with a heat demand of 76 MWt.

Modernisation of generation assets

Consistent investments in the PGE Group's generation assets mean that their environmental impact is reduced. Using the best available technologies, the PGE Group aims to further improve its environmental indicators. Between 1989 and 2023, the PGE Group's power plants reduced their emissions as follows: SO_2 by 95 percent, NO_x by 66 percent, particulate by 99 percent.



A graph showing the reduction in SO_2, NO_x and particulate emissions from 1989 to the present.

Depending on the location, the modernisation programmes cover different scopes of adaptation works. In the recent years, a considerable group of modernisation and restoration investments have comprised tasks aimed at adapting power generation units to the requirements of the BAT Conclusions. Most of these have been completed. In the case of PGE Górnictwo i Energetyka Konwencjonalna, adaptation to the BAT Conclusions took place at the Bełchatów, Opole, Dolna Odra, Rybnik and Turów Power Plants. Within the aforementioned scope, in 2023, works were still in progress at the Bełchatów and Turów Power Plants. At the Bełchatów Power Plant, the final scope of works aimed at adapting nitrogen oxide emissions to the requirements of the BAT Conclusions was completed in Q3 2023.

In the case of PGE Energia Ciepła, more than a dozen tasks were carried out in the Wybrzeże, Kraków and Wrocław CHP Plants. All adaptation works were completed in 2023. The measures taken were primarily aimed at bringing PGE's generation assets into compliance with environmental limits (e.g. improving effluent emission parameters, reducing dust, SO_2, NO_x, Hg and other emissions). The works aimed at ensuring compliance with the BAT Conclusions also contributed to improvements in other parameters, including generation efficiency and increased controllability, which had a significant impact on reducing failure rates.

Another example of an investment that contributes to a reduction in emissions while improving generation parameters is the modernisation of the gas turbine at the Zielona Góra CHP Plant. This investment project was completed in November 2022. The conducted modernisation reduced the unit's emissions (including NO_x), increased the efficiency of power generation and improved the regulatory parameters of the entire unit.

Environmental objectives for emissions at PGE Energetyka Kolejowa

In 2022/2023, PGE Energetyka Kolejowa conducted an analysis of its processes causing emissions to the atmosphere. The analysis confirmed the existence of the following processes causing emissions:

- thermal combustion of hard coal, light fuel oil and natural gas,
- electric and gas welding,
- reloading of fuels into tanks, refuelling of vehicles at service stations,
- combustion of fuels in vehicles, machinery and equipment,
- use of chemical products,
- emissions of F-gases, including SF6 due to failure of air-conditioning installations and electrical equipment

and identified processes not previously included in comparable analyses:

- construction works and associated particulate generation,
- processes involving the use of LPG,
- mechanical surface treatment,
- storage of diesel and light fuel oil,

- refuelling equipment from canisters,
- tyre wear on road vehicles,
- abrasion of abrasive components in brakes for road and rail vehicles,
- collection of wastewater in septic tanks,
- fires.

As part of the analysis, the nomenclature used for emission processes was standardised and emission factors were redefined. The updated data were used to build the database structure in the new Ekostrateg application. The application enables the preparation of more detailed reports, which improves the management of the organisation’s processes generating emissions.

2.6 Water and marine resources

PGE is aware of the need to respect limited water resources. In its operations, it uses water responsibly for the entire ecosystem, monitors its use and implements solutions to improve the standards of its use in its processes.

2.6.1 A responsible approach to water resources management

| GRI 3-3 [water resources management] | GRI 303-1 | GRI 303-2 |

PGE is aware of the need to respect limited water resources. In its operations, it uses water responsibly for the entire ecosystem, monitors its use and implements solutions to improve the standards of its use in its processes.

Processes related to water and wastewater management in PGE Group installations are carried out mainly on the basis of the Water Law Act and other executive acts dedicated to water and wastewater management. These processes are carried out in accordance with the provisions of administrative decisions, such as integrated permits or sectoral decisions (water permits), issued by the competent authorities. The PGE Group carries out monitoring of the quantity and quality of water abstracted and wastewater discharged.

For technological needs of installations within the PGE Group, water from surface water intakes is mainly used after undergoing purification processes. In order to reduce raw water consumption, closed circuits are used and used process water and wastewater are introduced into other processes. Wastewater generated by production operations undergoes treatment, including multi-stage treatment, and is then discharged to surface waters or transferred to municipal enterprises.

Water management in power plants

Adaptation to the requirements of the BAT conclusions in PGE Górnictwo i Energetyka Konwencjonalna means also the reduction of emissions to water from flue gas purification systems utilised in the process of electricity generation. In this respect, wastewater treatment plants undergo modernisation and extension processes.

Turów Power Plant

Due to its location, the Turów Power Plant is in an area with higher than average rainfall. Some of the precipitation falling in the foothills of the Izera Mountains is naturally retained in the Witka reservoir located on the Witka River, which is the primary source of water for the Turów Power Plant. As the water in the Witka reservoir is largely derived from rainfall, it can be concluded that rainwater is used for technological processes at the Turów Power Plant. The Turów Power Plant uses only surface water for its operations and does not abstract groundwater.

The Turów Power Plant closes water circulation in production processes by diverting used water for treatment and subsequently returning it to production processes. All wastewater from the power plant site is treated at the following facilities:

- the industrial wastewater treatment plant,
- the treatment plant for wastewater from the desulphurisation plant at unit 7,
- the preliminary treatment plant for wastewater from the desulphurisation plant at units 4-6,
- the ash sedimentation tanks,
- the sanitary sewage treatment plant.

The expansion of the industrial wastewater treatment plant at the Turów Power Plant began in 2021. Treated wastewater from the Turów Power Plant is discharged into the Miedzianka River. The effluent discharged into the river must not cause deterioration of its condition and, therefore, the effluent parameters must correspond to the water quality for the mountain stream class. The implemented project will ensure that the environmental objectives are met, thereby ensuring the Turów Power Plant's compliance with EU and national environmental requirements. The industrial wastewater treatment plant will be based on modern, high-performance membrane technologies of microfiltration and reverse osmosis. The efficiency of reverse osmosis is approximately 96-98 percent, which means that over 96 percent of all pollutants will be retained in the process. The first in Poland and one of few in the European Union, it will be a particularly extensive application of the aforementioned technologies in the field of wastewater treatment. Thanks to this project, the Turów Power

Plant will be the first power utility to reuse treated wastewater in its technological systems. The implementation of this investment will have a positive impact on the border Lusatian Neisse River.

Opole Power Plant

In the Opole Power Plant, industrial wastewater and rainwater are directed to the final mechanical-chemical wastewater treatment plant, where they undergo the coagulation process. Wastewater from households is treated using the activated sludge method in a biological system also located at the final wastewater treatment plant. Treated industrial and domestic wastewater is discharged through a common carrier pipe to the Oder River.

In 2023, 8,132,742 m^3 of treated wastewater was discharged into the Oder River at the final treatment plant and the quality of wastewater met the conditions of the integrated permit. The preliminary chemical treatment process comprised 340,966 m^3 of wastewater generated at the flue gas desulphurisation plant and 9,071 m^3 of wastewater coming from the water demineralisation process.

Dolna Odra Power Plant

The Dolna Odra Power Plant has an open cooling system and is equipped with facilities to reduce pollutants contained in wastewater. Depending on the type of wastewater, it is treated in a chemical, biological or mechanical treatment plant or neutralised in neutralisers. Depending on the composition of wastewater, it is treated at one or two facilities. Rainwater and snowmelt from the power plant site are treated by means of settling tanks and separators.

In 2023, the Dolna Odra Power Plant treated 4,788,421 m^3 of wastewater generated in its processes.

Bełchatów Power Plant

The power plant does not have a treatment plant. In order to reduce water consumption and the volume of wastewater discharge, water used in the Bełchatów Power Plant is reused in closed internal circuits and is not discharged outside the system. Used process water is reused in slagging operations and to replenish losses in the hydro ash removal system. Domestic wastewater and rainwater or snowmelt are transported to the wastewater treatment plant of the Bełchatów Lignite Mine.

An amendment to the integrated permit for the use of mine water for process purposes was obtained in 2023. This will reduce salinity and siltation in the watercourse into which mine water is discharged and decrease the amount of fees for surface water abstraction.

Rybnik Power Plant

At the Rybnik Power Plant branch, mainly surface water is abstracted for technological purposes. Groundwater is used to a small extent to supplement the boiler system. After treatment at the Stodoły treatment plant, this water is used for domestic and fire-fighting purposes of the power plant or sold to the municipal water management entity in Rybnik and enterprises operating in the vicinity of the power plant.

Surface water from the Rybnik reservoir feeds the open cooling system for two units operating at a limit of 1,500 hours per year (until the end of 2023) and is used to supplement the water level in the closed cooling system for the remaining four units. Furthermore, surface water from the Rybnik reservoir is used for technological purposes after appropriate preparation. All industrial effluent, together with contaminated rainwater or snowmelt from the power plant site, is treated in the industrial wastewater and rainwater treatment plant operating together with the facility treating wastewater generated by the flue gas desulphurisation plant.

Wastewater from the treatment plant is discharged via two outlets:

- into the Ruda River behind the main dam of the Rybnik reservoir,
- into the Rybnik reservoir.

The organisation of the treatment plant allows for the wastewater stream containing effluent from the wet flue gas desulphurisation plant to be separated and discharged exclusively into the Ruda River.

Desalinated water from the cooling towers, together with rainwater or snowmelt from unpolluted areas, is discharged into the Rybnik reservoir.

The Rybnik Power Plant monitors the quantity of abstracted water as well as the quantity and quality of generated wastewater. In 2023, no volumes were exceeded in this respect in relation to the limits set out in the applicable water permits.

Water management in the lignite mining process

The extraction of lignite deposit based on the opencast method, carried out in the Bełchatów and Turów lignite mines, requires prior drainage of the rock mass, which has a significant impact on hydrogeological conditions and results in changes in hydrodynamic relations. Water management in lignite mines is connected with both sunk drainage and face drainage of open pits. Water from pits is discharged to field settling ponds for final purification by natural sedimentation of suspended solids supported by a plant filter or to dedicated treatment plants. Each of the opencast lignite mines operated by PGE conducts planned water protection activities. Drainage facilities used to ensure water purity are being expanded and modernised.

Bełchatów Lignite Mine

The Bełchatow Lignite Mine has been carrying out planned and rational water protection activities since the beginning of the operation of the the rock mass drainage system. The drainage of the rock mass is carried out with the aim of creating a depression that ensures the safe exploitation of the deposit by means of the opencast method. The drainage system of the Bełchatów Lignite Mine captures both groundwater and surface water in order to drain the rock mass to a degree that allows the safe extraction of lignite from the Szczerców Field and Bełchatów Field.

In order to counteract the negative environmental impact, the mine is involved in the following projects aimed at reducing the impact of the deposit drainage operations on the surroundings:

- the use of a deep drainage system based on large diameter deep wells, which makes it possible to lower the groundwater table while maintaining the safety of the mining operations and limiting the amount of water pumped,
- the use of selective abstraction and discharge of pumped water in the pit to reduce the amount of dirty water requiring treatment,
- the use of a multi-stage treatment system for water discharged from the pit drainage operations,
- the maintenance of a proper hydrodynamic system in the area of the "Dębina" salt diapir in order to protect its structure,
- extensive monitoring of the impact of the mining operations on the environment, allowing observation of early possible symptoms of deterioration in the condition of a selected environmental element and providing the opportunity to take appropriate preventive measures.

Water from sunk drainage is discharged through a system of ditches and canals in quantities and with physical and chemical parameters that do not exceed the statutory limits specified in the applicable water law decision. Water discharged to surface watercourses maintains at least class II purity.

In order to protect the water purity of the region's existing natural watercourses, the problem of wastewater management was solved by the mine's construction of the following treatment plants:

- the central mechanical and biological wastewater treatment plant in Rogowiec. It treats domestic as well as rain and industrial wastewater. The plant provides wastewater treatment services for external entities,
- the Chabielice mechanical and biological wastewater treatment plant. It treats domestic wastewater from the facilities of the Szczerców branch and provides wastewater treatment services for the Szczerców community.

As part of the surface drainage of the heap, the main part of the rainwater goes to the retention and sedimentation fields at the foot of the dump. In order to capture some of such water, small reservoirs are built on the plateaus. These reservoirs form part of the surface drainage of the dump. The water collected in them is used to protect the dump from water erosion (collecting water from drainage ditches) and acts as watering places for wildlife in the emerging new forest ecosystem of the rehabilitated dumps. Two such reservoirs have been built on the internal dump of the Bełchatów Field and the external dump of the Szczerców Field. Such reservoirs have also been built on the rehabilitated external heap of the Bełchatów Field (Kamieńsk Mountain) and handed over to the Bełchatów Forest Directorate.

Turów Lignite Mine

In 2023, the Turów Lignite Mine Branch discharged mine water coming from face drainage of the pit, as well as well water and domestic wastewater into external watercourses. The quality of well water allows its direct discharge into external watercourses. Mine water and domestic wastewater were treated at five on-site wastewater treatment plants. The mine water treatment plants are equipped with the Actiflo system based on a highly efficient suspended solids reduction process. The parameters in terms of quantity and quality of discharged wastewater are determined by the requirements specified in the applicable water permits. The quality and quantity of discharged water and wastewater are monitored on an ongoing basis.

Water in heat generation and distribution

One of the elements of PGE Energia Ciepła's management strategy is to optimise the consumption of raw materials, in particular water, and to reuse, as far as possible, the by-products of the main production process as well as precious elements.

In PGE Energia Ciepła, both surface and – to a smaller extent – undergroundwater is used for technological purposes. The Szczecin CHP Plant uses internal sea water for its technological purposes. All active groundwater intakes are surrounded by direct water protection zones. Several plants also use water from municipal water supply systems. Depending on the size of the plant, the source and composition of raw water, different water preparation techniques are used, such as lime softening, filtration, ion exchange, ultrafiltration, reverse osmosis and electrodionisation. In each case, the complete water preparation sequence consists of a combination of several of the above techniques.

Depending on technological requirements, water is supplied to reception points after various stages of preparation. At each stage of water preparation, particular attention is paid to its reasonable use. Many wastewater streams generated in the course of water preparation are returned to the process for reuse. An example of this is reuse of filter washings, water recovered from post-softening sludge, concentrates from reverse osmosis or electrodialysis processes, or regenerated brine from the softening process. As far as its composition allows it, wastewater generated in other installations is also returned to the process. Examples of this include the following:

- returning so-called hot wastewater as a source for the water preparation process,
- using frequently rainwater or drainage water for water production,
- returning treated wastewater coming from the desulphurisation process to the desulphurisation process if its composition meets the required criteria, which directly depends on the quality of combusted coal,
- using part of domestic wastewater after treatment as a source of water to replenish losses in the closed circuit,
- ongoing works on the cooling system at the Kraków CHP Plant to use treated wastewater from the municipal treatment plant as a source of process water,
- using wastewater as a source of water for process water systems or for replenishing water in ash and slag removal systems.

In order to adjust the wet flue gas desulphurisation plants functioning in Cracow, Wrocław, Gdańsk and Gdynia, a number of measures have been planned to increase the efficiency of the wastewater treatment process accompanying this desulphurisation method. The existing flue gas desulphurisation plants are equipped with highly efficient wastewater treatment systems. However, due to the requirements related to the reviewed BAT conclusions, their operation will be further optimised. The CHP plants operated by PGE Energia Ciepła S.A. (Wrocław, Gdańsk, Krakow) are actively involved in work on the dosing of the modern Nalmet preparation, which, together with modernisation operations, will optimise the functioning of the treatment plants at individual locations.

Innovative INNUPS technology at PGE Energia Ciepła

Among the more stringent requirements of the BAT conclusions concerning nitrogen and sulphur oxides removal, requirements were introduced concerning the parameters of wastewater from wet flue gas desulphurisation plants. The most important parameters include concentrations of metals and metalloids in wastewater. A number of projects were carried out as part of the programme to comply with the BAT conclusions. In the field of water and wastewater management, a project derived from an R&D project involving the capture of heavy metals using the INNUPS technology was implemented. The INNUPS wastewater treatment facility was commissioned at the Gdynia CHP plant in 2021. Thanks to the new technology, wastewater is treated to a much higher degree than required by current EU regulations. Furthermore, the facility enables the recovery of marketable metals, such as rare earths and precious metals. It is an example of the widest possible reuse of produced anthropogenic minerals and precious elements, in line with the

principles of a circular economy applicable in the PGE Group. In 2022, the effectiveness of this method was confirmed.

Renewable Power Generation

PGE Energia Odnawialna maintains quantitative records of groundwater and surface water abstraction and carries out tests and analyses of discharged wastewater for compliance with the requirements of water permits. The individual sites have wastewater treatment plants where operational maintenance of separators is carried out by specialised companies and, as required, cleaning, collection and disposal of waste is carried out, and adsorption filters are replaced. Preventive measures are taken to avoid the risk of harmful substances entering the environment in the form of contamination of water bodies with grease or oil from leaks from oil systems due to failure of hydropower equipment. They consist in continuous monitoring of the operation of the equipment by the power plant staff, regular maintenance, repair and modernisation work. Domestic wastewater is discharged in accordance with contracts to municipal wastewater treatment plants.

Distribution

PGE Dystrybucja is aware of limited water resources and spares no effort to use them in a sustainable manner. In its operations, the company uses water responsibly for the benefit of the entire ecosystem.

Its activities related to water and wastewater management, including monitoring with regard to the quantity and quality of water abstracted and wastewater discharged, are carried out in accordance with the provisions of administrative decisions, in particular water permits issued by competent authorities. In 2023, there were no cases of breaching the conditions specified in water permits issued for the purpose of discharging wastewater into the ground or surface waters and no penalties were imposed by inspection bodies authorised to do so.

Railway Power Engineering

The facilities operated by PGE Energetyka Kolejowa are supplied with water by:

- external entities (on the basis of a contract with a water supplier),
- their own groundwater intakes,
- water tanks.

Each year, investment plans are used to determine locations to be connected to a water supply system, to build water tanks or to continue the use of an on-site water intake requiring a water permit and a well attestation process. In 2023, water abstraction permits were obtained for six on-site water intakes. In addition, on the basis of information on facilities where well water abstraction had been terminated (e.g. connection to a water supply system or installation of a water tank), formal and legal procedures relating to the closure of 30 wells were conducted.

For all locations for which water abstraction permits have been issued, quarterly statements are submitted to the State Water Management Enterprise as well as semi-annual and annual reports are submitted to the Provincial Inspectorate for Environmental Protection and the State Water Management Enterprise.

The company also carries out tests of groundwater on the basis of the valid water permits.

PGE Group's participation in the CDP international survey: water

In 2023, the PGE Group took part in the voluntary CDP survey for the third time, consolidating its C-level position in the area of water management. The assessment methodology boils down to a nine-point alphabetical scale, starting with "A" and ending with "F", which, within 11 groups of criteria, shows an enterprise's level of environmental awareness and the degree to which necessary measures have been implemented in management processes.

Participation in the CDP survey contributed to the implementation of an in-depth analysis of water consumption at PGE's individual locations and provides a framework for further systematisation of the Group's activities in the area of water conservation.

Risks associated with water and wastewater management

On the basis of its direct activities, the PGE Group identifies issues related to water and wastewater risks as part of the environmental risks assessed in the Group. Factors associated with the aforementioned risks are identified and assessed, together with the identification of mitigating measures. The organisation determines their impact based on years of experience, expertise and current market conditions.

The most important risk factors include the following:

- risks associated with the occurrence of drought and flooding,
- water stress in the form of water shortage,
- incidents involving pollution or the discharge of dammed water,
- regulatory risks related to water quality and discharge volumes, higher water prices, declining water quality, regulatory uncertainty and tighter regulatory standards.

The most significant mitigating measures and tools implemented in the PGE Group to manage these risks are the following:

- developing emergency plans for floods,
- introducing changes into the business continuity plan,
- monitoring laws and regulations and actively participating in the fulfilment of the required obligations,
- implementing measures preventing the occurrence of breakdowns by power plant maintenance staff continuously monitoring the operation of equipment and adhering to instructions included in equipment operating manuals.

2.7 Biodiversity and ecosystems

The PGE Capital Group looks more broadly at the environment in which it operates. We strive to be fully aware of the areas in which the Group's assets operate, which enables the production and investment processes to be adapted to the environment.

2.7.1 Biodiversity

| GRI 304-1 | GRI 304-2 | GRI 304-3 |

The Group's companies use best practices, taking into account landscape and biodiversity conservation, which involves restoring habitats to conditions that allow ecosystems to function properly, supporting natural processes that have been disrupted or restoring populations.

Conventional power generation on the road to biodiversity

The branches of PGE Górnictwo i Energetyka Konwencjonalna are actively working to preserve biodiversity, understood as the multiformity and variability of life on Earth in all its forms and interactions.

Branches: Turów Lignite Mine and Turów Power Plant

As part of a biodiversity study at the Turów Power Plant, tests were carried out on the mercury content of ichthyofauna (fish) – at measuring stations in the waters of the Miedzianka and Lusatian Neisse Rivers. Water quality monitoring is carried out cyclically in the Miedzianka River at three measuring stations. Testing of physical and chemical parameters is carried out by the in-house laboratory every fortnight, while water quality is tested once every two months by an accredited laboratory.

The Turów Power Plant branch is not located in a protected area, but close to Natura 2000 areas. In the Natura 2000 area, the following were identified:

- populations of animal species of conservation concern: otter, large copper, dusky large blue, scarce large blue, northern crested newts;
- habitats in the area of the Lusatian Neisse River Ravine Valley:
  - 3150 Natural eutrophic lakes
  - 3260 Water courses of plain to montane levels with rare buttercup communities,
  - 6410 Molinia meadows,
  - 6430 Hydrophilous tall herb fringe communities of plains and of the montane to alpine levels,
  - 6510 Lowland hay meadows,
  - 9130 Asperulo-Fagetum beech forests,
  - 9170 Galio-Carpinetum oak-hornbeam forests,
  - 9180 Tilio-Acerion forests of slopes, screes and ravines,
  - 91E0 Alluvial forests with Alnus glutinosa and Fraxinus excelsior (Alno-Padion, Alnion incanae, Salicion albae).

Natural areas outside the Natura 2000 site in the Bogatynia Commune:

  - 6510 Lowland hay meadows,
  - 9130 Asperulo-Fagetum beech forests,
  - 9170 Galio-Carpinetum oak-hornbeam forests,
  - 91E0 Alluvial forests with Alnus glutinosa and Fraxinus excelsior (Alno-Padion, Alnion incanae, Salicion albae).

On the area of the rehabilitated external dump of the Turów Lignite Mine Branch there are valuable landscape and natural, environmentally diversified sites (habitats of very numerous representatives of both the plant and animal world, including many rare and protected species). In the course of a game inventory carried out by naturalists and foresters, it was found that roe deer, wild boar, foxes, muskrats, hares, badgers, martens, polecats, weasels, ermines and other animals live there. Birds are represented by a wide range of migratory, breeding and wintering species. Some of them, for example the kestrel or the tawny owl, are classified in Poland as endangered species. The damp areas are the habitats of numerous species of amphibians and reptiles, e.g. tree toads, fire-bellied toads, tritons, grey toads, lizards and grass snakes. The plant world is represented by more than a hundred species of woody and herbaceous plants. Some of them were introduced

during the land rehabilitation works, but most found their way here through natural succession, finding favourable living conditions. The resulting ecosystem is a continuously evolving environment, undergoing constant change and transformation. With the passage of time, the biodiversity of the former dump will be increasing. The pioneer plants introduced during the land rehabilitation works are already paving the way for other, more demanding species through their impact on the surrounding environment. This can be evidenced, among other things, by the observed phenomenon of animals migrating from adjacent areas untransformed by mining operations and settling in the rehabilitated areas.

The primary task of the land rehabilitation operations carried out at the Turów Mine is to shape the biotope. The successively increasing area of woodland has mainly soil-forming and soil-protective functions, which is particularly important in the case of soilless and erosion-prone terrain.

Two protected areas are located in close proximity to the Turów Lignite Mine Branch:

- the "Lusatian Neisse River Ravine Valley" Natura 2000 area - a fragment of the Lusatian Neisse River valley from Trzciniec to Zgorzelec,
- the "Neißegebiet" Natura 2000 area - it covers the floodplain of the Lusatian Neisse River and the connected, preserved fragments of forest communities. The area is complementary to the Polish "Lusatian Neisse River Ravine Valley" Natura 2000 area - together they cover the entire Neisse Valley with the preserved ecosystems in its immediate surroundings.

In the vicinity of the opencast mine and the former external dump there are three natural monuments:

- a fossil trunk of the conifer Taxodixylon gypsaceum,
- a small-leaved lime tree,
- a durmast oak.

Branches: Turów Lignite Mine and Turów Power Plant

Since 2013, monitoring of non-forest habitats and protected plant species as well as forest habitats has been carried out in the vicinity of the mine.

The Bełchatów Lignite Mine is in the process of rehabilitating the external dump of the Szczerców Field and the internal dump of the Bełchatów Field. The surface of the rehabilitated external dump of the Szczerców Field is being sodded and afforested. The area has become a refuge for many species of animals, and numerous herds of roe deer, as well as foraging wild boars and hares have been observed on the dump. Foxes are also occasionally encountered. Recently, European deer have also been observed. Among birds, open field and meadow bird species predominate. The hilltop is a habitat for the lark, field and wood pipit, partridge, pheasant and many other species. This area is also patrolled by ravens, buzzards and kestrels. Cranes can also be found on the slopes of the mountain.

Three protected areas are located within the limits of the Bełchatów Lignite Mine zone:

- the Widawka River Valley Protected Landscape Area, which includes areas protected because of their distinctive landscape with diverse ecosystems, as well as their function as ecological corridors. Location of the area: Łódzkie Province, Radomszczański, Piotrkowski, Łaski and Bełchatowski Districts,
- The "Łuszczanowice" nature reserve – it is a forest reserve (mixed lowland forests) of the phytocenotic type. The conservation objective of the reserve is to preserve the natural fir forest ecosystem at the limit of the fir's occurrence. Location of the reserve: Łódzkie Province, Bełchatowski District, Kleszczów Commune.
- The "Muranowiec" nature reserve – it is a forest reserve (mixed lowland forests) of the floristic type. The conservation objective of the reserve is to preserve a fragment of a multi-layered mixed forest of natural origin with a high proportion of fir at the limit of its occurrence with the character of a primary forest for scientific, didactic and landscape reasons.

The Bełchatów Power Plant Branch is not located in any protected areas.

Rybnik Power Plant Branch

On the northern side of the site of the Rybnik Power Plant and around the "Rybnik" reservoir, there are natural protected areas in the form of the Cistercian Rudy Wielkie Landscape Compositions Park.

Pursuant to regulation no. 181/93 of the Katowickie Province Governor of 23 November 1993 (Official Journal of the Katowickie Province no. 15*, item 130), highly urbanised areas were excluded from the Cistercian Rudy Wielkie Landscape Compositions Park, including the Rybnik Power Plant together with the reservoir of water used for technological purposes, the so-called "Rybnik Reservoir". The site of the Rybnik Power Plant is anthropogenically transformed and constantly influenced by human activity. There is no vegetation of any kind except grass. The mammalian fauna is poor, made up of species habitually associated with the area. There are no protected habitats.

While the Rybnik Reservoir and the surrounding area are a habitat for animals, including those under species protection, the area itself is not a location of protected habitats.

The "Okrzeszyniec Valley" ecological site is located to the south of the power plant. The nearest Natura 2000 sites are located at least a dozen kilometres from the power plant:

- the "Wielikąt and Ligota Tworkowska Ponds" Special Bird Protection Area (approx. 17 km),
- the Łężczok Ponds Special Area of Habitat Protection (Nędza) (approx. 17 km),
- the Oder River Border Meander Special Area of Habitat Protection (approx. 26 km),
- the Upper Vistula River Valley Special Bird Protection Area (approx. 38 km),
- the Tarnogórsko-Bytomskie Underground Special Area of Habitat Protection (approx. 40 km).

Dolna Odra Power Plant Branch

The following forms of nature conservation are located in the vicinity of the Dolna Odra Power Plant Branch:

- a landscape park,
- 5 Natura 2000 sites (3 sites of Community importance and 2 special protection areas),
- 5 natural monuments (over 116 trees),
- an ecological site
- and a nature and landscape complex.

In the immediate vicinity of the Dolna Odra Power Plant there are two, partially intersecting Natura 2000 protected areas. These are:

- the Oder Valley special habitat protection area (Habitats Directive) (approx. 0.8 km),
- the Lower Oder Valley special bird protection area (Birds Directive) (approx. 0.3 km),
- the Lower Oder Valley Landscape Park (approx. 1.3 km).

Opole Power Plant Branch

The Opole Power Plant Branch is an industrial complex located within the city of Opole, in its north-western part, in the industrial section of the Brzezie quarter. It covers an area of approximately 240 hectares (the power plant together with the wastewater treatment plant and ancillary facilities). The power plant is located approximately 1 km from the Oder River, below the mouth of the Mała Panew River.

Within the radius of 12.5 km there are no protected areas of the following types:

- reserves,
- national parks,
- specific species protection zones for plants, animals and fungi,
- spa protection areas – this is the only type of area for which stricter air quality requirements are set. The nearest such area is approximately 200 km away, in the Świętokrzyskie Province.

However, the protected areas occurring within the 12.5 km of the highest emitter included the following:

- landscape parks: the Stobrawski Landscape Park – 6.91 km,
- protected landscape areas: the Stobrawsko-Turawskie Forests – 7.63 km,
- protected landscape areas: the Niemodlińskie Forests – 11.31 km,
- Natura 2000 Special Areas of Conservation: the Niemodlińskie Forests PLH160005 – 11.44 km, the meadows near Chrząstowice PLH160010 – 12.25 km and the Odrzańskie Broadleaved Forests PLB020002 – 1.62 km.

The area closest to the power plant is the Odrzańskie Broadleaved Forests. It is located approximately 1 km from the limits of the power plant and approximately 500 m from the wastewater treatment plant.

In 2023, the company PGE Górnictwo i Energetyka Konwencjonalna continued its work aimed at preventing the loss of biodiversity. It carried out extensive work to conserve protected and rare plant species. The resulting ecosystems are constantly evolving environments and are subject to change and transformation over time and their biodiversity is constantly increasing.

PGE Energia Ciepła

The PGE Group's CHP plants operate in industrial areas with a limited degree of biodiversity. There are no Natura 2000 areas or other areas subject to protection under the Nature Conservation Act of 16 April 2004 (e.g. national and landscape parks, etc.) at PGE Energia Ciepła locations, in particular within the boundaries of the land to which the company holds a legal title. In those areas there are no large or small ecological corridors. The sites with industrial facilities are fenced off and therefore there is no possibility of wildlife entering them. However, there are such areas in the closer and farther vicinity of PGE Energia Ciepła's plants, which is why they are taken into account at the investment preparation stage.

PGE Energia Ciepła Szczecin Branch

The following areas are located in the vicinity of the Pomorzany CHP Plant:

- the Lower Oder special area of habitat protection,
- the Lower Oder Valley special bird protection area (approx. 200 m),
- the areas important for the condition of the urban environment and the preservation of biodiversity include allotment gardens, the valley of the Bukowa River, housing estate greenery, street greenery, biologically active areas accompanying buildings and developed land, publicly accessible greenery (squares, plazas) and the Oder River with its wetlands.

The Szczecin CHP Plant is located approximately 1.3 km from two Natura 2000 sites:

- the "Lower Oder" special habitat protection Area,
- the "Lower Oder Valley" special bird protection area.

The exception is the furnace waste dump, which is located in the immediate vicinity of the aforementioned areas, next to the Oder River.

PGE Energia Odnawialna

There are protected areas in the vicinity of PGE Energia Odnawialna's facilities. Technological processes, the operation of equipment and ongoing investments do not cause interference with the biodiversity of these areas.

Conducted wildlife research projects provide data on the factual impact of the company's activities on species richness. Observations made during nature monitoring showed positive effects of the activities carried out so far.

In the case of PGE Energia Odnawialna, the technological processes, operation of equipment and current investment projects do not cause interference with the biodiversity of protected areas. The green areas in the possession of the company are maintained by dedicated maintenance teams. There are also Special Areas of Conservation Nature 2000 in the vicinity of the company's facilities. PGE Energia Odnawialna participates in the costs of restocking rivers and lakes with fish in accordance with the provisions of water permits, and constructed fish ladders enable unimpeded fish migration. The inspections of the functioning wind farms did not indicate any need to take any special measures to protect biodiversity. Should such need arise, preventive measures will be taken. Biological research will be continued in the following years.

Porąbka Branch

Water management activities carried out on the reservoirs and, in particular, the operation of the power plant do not pose any significant threats to the ichthyofauna. The water reservoirs' biological life develops and the quantitative and qualitative composition of the fish stock changes.

The hydro power plants are operated so as to continuously guarantee the environmental flow in the downstream watercourses, which determines the good status and potential of the biological elements and the good status of water-dependent habitats and species. PGE Energia Odnawialna participates in the costs of restocking rivers and lakes with fish in accordance with the provisions of water permits, and constructed fish ladders enable unimpeded fish migration.

Solina Branch

The following areas are located within the Solina Branch site:

- areas of protected landscape,
- the Low Beskid Protected Landscape Area and the East Beskid Protected Landscape Area – the two protected landscape areas located in the Leski District,
- the East Beskid Protected Landscape Area,
- Landscape parks – in the Leski District:
  - the Słonne Mountains Landscape Park,
  - the Ciśniańsko-Wetliński Landscape Park,
  - the San River Valley Landscape Park.

The village of Solina is located outside the area of landscape parks. There are no nature reserves within the limits of the village of Solina.

- Natural monuments – the Myczkowieckie Rocks,
- Nature reserves: the Koziniec and Myczkowieckie Lake reserves, and the San River Ravine near Grodzisko – in the vicinity of the villages of Solina and Myczkowce,
- Natura 2000 sites of European Community importance – only in the Leski District, there are no such areas in the vicinity of the use:
  - the Słonne Mountains
  - the Upper San River Basin
  - the Bieszczady Mountains
- Natura 2000 sites – special bird protection areas.

Two Natura 2000 special bird protection areas are established in the Leski District: the Bieszczady Mountains and the Słonne Mountains.

Żarnowiec Branch

PGE Energia Odnawialna contributes to the costs of restocking Lake Żarnowieckie and the Piaśnica River, as obliged by the applicable water permit. Through a weir at the confluence of Żarnowieckie Lake with the Piaśnica River, it is possible to regulate the flow of water in the river, while always maintaining the environmental flow, which translates into the preservation of biological life.

Dychów Branch

The Dychów Branch ensures that habitats and ecological corridors do not disappear. It cooperates with sections of the Angling Association and plans further cooperation in the restocking of the Bóbr River. It is actively involved in the development of conservation task plans for Natura 2000 sites. In 2022, these were studies for the areas of the Krosno Oder Valley and the Lower Bóbr Valley. Another fish ladder (in Stary Raduszec) was put into service. The Branch has recently initiated work on the following:

- a tender procedure for the design work for the construction of an oil spill detection and interception system,
- preparation of documentation for the construction of behavioural barriers at the Stary Raduszec Hydro Power Plant.

Hydro power plants

A fish ladder allowing fish migration is in operation at the Dębe Hydro Power Plant. The Smardzewice Hydro Power Plant contributes to the cost of restocking the Pilica River. In the case of the Zlewnia Odry Power Plant, only five out of twenty-five active facilities do not have a fish ladder. These are the plants located in Rakowice, Kliczków, Małomice, Żarki Wielkie and Gubin.

Wind farms

In 2023, PGE Energia Odnawialna continued to carry out wildlife monitoring for birds and bats at its Resko II, Kisielice II, Karwice, Lotnisko and Wojciechowo wind farms. The last year's monitoring activities carried out at those wind farms constituted the last cycle of ornitho- and chiropterofauna wildlife observations. The conducted wildlife research projects provide data on the factual impact of the company's activities on species richness. If positive effects are identified, wildlife monitoring observations allow measures to be taken with a view to strengthening such effects, while preventive measures will be taken if significant negative impacts occur. The wildlife monitoring of the wind farms conducted to date has not indicated the necessity to increase biodiversity protection.

Photovoltaic farms

In 2023, PGE Energia Odnawialna obtained 16 environmental decisions for investments involving the construction of photovoltaic farms with a total capacity of 910 MW. Two of these investments will be implemented within areas of nature conservation. They are the Wierzbie PV Farm (within the Chmielnicko-Szydlowski Protected Landscape Area) and the Sokoły Jeziorne PV Farm (within the Dybowskie Hills Protected Landscape Area). The screening procedures carried out did not reveal the possibility of any negative impact of the project on the environment and therefore an environmental impact assessment was waived. In the same year, the company obtained 19 planning permit decisions for photovoltaic farms with a total capacity of 522 MW.

PGE Dystrybucja

The PGE Dystrybucja office buildings are not located in Natura 2000 areas or other areas subject to protection under the Nature Conservation Act of 16 April 2004. At their sites there are no large or small ecological corridors. However, power lines run through protected areas and there are various types of switchgear facilities within such areas, for example within the boundaries of the Wigierski, Biebrzański and Narwiański National Parks, the Piska, Białowieska, Augustowska, Knyszyńska and Kampinoska Forests, the Warta i Widawka Rivers, Łódzkie Hills, Nadbużański, Mazowiecki, Chojnowski, Spalski, Sulejowski and Bolimowski Landscape Parks, the Warszawsko-Berlińska Proglacial Valley, the Przysowa and Słudwia Valleys and the Jeziorsko Reservoir Natura 2000 areas, as well as the protected areas of Bieszczady and Roztocze.

Any tree felling operations carried out by PGE Dystrybucja are the result of the legal obligations of the Distribution System Operator. This means the necessity to maintain the capacity of the network to supply electricity to customers in a safe, continuous and reliable manner. In order to fulfil this obligation, it is essential to plan and perform works involving the clearing of power line routes of trees, branches and shrubs. PGE Dystrybucja also has a planning and execution manual for this type of works, which establishes the principles of tree felling operations.

Thanks to an agreement with the Polish Society for the Protection of Birds, PGE Dystrybucja implemented the project called "Protection of the white stork in the river valleys of eastern Poland". Its main objective was to reduce white stork mortality due to electrocution.

PGE Energetyka Kolejowa

In its custody across Poland, PGE Energetyka Kolejowa has a total of almost 4,500 hectares. In those areas there are various forms of nature protection such as nature parks, reserves or natural monuments. The company conducts its operations in such a way as to minimise any disturbance to the biodiversity of the areas. A special place is a small plot of land located within the limits of the Biebrzański National Park. It has been formally excluded from protected status. The plot accommodates a power substation, which is an essential element of the local power infrastructure.

As part of the expansion of the GIS Mapper application, it has been extended to include environmental data such as forms of nature conservation, RAMSAR areas, ecological corridors, data on natural resources from the General Directorate of Environmental Protection, invasive alien species, groundwater quality monitoring, pollution concentration monitoring, areas exposed to flood risk, surface waters, boundaries of Polish water units, major groundwater reservoirs, environmental damage and pollution, hydrographic division of Poland and groundwater monitoring. Depending on the type of information published in the data sources (Chief Inspectorate for Environmental Protection, National Protection Information System, Polish Geological Institute, PIG, General Directorate of Environmental Protection, State Water Management Enterprise), they are available

as vector or raster data, which makes it possible to generate reports in relation to the Railway Power Engineering Infrastructure or only to visualise the information on a map in a graphical format.

The Mapper application offers the possibility of verifying, among other things, which forms of nature protection are located in the vicinity of PGE Railway Power Engineering facilities, which can be used at the stage of planning future works.

Activities for biodiversity

| GRI 304-4 |

The PGE Group actively works to preserve and develop biodiversity. It has taken care of birds, forests, animals and vegetation for many years. It participates in a number of partnerships and original projects to monitor, conserve in perpetuity, and develop ecosystems.

Forests Full of Energy

PGE's own environmental project is the "Forests Full of Energy" programme, which has been running for more than 24 years. Its aim is to raise the participants' awareness of the role of forests for the environment and climate.

The programme fosters the right social and environmental attitudes among employees and their families, and promotes the establishment and nurturing of good neighbourly relations between the PGE Group and local communities. Planting trees on land owned by the State Forests also fulfils an educational function. Participants get involved in forest planting workshops led by foresters. The State Forests are a partner of the programme.

In 2023, the participants of the campaign planted a total of more than 110,000 trees in 21 locations in 12 provinces. More than 2,900 volunteers joined the initiative, including PGE Group employees, their families and invited guests: children from kindergartens, primary and secondary schools, as well as young athletes. Besides planting trees, PGE volunteers also cleaned up the forests near Sulików and Radomierzyce in the vicinity of the Turów Complex, the green areas in the Głogów Forest District and the Emperor's Road in the Biebrza River Valley. PGE employees, their families, school children, foresters and Biebrza National Park staff took part in the clean-up work.

The beneficiaries of the Forests Full of Energy programme:

1. climate – the tasks executed within the framework of the programme have led to an improvement in air quality for more than 20 years thanks to the systematic planting of trees (the oldest forest planted by PGE employees will be 24 years old this year);
2. natural resources – the executed tasks also lead to improvements in groundwater and soil quality through systematic afforestation;
3. biodiversity – systematic tree planting leads to the restoration of forest ecosystems;
4. children, young people and adults raise their environmental awareness by carrying out environmental protection tasks together, become more sensitive to nature and contribute to the implementation of good habits such as waste segregation and care about biodiversity;
5. local communities – working together on projects that benefit the whole neighbourhood helps nurture good neighbourly relations.

Activities oriented towards biodiversity, climate, environmental protection and sustainability have an effect when they are performed systematically, consistently and in collaboration with experts, while involving as many people as possible. An extremely important component of such activities is environmental and ecological education, raising awareness and drawing attention to the need to protect what is most valuable in the environment – balance and biodiversity. The effects of the activities carried out under the "Forests Full of Energy" programme are visible and bring real benefits for both people and the environment. These are hundreds of thousands of trees planted, real support for ecosystems and the development of biodiversity, as well as high quality education.

Protection of storks

Out of concern for storks, PGE Dystrybucja employees, in agreement with the Polish Society for the Protection of Birds, carried out the project called "Protection of the white stork in the river valleys of eastern Poland", the main aim of which was to reduce white stork mortality due to electrocution. In 2023, as part of the project, PGE Dystrybucja's employees installed 987 stork nest structures and bird deterrent platforms to prevent birds

from perching on working parts of the network and thus protect them from electrocution. Such works are performed from mid-October to the end of February, when storks are in Africa for the autumn-winter period. The months from March to October are the stork protection season.

Every year, PGE Dystrybucja employees also help ornithologists ring young storks. In 2023 alone, 894 chicks in 362 nests were ringed and nine storks were fitted with GPS devices to acquire their current locations and migration routes.

The PGE Group also takes care of storks that winter in Poland for health reasons or require permanent care. Thanks to PGE's support, the "Chance for Storks" association from Lublin's Kozubszczyzna and the "I Help Storks" association from the Łódzkie Province support the recovery and rehabilitation of storks, as well as provide infrastructure where wintering storks can safely await spring and permanently crippled individuals are protected for the rest of their lives. In 2023, the modernisation of the stork enclosure at the rehabilitation centre in Kozubszczyzna was completed, which directly contributed to improving therapy opportunities for disabled individuals.

Restoration of the peregrine falcon population

The peregrine falcon is one of the rarest bird species, which became practically extinct in Poland twenty years ago. Currently, there are about 80 pairs of falcons in Poland and they are under strict species protection. The PGE Group has been actively working for the restoration of the peregrine falcon population in Poland for 21 years.

To this end, PGE cooperates with the Falcon Wildlife Association and the Falcon Association Foundation. Falcons are keen to nest on structures owned by PGE, for example on chimneys in the Gdynia, Gdańsk, Lublin and Toruń CHP Plants or the Bełchatów and Dolna Odra Power Plants. In 2023, 15 young falcons flew out of nests located on PGE-owned facilities.

PGE also supports the "Falcon" Association in information and education activities, encouraging local communities to take an interest in the life of wild birds. At the Gdynia CHP Plant, it is a tradition to invite pupils from the nearby primary school to a "live" nature lesson during which they have the opportunity to see the process of ringing young birds.

Protection of the long-tailed duck

During the environmental surveys conducted in the area of the planned Baltica Offshore Wind Farm, the population of the long-tailed duck, a seabird of the duck family, was measured. It is a protected species nesting in the Natura 2000 sites adjacent to the Baltica 2 and Baltica 3 sections of the Baltice Offshore Wind Farm area.

During the year-round transect surveys, 3,547 individuals were observed in the Baltica OWF area, while visual observations and radar surveys during the spring and autumn migrations indicated a total of 7,099 individuals. Based on the conducted research, solutions were developed to protect this species. Among the solutions was a reduction in the development area by moving the investment away from the Słupsk Shoal by 2-2.5 km. A flight (migration) corridor consistent with the main direction of bird migration with a minimum width of 5 km between the planned external power plants of the Baltica 2 and Baltica 3 projects was also designated. The inflight zones from north-east and south-west directions were widened. The planned corridor will allow free access to the birds' wintering area and ensure their shortest stay in close proximity to the power plant during their journey to the wintering area. It was also planned to use a minimum clearance of 20 m between the water surface and the tip of the blade, as the survey showed that the majority of long-tailed ducks flew at the height of 20 m.

Bird protection on wind farms

PGE's wind farms operate on the basis of environmental decisions and, where necessary during bird migration periods, there are periodic plant shutdowns. Therefore, damage caused to birds by PGE-owned wind turbines is rare. In order to reduce accidents involving these animals to zero and minimise the effects of its activities on wildlife, the PGE Group takes numerous measures. It is involved in a project that aims to reduce the risk of birds' collisions with wind turbine blades. The initiative is being implemented together with the Polish company Bioseco, the supplier of an innovative bird protection system, and a team of ornithologists. The subsequent stages of the pilot implementation of the bird protection system are performed at the Lotnisko Wind Farm. Thanks to special cameras and radars, the system recognises birds that are within a critical

distance of working wind turbines. If necessary, a warning light signal is activated, prompting birds to change their flight path. The device can also bring the turbine to a standstill if the light signal proves insufficient.

Restocking of water bodies

Restocking campaigns are pro-environmental activities regularly undertaken by the PGE Group, above all by the divisions that operate pumped storage power plants. The initiative aims to develop biodiversity and restore endangered fish species living in reservoirs adjacent to PGE Group assets. In 2022, the first action covered Lake Raduszeckie and Lake Dychowskie, where populations of tench, carp and crucian carp were strengthened. More than half a tonne of two-year old fish was released into the water. The second initiative (150 kg of brook trout) was carried out in Lake Myczkowskie.

In 2023, the Słowiński National Park took measures to support the development of pike and zander populations by stocking Lake Gardno and Lake Łebsko. As part of the task, the ichthyofauna of Lake Łebsko was enriched by 100,000 pike and 50,000 zander, while 100,000 pike and 30,000 zander were released into Lake Gardno.

Flower meadows and pollinator protection

In 2023, the PGE Group and the State Water Management Enterprise Wody Polskie carried out another joint action of sowing flower meadows in the vicinity of the Porąbka-Żar Power Plant. On that occasion, the designated shores of Lake Czanieckie, the Porąbka reservoir and the Soła River cascade area were transformed into flower meadows. The initiative covered 3,000 m^2 of wasteland, which was sown with a mixture of different plant seeds. They ranged from from slow-growing, loosely tufted grasses to perennial and annual flowers. With the right choice of seeds, grass will not dominate flowers and the plant mix will flourish in the first year and in subsequent years.

PGE wants to contribute to the preservation of flora species characteristic of the Żywiec region. It is particularly important in this context to support the recovery of the numerous types of melliferous plants and to maintain the balance of species, while eliminating invasive plants.

Partnership for biodiversity

The PGE Group is also involved in a number of other projects in the field of ecology, as well as nature and climate protection. It supports national parks, cooperates with the Regional Directorates of the State Forests, forest districts, ornithological societies and other nature and climate protection organisations. PGE is also a strategic partner of the League for Nature Conservation.

Cooperation with national parks

In 2023, PGE continued to implement the "Energy of the Rhythm of Nature" programme, which had been launched in 2020 to increase the Group's commitment to the protection of the natural environment. In 2023, PGE cooperated with nine national parks: Biebrzański, Bieszczadzki, Magurski, Narwiański, Świętokrzyski, Roztoczański, Kampinoski, Wigierski and Słowiński National Parks, implementing nearly 60 projects for biodiversity and environmental education.

The focus of the cooperation was primarily on monitoring the status and abundance of animals and plants in ecosystems as well as dedicated measures to preserve the richness of plants, animals and landscape diversity in individual national parks. Together with the national parks, PGE carried out a variety of nature education projects for different target groups: children, young people, adults as well as senior citizens.

For all nature enthusiasts, the PGE Group also prepared "The Walker's Guide", an authoritative popular science publication encouraging visits to national parks, which is also a guide to the most beautiful educational and tourist routes as well as a compendium of knowledge of the nature and history of the parks. "The Walker's Guide" is available in the national parks cooperating with PGE and in an electronic downloadable version on the PGE Group website.

As part of the "Energy of the Rhythm of Nature" programme, PGE also created a four-part series of educational and natural history films showing the variability of ecosystems in the natural cycle of the seasons, as well as the life of wild animals in inaccessible forest environments.

League for the Protection of Nature

In 2023, PGE, as a strategic partner of the League for the Protection of Nature, participated in environmental, educational and ecological projects implemented by the LPN. Among the most important of these was the planting of trees in the Zwoleń Forest District in the territory of the Regional Directorate of State Forests in Radom.

As part of the cooperation with the League for the Protection of Nature, the publication of educational boards on the successes of active protection, a children's colouring book on energy conservation and efficiency, as well as a series of four nature webinars were carried out in 2023.

The organisation of a scientific conference on the protection of nature in urban areas was also an important part of this cooperation in 2023. The event, held on 27 September 2023 in Warsaw, was held under the substantive patronage of the Ministry of Climate and Environment. The conference dealt with aspects of environmental protection in cities, particularly in the areas of energy, environmental education, adapting cities to climate change or new EU support for cities. The event featured lectures and discussions, including on district heating networks and ecological technological solutions in combined heat and power plants, using the example of the Kraków CHP plant. Aspects of the garden city concept and the new European Bauhaus concept were also presented. The topic of pollinators in cities was extensively discussed by representatives of the Warsaw University of Life Sciences. They focused on the evaluation of initiatives to support wild pollinators, bumblebees in cities and environmental education for children. The meeting participants identified many of the threats and challenges to the protection and improvement of the environment in urban centres.

Revitalisation of the Crooked Forest

PGE also supports protected areas and natural monuments, including the Crooked Forest and the Solska Forests. It carries out such activities together with partners, i.e. the Gryfino Commune, the Gryfino Forest District and the Lublin Ornithological Society. The revitalisation of the Crooked Forest began in 2020. Within the framework of the project, two new experimental plantations from seeds harvested from crooked pines were established and a new nature trail with accompanying infrastructure was built.

In 2023, the Polish Postal Service introduced a stamp with an image of the Crooked Forest as part of a philatelic publication promoting the issue entitled "POLAND – SEE MORE". This is the result of activities aimed at popularising this unique natural site, carried out by the PGE Foundation, PGE S.A., the Gryfino Commune and the Forest District. The Crooked Forest stamp features a special QR code with a link to a promotional and information film created by the Gryfino Commune. Stamps can be purchased individually or in a sheet together with a stamp depicting a Bieszczady landscape with the San river and a view of the Otryt mountain range in the Western Bieszczady.

The Crooked Forest revitalisation project was completed in December 2023. Solutions were developed to enable visitors to sightsee this natural monument while ensuring that its natural substance was protected. Deckchairs, benches, litter bins, a photo wall and directional signs were created. Easy-to-read, colourful boards provide information on various hypotheses on the origin of the site and describe the natural ageing process of the forest. Various drawings and information were gathered for the purpose of preparing a guidebook to the site. At each deckchair or bench, there is a plaque with a QR code relating to video materials.

Solska Forests

In the Solska Forests, PGE and the Lublin Ornithological Society cooperated on the project entitled "The introduction of tranquillity zones for the white eagle and black stork in the Lubelskie Province and a part of the Mazowieckie Province". The project consisted in protecting and securing the breeding grounds of 200 protection zones around the nests of five bird species from the Polish Red Book of Animals: the white-tailed eagle, lesser spotted eagle, black stork, short-toed snake eagle, great grey owl and eagle owl in the Lubelskie Province, which directly contributed to minimising the risks associated with disturbing birds at their nests. The

outcome of the project was an increase in the knowledge of migration, dispersal and mortality of the above species through the use of coloured rings and making them readable. Through the implementation of the measures, nearly 8,000 hectares of forest habitats became protected through the creation of dedicated zones (200 protection zones, an average of about 40 hectares per protection zone). The conclusions of the project were presented in the form of a report with the results of conducted inspections. It was submitted to the Regional Directorate for Environmental Protection in Lublin, which establishes protection zones around the nesting grounds of the above-mentioned species.

2.7.2 Land rehabilitation

Land rehabilitation is one of the most important measures for restoring the use and natural values of post-mining areas and restoring their previous or shaping new environmental features. It also aims to ensure biodiversity.

PGE's ongoing land rehabilitation activities include the following stages:

- preliminary (preparatory) rehabilitation – it consists in determining what factors condition the correct course of the rehabilitation process. At this stage, elevation surveying is performed, mining maps are drawn up, as well as cost and design documentation is prepared,
- basic (technical) rehabilitation – it consists in stripping and grading operations, including earthworks, consisting in the proper shaping of the heap into a system of slopes and shelves, regulation of water relations by means of hydrotechnical facilities and equipment, as well as reconstruction or construction of access roads,
- specific (biological) rehabilitation – it consists in improving the air and water properties of the soil, eliminating excessive acidification, supplementing missing nutrients, introducing green and tree vegetation to recreate the biological conditions of the area and protect it against surface erosion,
- post-rehabilitation activities – they comprise the cultivation and maintenance of new seedlings, as well as the removal and replacement of dead ones.

As a result of the works carried out, the slopes and shelves of the dump are finally shaped, the slopes are stabilised by controlled rainwater drainage, the top layer of the soil is strengthened and the whole area is protected against erosion, the volume of rainwater runoff is reduced by increasing soil retention, the quality of water flowing from the dump is improved and fugitive emissions are reduced.

Poland's unique land rehabilitation process

The Bełchatów Lignite Mine conducts land rehabilitation activities on a large scale. One of the main land rehabilitation directions currently being pursued is that of forestry, which has a positive impact on the landscape and climate, improves water retention capacities and reduces water and air erosion. Land rehabilitation works are carried out on an ongoing basis in parallel with regular mining operations. To date, the mine has already rehabilitated more than 2,300 ha of post-mining land and handed over more than 1,700 ha of rehabilitated, afforested land to the State Forests. It can be provisionally estimated that about 5,500 ha (including protective strips of land around water reservoirs) will be eventually made available for afforestation purposes.

The rehabilitation of post-mining areas in the Bełchatów Lignite Mine is carried out on the basis of a technological project for the Bełchatów Field and the Szczerców Field, as well as on the basis of annual detailed technical projects for individual areas.

Mount Kamieńsk is a flagship example of comprehensive land rehabilitation efforts. It is the highest elevation in central Poland at 395 metres above sea level and was formed from 1,354 billion cubic metres of overburden removed in the process of excavating successive layers of lignite. At that site, land rehabilitation consisted in soil restoration and the planting of forests, which today are home to many plant and animal species. Through the development of land for recreational and sports purposes, Mount Kamieńsk has become one of the biggest tourist attractions in the region and central Poland. A ski lift, hiking and cycling routes and a 620-metre long sledge run make Mount Kamieńsk an important point on the map of summer and winter sports enthusiasts. In addition, a 30 MW wind power plant has also been built on the mountain.

PGE Górnictwo i Energetyka Konwencjonalna has also completed the formation of the second dump in the Szczerców Field. This process took 17 years and resulted in the creation of a "twin" Mount Kamieńsk. The dump was formed from almost 1 billion cubic metres of overburden covering lignite deposits. At present, the mountain has an area of 1,114 ha and a relative height of approximately 170 m. The rehabilitation of the

dump is being carried out in a forestry direction with a recreational function thanks to the planned planting of forests, as well as the building of cycle paths, a golf course, an autodrome, a hippodrome and a ski slope. A photovoltaic farm will also be built at the top of the mountain.

In 2022, the Bełchatów Lignite Mine obtained administrative decisions approving the rehabilitation of 143.3 ha of land in the Bełchatóww Field and 25.8 ha of land in the Szczerców Field for forestry purposes as completed.

In the area of the Bełchatów Field, works are underway on corrections and additions to afforestation related to the rehabilitation operations carried out in the previous years. The objectives of the rehabilitation process include the following:

- afforestation of the internal dump of the Bełchatów Field,
- afforestation as well as recreational, agricultural (cultivation of energy crops) and commercial (construction of a wind farm) activities on the external dump of the Szczerców Field,
- creation of water reservoirs in the mining pits of the Bełchatów and Szczerców Fields,
- recreational and sports facilities as well as afforestation in the shore areas.

Biological rehabilitation works were being carried out in 2023. All operations were conducted in accordance with the previously developed and approved schedule.

For the external dump of the Szczerców Field, sodding is currently being carried out on the hilltop as part of a biological enclosure, which consists in enriching the soil layer with plants (by sowing the area).

On the internal dump of the Bełchatow Field, an area of 45.6 hectares was used to carry out preparatory works for afforestation planned for the following year. Meanwhile, an area of 28.9 ha was sodded on the external dump of the Szczerców Field and forest trees were planted on an area of 20.7 ha. In addition, a forest stand of 16.3 ha was replenished.

The final land rehabilitation task of the Bełchatów Lignite Mine will be the rehabilitation of both pits, combined with the creation of a large water sports and leisure complex. The scale of difficulty of this project has no equivalent in Poland. Once mining operations are fully terminated, the Bełchatów Lignite Mine could become an important destination for water sports enthusiasts. More than 4,000 hectares will be turned into a reservoir for business or recreational and sports activities according to local needs.

Oxygen generating area of the Bogatynia Commune

The main task of the land rehabilitation process carried out at the Turów Lignite Mine is the shaping of a biotope for the subsequent afforestation of the post-mining areas, taking into account the diversity of the gradually developing micro-habitats, which increase the value of the ecosystem. This is due to the interaction of anthropogenic and biological factors on the raw formations constituting the bedrock of the developing soils.

In the case of the Turów Lignite Mine, the rehabilitation of the external waste rock dump, which has been carried out since the 1960s, is aimed at the afforestation of the area. The rehabilitated external dump of the Turów Lignite Mine Branch is a forest complex with the surface area of over 22 km^2, which constitutes an invaluable oxygen generating area of the Bogatynia commune. It is also a diverse natural environment in which habitats and ecological corridors are being created (habitats of a very large number of representatives of both the plant and animal worlds, including many rare and protected species). It is the largest process of this type in Poland, and one of the largest in Europe. Ultimately, the Turów Lignite Mine pit will be rehabilitated as a body of water and all areas above the water table will be afforested.

The effects of the performed rehabilitation works contribute first of all to the improvement of the quality of basic environmental components, i.e. air, water and soil. The fugitive emissions of particulate from the waste rock dump decrease in parallel to the growth of the afforested areas. The anthropogenic forest complex formed on the external dump contributes significantly to the increase of the afforestation rate of the industrialised region. Although the age structure of afforestation is characteristic of young forests, it is already an important landscape and climatic factor for the Bogatynia commune.

In 2023, the land leased from the State Forests (Pieńsk Forest District) underwent the process of biological rehabilitation, which was carried out in accordance with the Forest District's guidelines. The common pine was reintroduced into the area and silvicultural work was carried out to remove offshoots and regrowth (twice: the in spring and summer of 2023). The performance of the aforementioned work was a condition for obtaining a

final decision confirming the rehabilitation of the leased land. In August 2023, such a decision on the completion of the land rehabilitation operations was obtained (Decision of the Head of the Zgorzelec District Office) for a part of plot no. 298/1, precinct 0004 Turoszów AM-1 with a rehabilitation area of 8.65 ha.

Land rehabilitation at PGE Energia Ciepła

Once landfill sites in a particular area have been decommissioned, the company rehabilitates them and restores their functional and natural qualities. Vegetation is introduced, grass covers are made and trees are planted. In the next step, measures can be taken in such areas to integrate them into their surroundings. Where possible, measures are planned to restore land's economic functions by progressively extracting landfilled waste and using it for economic purposes. Stripping and grading operations are performed in order to adapt an area to various economic functions of an industrial, service or municipal character. Currently, there are 15 landfill sites in PGE Energia Ciepła branches, with the following operating statuses:

- active,
- closed, being prepared for rehabilitation,
- rehabilitated.

An example of the restoration of land's original functions is the rehabilitation of the decommissioned furnace waste landfill in Gorzów Wielkopolski, which started in 2021. The rehabilitation of the landfill site for non-hazardous and inert waste will be carried out in accordance with the applicable administrative decisions and the technical design developed in this regard.

The company is preparing a plan for a strategic approach to the use of landfill sites, including their development for the purposes of PV and other renewable energy sources. This will restore the functionality of these sites and also contribute to increasing opportunities for increasing the share of RES in the energy mix.

Land rehabilitation at PGE Energetyka Kolejowa

In 2023, the rehabilitation of a piece of land located in Białystok, following the rail disaster that had occurred on 8 November 2010, was completed. The final works carried out in December 2023 included the removal of the aeration and suction equipment, the dismantling of the connections to the technological openings, the securing of the openings by sealing and leaving them in the ground, as well as the subsequent levelling of the site.

2.7.3 Environmental protection research and development projects

In 2023, the PGE Capital Group implemented 27 research and development projects in the field of environmental protection with a total value of PLN 15.6 million. Cooperation in this area was conducted with 8 external partners.

#	Name of project	Company	Project objective	Project partners
Reduction of emissions				
1.	A hybrid electricity storage facility at the Żarnowiec Pumped Storage Hydro Power Plant	PGE S.A./ PGE EO/ PGE Invest 14 sp. z o.o.	The aim of the project is to build a battery-based electricity storage facility with estimated parameters of 200-205MW/800-820MWh at the Żarnowiec Pumped Storage Hydro Power Plant to support the operation of the Żarnowiec Power Plant and to balance generation from wind farms.	
2.	Energy storage facilities integrated with the photovoltaic farm on Mount Żar	PGE EO	The aim of the project is to build an energy storage facility integrated with a 500 kW / 750 kWh photovoltaic farm on Mount Żar and to examine in real conditions cooperation of such an energy storage facility with a photovoltaic farm and the way the energy storage system integrated with a PV farm affects the grid.	CIM-mes Projekt Sp. z o.o.
3.	A set of undertakings aimed at mitigating the negative impact of PV installations on the voltage parameters in the LV network.	PGE Dystrybucja	The aim of the project is to implement the assumptions proposed in the document "A model of operation and development of the distribution network with distributed energy sources", adopted in 2021 by the Management Board of PGE Dystrybucja S.A., by introducing elements of active management of the distribution system with regard to network infrastructure and system users, at the technical level utilising the potential of distributed RES energy sources and increasing the possibilities of their integration into the network, as well as improving the operation and planning of network development. Pilot installations will be built in three locations, i.e. Zamch Podkolonia 2, Dubiecko 2, Babice Młyn. They will ensure voltage stability in distribution networks, which can be destabilised, for example, by energy suppliers.	The project is to be executed by PGE Group experts within the scope of their competencies.
4.	The application of artificial intelligence based on neural networks to identify and eliminate risks in distribution networks with a high saturation of generation from RES sources.	PGE Dystrybucja	The aim of the project is to develop an autonomous distribution network control system. The control system will be based on artificial intelligence which, on the basis of collected data, both data received in real time and predictions of future states, will be able to make decisions resulting in the maximum exploitation of the RES potential in a given area of the network. The application of the system under analysis is crucial for areas with a high saturation of RES generation sources due to the exceedances of the standardised quality parameters that occur in them, which are the cause of generation constraints in installations and risks of damage to power equipment in the network. This translates directly into increasing losses for not only generators, whose installations are not operating at optimum capacity, but also the distribution system operator, who, due to numerous complaints from connected counterparties, has to upgrade the network to adapt it to the new operating conditions. The use of artificial intelligence in the system will allow dynamic optimisation of power distributions in distribution networks, taking into account data from a number of sources, including metering received from PMUs, the AMI system, power quality measurement devices, the SCADA system, inverters in PV installations, energy storage facilities, weather forecasts, information on network section failures/rebuilds and the operator's own predictions. Thanks to the inclusion of a large number of components, the analyses performed by the system and the resulting decisions regarding the choice of network configuration, changes to the operating profile of controllable devices in the network, or the increase/decrease of generation in given nodes, will guarantee the full utilisation of existing transmission capacities, while maintaining the normative power quality parameters. The system in question will be an overarching component of the SCADA system currently in use.	The project is to be executed by PGE Group experts within the scope of their competencies.

#	Name of project	Company	Project objective	Project partners
5.	CCS/CCU CO_2 capture demonstration plant	PGE EC	The aim of the project is to carry out a technical, economic and legal analysis of the feasibility of applying the CO_2 capture technology to a selected PGE EC generating unit. The developed set of documents will allow the initiation of an investment process with the aim of building a demonstration plant. Captured carbon dioxide can be sold to an external enterprise, used in the power-to-X technology or stored in a geological deposit. A decision on the final solution will be made at the project planning stage and the feasibility study will include an appropriate analysis of the issue.	PGE S.A.
6.	Treating flue gases from the thermal waste conversion process using a newly developed regenerable sorptive material	PGE EC	Increasing the effectiveness and reducing the cost of removing mercury (Hg) generated in the process of thermal waste treatment with energy recovery from flue gases by: 1) optimisation of the treatment process – mainly sorbent injection 2) development of a sorptive material as a cheaper alternative to the currently used pulverised activated carbon (PAC) Reducing the cost of the currently used sorbent (activated carbon), which is not regenerable, by replacing it with a cheaper sorptive material developed within the scope of the project, characterised by regenerability and reusability. Reducing the cost of the heavy metal flue gas cleaning process by optimising the process aimed at reducing sorbent consumption in relation to the amount of waste processed.	AGH (Academy of Mining and Metallurgy) in Cracow
7.	Environmental optimisation of coal-fired boilers at PGE EC	PGE EC	Environmentally safe as well as technically and economically efficient operation of coal-fired boilers in a situation of further and imminent tightening of the environmental requirements associated with the combustion of hard coal. Testing, under operational conditions, the environmental, technical and economic efficiency of an innovative method for the simultaneous reduction of SO_2 and No_x emissions. This will also allow optimisation of the method to be carried out under real-world conditions, which may enable its further development. Development and implementation of a model to manage the carburisation process and control the operation of flue gas cleaning equipment, taking into account compliance with FGD emission limits without the need for process plant upgrades.	Silesian University of Technology
8.	Pilot system for the production of green hydrogen from an offshore wind turbine (Wind2Gen)	PGE S.A.	The aim of the project is to demonstrate an innovative system for the production of low-carbon hydrogen for industrial purposes using a state-of-the-art wind turbine designed for the offshore wind market. If the financial benefits of the developed solution are confirmed (NPV >= 0), it will be possible to implement it in the PGE Group's planned Offshore Wind Farm projects, making them independent of the national grid (NPS) and potential shutdowns or reductions in permitted electricity production.	Partners within the Capital Group: PGE Energetyka Kolejowa S.A, PGE Energia Ciepła S.A, PGE Energia Odnawialna and GE Wind France SAS, GE Power sp. z o.o.

#	Name of project	Company	Project objective	Project partners
9.	An intelligent LV network reconfiguration system with a support system for assembly services	PGE Dystrybucja S.A.	The project will integrate switching units with a safety control system provided with new functionalities and create an IT module for dynamic optimisation of the operation of the power grid. The aforementioned switching units will be connected to a computational module. The solution will make it possible to connect the existing infrastructure with the network layout optimisation module in order to carry out operations of dynamic LV network reconfiguration, allowing for optimisation of energy losses and automatic isolation of failed network fragments. Automatic reconfiguration of LV networks both reduces technical losses of electricity distribution to consumers and enhances the reliability and flexibility of the power system. The application developed within the scope of the project for assembly services will provide accurate information about the place of fault occurrence, which will eventually limit the number of field trips of technical vehicles (to specific faults, without the need to locate them), thus reducing the number of kilometres driven and the level of exhaust emissions, as well as environmental damage caused during trips to locate faults.	Apator Elkomtech Globema
10.	Intelligent system for stabilising temporary power supply operation in a network with dense prosumer presence	PGE Dystrybucja S.A.	The business objective of the project is to implement the provisions of the "Quality Regulation 2018-2025" document by aiming to reduce CTP and CP outage rates by 25 percent during this period. In 2022, the reduction in the CTP rate using generators was 26.6 min/cust. An additional objective will be to improve the electricity quality parameters in accordance with the Regulation of the Minister of Climate and Environment of 22 March 2023 on specific conditions for the operation of the power grid (Journal of Laws of 2023, item 819). Meeting the reliability indicators is a challenge that must be met, among other things, by supplying electricity to consumers during scheduled maintenance of the network. When testing power supply from the generator, the installed PV cells switch on, providing a return voltage that shuts down the circuit. As a consequence, work is carried out without supplying power to customers despite having generators, which, in turn, is not in line with the trends set for DSOs by the ERO. The alternative is to use mobile energy storage facilities (high expense and heavy weight making transport difficult).	NRG Project SILTEC
11.	Intelligent load optimisation system for HV lines – Heimdall Power	PGE Dystrybucja S.A.	The solution is based on the latest hardware and software solutions. The basic element of the system is an autonomous set of sensors and measuring devices installed in a closed enclosure of severely limited dimensions, designed for installation directly on a line's service conductors and requiring no additional maintenance during its lifetime. Heimdall Power's solution is easy to install and, in particular, does not require precise calculations of the location on a service cable. The unit is prepared for live installation. The presented solution uses the temperature measurement of the cable as a basis, and additional equipment for ice and vibration detection can be used. Particularly noteworthy is the fact that the communication solutions used in the Heimdall product provide access to real data online, even for line sections where there is no radio coverage. In such a situation, information from a line section is passed between successive sets of sensors until communication with a cloud is achieved, allowing the system to be installed on lines in any area and to achieve increased reliability.	Heimdall Power

#	Name of project	Company	Project objective	Project partners
12.	Using artificial intelligence to find anomalies in electricity metering and billing systems	PGE Dystrybucja S.A.	The main objective of the project is to create a system that will automatically analyse data collected in the currently used IT systems and from metering devices installed deep in the power grid by eliminating erroneous connections in metering systems and illegal energy consumption. Conducting continuous and comprehensive analyses of collected data will allow for the correct billing of the consumers of electricity distributed by the DSO (reduction of commercial and technical losses) and the improvement of energy quality parameters, which entails a smaller number of complaints and claims. The state-of-the-art software will provide greater precision in searching for potential anomalies. This will ensure improvement in the company's profitability and operational efficiency. It is important to analyse data in terms of electricity quality parameters and to identify the sources and causes of disturbances.	Pysense sp. z o.o. Łódź University of Technology
13.	A photovoltaic laboratory	PGE Energia Odnawialna S.A.	The aim of the project is to build a photovoltaic laboratory based on different solar energy conversion technologies in PV cells and to compare the parameters of monocrystalline, polycrystalline, thin-layer cells based on products offered by different manufacturers with different declared quality parameters. An analysis of optimising several types of installed inverters, including inverters for prosumer applications, with different types of PV panels and test cooperation with several types of energy storage facilities (prosumer batteries).	City of Siedlce
Reduction of the amount of pollutants in wastewater				
14.	A demonstration installation for the INNUPS technology – the removal and recovery of heavy metals and boron from FGD wastewater based on the ion exchange resins method	PGE EC	The objective of the project is an analysis of sales opportunities for metal concentrates and calcium borate recovered from an INNUPS installation. This project is related to an investment project in which a demonstration installation based on the INNUPS technology is being constructed in Gdynia. The installation under construction is based on a system of ion exchange columns with the primary purpose of removing metals, metalloids and boron from wet desulphurisation wastewater. As part of the project, the installation will have to ensure the ability to meet the requirements of the BAT Conclusions. The aim of the research project will be to obtain metal and boron concentrates from the regeneration of ion exchange columns and the recovery of metals from non-regenerable resin, and then to assess the market value of the resulting products.	Purolite sp. z o.o.
15.	Examination of the process of removing ammonium nitrogen from wastewater generated by an FGD plant by means of the transmembrane chemisorption method	PGE GiEK S.A.	The aim of the project is to examine the feasibility of using transmembrane chemisorption to remove ammonium nitrogen from wastewater generated in a flue gas desulphurisation plant at the Opole Power Plant, to determine the parameters of the main process, the type and parameters of the associated processes, so as to obtain data for the design and implementation of an industrial-scale plant that will allow savings in CAPEX and OPEX compared to a stripping plant, and will not produce a by-product that is waste for the power plant.	None
Circular Economy				

#	Name of project	Company	Project objective	Project partners
16.	Development of an innovative technology for the recycling of TW blade composite materials and the production of new glass and carbon fibre products.	PGE Ekoserwis sp. z o.o.	The aim of the project is to develop a new business model and build the PGE Group's competitive advantage in the area of wind turbine blade waste recycling, including the development and verification of technical and economic assumptions for waste management and recovery of valuable materials from wind turbine blades.	Partners within the Capital Group: PGE Baltica Sp. z o o., PGE S.A. and the Łukasiewicz Research Network – Institute of Electrical Engineering
17.	Development of new mixtures dedicated to the construction and mining market, based on extraction by-products from the company ZOWER	PGE Ekoserwis sp. z o.o.	Due to the increasing demand for road, construction and mining mixtures, there is a need for the commercial use of aggregate generated in the company ZOWER's coal recovery plant. The project will consist in the development of innovative mixtures based on extraction by-products processed for coal recovery at the company ZOWER's plant in Czerwionka-Leszczyny. Aggregates sourced from ZOWER will be used to develop new or improved construction mixtures to be manufactured at the Rybnik Production Plant. This will increase the circularity of raw materials used within the Group. On the basis of conducted tests, the application areas for newly developed solutions will be identified and the procedure for launching new products on the market will be carried out.	ZOWER Sp. z o.o.
18.	Innovative applications for waste generated in the process of the thermal treatment of municipal waste	PGE Ekoserwis sp. z o.o.	The business objective of the project is to develop an economically efficient way for PGE Ekoserwis to utilise waste from a municipal thermal treatment plant by developing and commercialising new products for the construction market, in the form of aggregates or ready-mixed binder-bound mixtures.	PGE Energia Ciepła S.A.
Development of energy storage facilities – investment projects				
19.	Large-scale energy storage facility Gryfino I	PGE INWEST 22 sp. z.o.o	The aim of the project is to build an energy storage facility with a power of approximately 400 MW and capacity of 1600 MWh. The implementation of the project will strengthen the PGE Capital Group's position as a leader in the electricity storage market and in the provision of system services with the simultaneous provision of support for its main business lines.	Partners within the Capital Group: PGE EO, PGE GiEK
20.	Distributed energy storage facilities	PGE INWEST 21 sp. z.o.o	The aim of the project is to build 50 energy storage facilities with a power of 268 MW and capacity of 1072 MWh. The venture will cover 50 locations across 44 communities.	Partners within the Capital Group: PGE EO
21.	Large-scale 200 MW energy storage facility	PGE INWEST 23 sp. z.o.o	The aim of the project is to build an energy storage facility with a power of approximately 200 MW and capacity of 800 MWh. The implementation of the project will strengthen the PGE Capital Group's position as a leader in the electricity storage market and in the provision of system services with the simultaneous provision of support for its main business lines.	Partners within the Capital Group: PGE EO
22.	Large-scale energy storage facility Gryfino II	PGE INWEST 24 sp. z.o.o	The aim of the project is to build an energy storage facility with a power of approximately 100 MW and capacity of 400 MWh. The implementation of the project will strengthen the PGE Capital Group's position as a leader in the electricity storage market and in the provision of system services with the simultaneous provision of support for its main business lines.	Partners within the Capital Group: PGE EO, PGE GiEK
23.	Large-scale energy storage facility Abramowice	PGE INWEST 25 sp. z.o.o	The aim of the project is to build an energy storage facility with a power of approximately 50 MW and capacity of 200 MWh. The implementation of the project will strengthen the PGE Capital	Partners within the Capital Group:

#	Name of project	Company	Project objective	Project partners
			Group's position as a leader in the electricity storage market and in the provision of system services with the simultaneous provision of support for its main business lines.	PGE EO, PGE Dystrybucja
24.	Construction of three energy storage facilities at the following locations: Warta, Jeziorsko, Cisna	PGE Dystrybucja S.A.	As part of the project, PGE Dystrybucja S.A. has selected three locations in its area that are optimal for the construction of energy storage facilities with the aim of improving the parameters and reliability of power supply to consumers and increasing the flexibility of the grid in locations where it is possible to use the advantages of energy storage facilities as an alternative to traditional grid expansion, while taking into account economic viability.	None
25.	Integration of energy storage facilities with existing wind parks	PGE Energia Odnawialna S.A.	The aim of the project is to develop battery-based electricity storage facilities integrated with the existing wind farms owned by PGE Energia Odnawialna S.A. with a view to achieving readiness to provide balancing services.	None
26.	Programme for the construction of energy storage facilities at RES hybrid installations	PGE Energia Odnawialna S.A.	The aim of the programme is to build energy storage facilities as part of RES hybrid installations at planned wind farms and wind power plants.	None
27.	Construction of a pumped storage power plant in Młoty	PGE Inwest 12 Sp. z.o.o	The aim of the project at the investment preparation stage is to assess the conditions and possibilities for the construction of a pumped storage power plant in Młoty, analyse the legal status of the real property, carry out an environmental inventory, and conduct preparatory activities for the execution of the project.	NEPWMF

2.7.4 Circular Economy

| GRI 3-3 [waste management] | GRI 306-1 | GRI 306-2 |

Implementing the principles of the circular economy in all operational areas, in line with PGE's strategy, is one of the methods of achieving the goal of climate neutrality by 2050. The measures taken by PGE to close raw material cycles are aimed at optimising the use of resources, protecting natural resources and minimising the adverse impact on the environment, including by reducing the amount of generated waste.

Fig. Environmental and social effects of implementing circular economy products

The following processes and assets are classified as being in line with the circular economy principles:

- extending the life cycle of raw and other materials,
- reducing energy losses and material waste,
- converting waste into commercial products in order to minimise waste generation,
- rehabilitating brownfield sites and restoring their commercial potential.

National and international guidelines in the area of circular economy

The PGE Group operates in accordance with national and international guidelines in the area of circular economy, primarily those based on the legislative and non-legislative initiatives of the European Green Deal. In its resolution of 15 January 2020, the European Parliament called for the necessary transformation of the European society into a climate-neutral society by 2050 at the latest. The European Green Deal provides a roadmap for a more efficient use of resources through the transition to a clean, circular economy, and for preventing the loss of biodiversity and reducing pollution levels. The strategy also aims to protect, preserve and enhance the EU's natural capital and protect the health and well-being of citizens against environmental risks and negative impacts.

With respect to national regulations, the resolution on the adoption of "The roadmap for the transition towards a circular economy" of 10 September 2019 obliges national legislators to act towards reasonable waste management. The roadmap focuses, on the one hand, on general measures to create conditions for the development of a bioeconomy in Poland and, on the other hand, on promotion and development measures for the creation of local value chains, in the industrial and energy generation sectors. A change in thinking about the production of goods is expected to contribute to a sustainable, low-carbon, resource-efficient and competitive economy.

A circular economy encompasses all stages of a product's life cycle, from sourcing raw materials through product design, production and consumption, as well as waste collection and disposal. It is important that waste, if already generated, is treated as a secondary raw material and is returned to production processes. Building a circular economy is expected to increase the innovativeness of Polish enterprises and make them more competitive on international markets.

Dedicated business segment of the Circular Economy

A dedicated Circular Economy segment has been established within the PGE Capital Group. It is responsible for promoting, creating and implementing the principles of the circular economy throughout the PGE Group and increasing the degree of utilisation of raw materials used in energy generation processes. It is a response to the challenges of the Polish economy both in the long term and in the coming years as an important part of the energy transition process. An effective circular economy model will enable an energy transition properly addressing the national challenges of waste-free and environmentally friendly energy.

The leading company in this segment is PGE Ekoserwis, which has decades of experience in utilising combustion by-products generated by the energy sector in various commercial undertakings. Annually, the company recycles nearly seven million tonnes of waste and by-products coming from the energy industry. This results in more than 200 products and product variants manufactured from combustion by-products.

The Circular Economy segment's activities are focused on the development and implementation of ecological and economic solutions in the area of raw material resources and post-industrial waste typical of the energy sector. The main objective of the new segment is the coherent, strategic and business-oriented management of post-industrial raw material streams in line with the circular economy principles, taking into account environmental protection and sustainability.

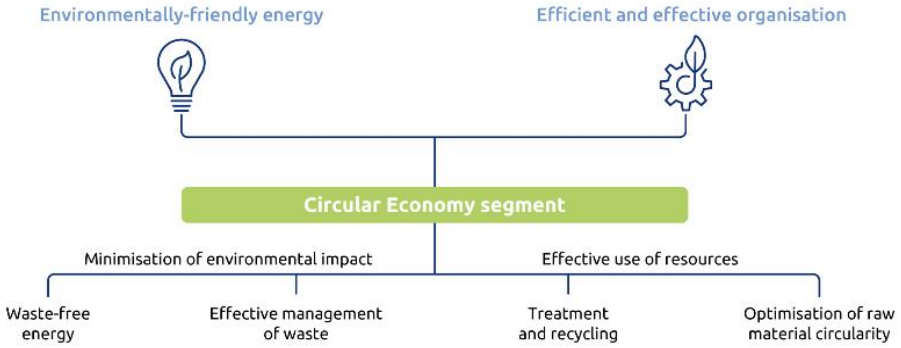


Fig. Implementation of the PGE Capital Group's strategic priorities within the Circular Economy segment

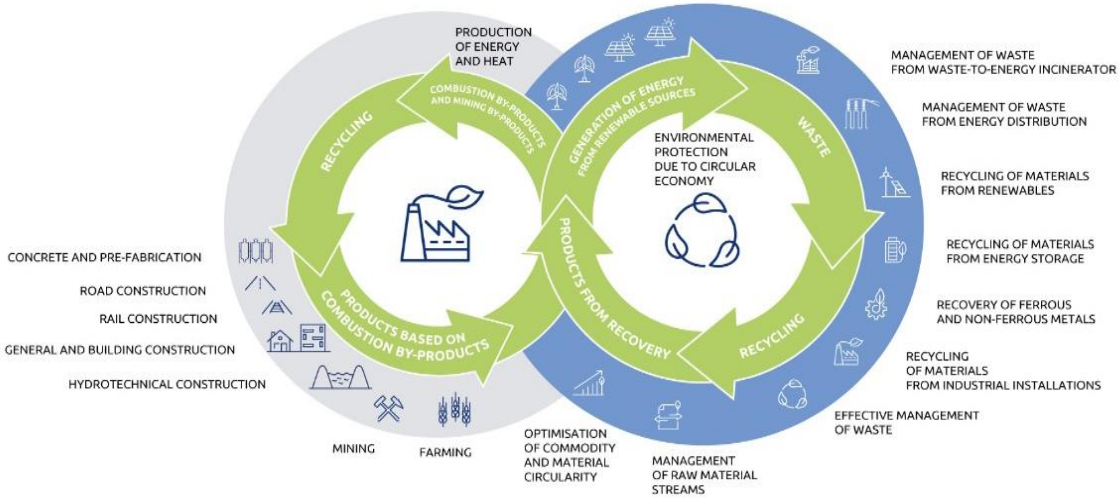


Fig. Present and future model for the management of the circular economy in the PGE Capital Group

Adequately ensuring the use of secondary raw materials involves implementing the principle of priority for such raw materials in economic processes. The EU circular economy package, which in principle limits and ultimately eliminates their storage, is a major challenge for the energy and mining sectors. It is at the same time an opportunity for these sectors as well as the benefit of preserving natural resources for future generations and reducing their impact on the environment.

The environmental and social effects of implementing circular economy principles and products:

- reducing CO_2 emissions through the use of secondary raw materials in carbon-intensive industries,
- saving natural resources through the use of anthropogenic materials,
- restoring the natural character and economic potential of brownfield sites,
- reducing storage of waste in landfills and decommissioning existing landfill sites,
- participating actively in the transformation of regions, including for the benefit of local communities,
- developing mobile technologies – production of mixtures for the rehabilitation of degraded land, e.g. in consequence of mining operations,
- performing environmental assessments and standardisation procedures – implementation factory production control systems, maintaining reproducible parameters to ensure the functions of products in line with environmental regulations.

Combustion by-products

By-products of combustion are the result of electricity and heat production in power generation units fired with fossil fuels. The management of combustion by-products in the PGE Group, based on the circular economy principles, leads to the use of waste as valuable substances in other branches of the economy (the cement, construction, road building and mining industries), and in consequence to a reduction in the volume of final waste.

By-products of combustion successfully replace natural raw materials (e.g. natural gypsum, aggregate), thus reducing their extraction as well as emissions that accompany their extraction. The responsible use of secondary raw materials, such as gypsum from flue gas desulphurisation plants, is a good example of implementing the principle of priority for secondary raw materials in economic processes. Such measures help to protect fossil resources for future generations.

The reuse of furnace waste in various industrial sectors brings tangible environmental benefits:

- it does not lead to the need to allocate new land for the construction of landfill facilities and associated infrastructure,
- it reduces the use of natural resources (e.g. natural gypsum, aggregate), thereby reducing the degradation of land associated with their extraction,
- it leads to a reduction in the nuisance of landfill sites, both for people and the environment,
- it reduces the cost of doing business.

In pursuing its strategy, PGE places great emphasis on developing solutions that maximise the commercial utilisation of raw materials and waste, thereby meeting environmental and climate protection objectives. In terms of waste management, waste recycling and landfill volume reduction indicators have been set for the period until 2035 in the form of two goals:
- recycling above 65 percent, and
- landfilling of no more than 10 percent of generated waste.

The waste management methods used by PGE with regard to combustion by-products are developed using its own research and development facilities and laboratory, and are supported by leading scientific and research units with which PGE cooperates on an ongoing basis. Generation combustion by-products and gypsum are monitored for quality.

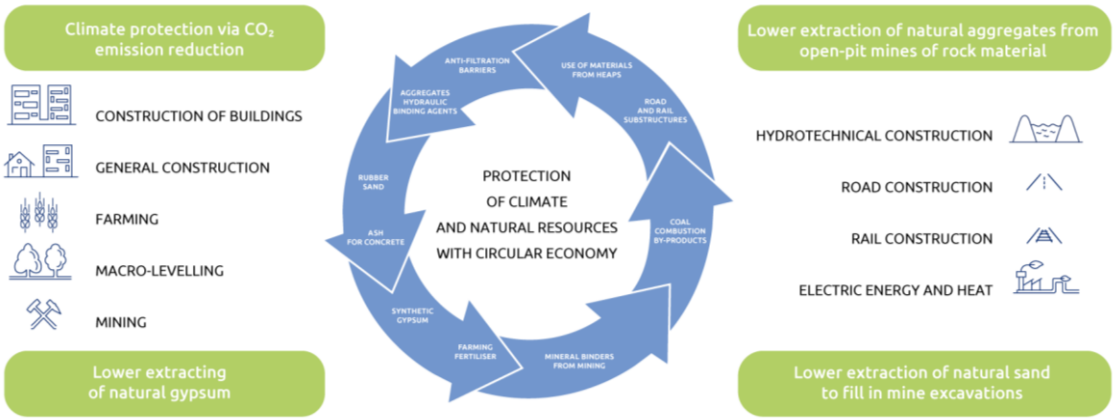


Fig. Industries to which PGE sells combustion by-products in the form of commercial products or raw materials and their relationship to the circular economy

Cement and concrete manufacturers, ceramic producers, as well as mining and road construction companies benefit from the use of proven and safe solutions. Products made using combustion by-products meet all the requirements applicable to building materials and products.

The process of using combustion by-products in the construction industry is supervised by the Building Research Institute. Such products are also registered under the international REACH system. As part of the registration, combustion by-products underwent comprehensive toxicological, ecotoxicological and mutagenic tests in accordance with the requirements set out by the European Chemicals Agency (ECHA). The tests were performed in laboratories of the highest global standard and unquestionable reliability. The results of the tests clearly confirmed that these substances are safe and pose no risk to humans, animals or the environment. Their use does not have to be restricted in any way because of their environmental impact.

By-products of combustion are also used in the rehabilitation and macro-levelling of post-industrial and degraded land, restoring many areas to their former landscape and natural conditions. They are also widely used in the mining industry to protect the structural integrity of pits.

By-products of extraction

The minerals accompanying lignite deposits, referred to as extraction by-products, play an important role in the sustainable supply chain of raw and other materials. These include limestone, lake chalk, sands, clays, flint cobbles and erratic boulders in the form of granitoids and other Scandinavian rocks. Tue utilisation of such minerals contributes to rational lignite deposit management and protection of the earth's surface.

The rehabilitation of post-industrial sites is an integral stage in the process of terminating mineral extraction operations. The decommissioning of pits is aimed at making them usable and restoring them to the environment. In the case of lignite pits, international experience shows that water-oriented land rehabilitation is the most popular. To this end, macro-levelling is carried out using the earth and rock masses accumulated during the exploitation phase to suitably shape the area for leisure, recreational, sports or other purposes. Rehabilitated land can also be an attractive site for investment in renewable energy sources. The location of such sites close to energy connections will allow them to be used for wind farms, photovoltaic form or energy storage facilities in the future.

Circular Economy Research and Development Centre

In an era of transition, PGE faces new challenges in developing and implementing technologies for the management of waste and recovery of resources from renewable energy installations. In a short time horizon, such technologies will also offer the potential for optimal utilisation of such materials in accordance with the principles of the circular economy. In order to be able to do this, specialist knowledge and competencies as well as dedicated research and development activities in this area are required. This is why the Circular Economy Research and Development Centre located in Bełchatów was opened in December 2022. It is a centre of research and development competencies responsible for developing and implementing solutions aimed at optimising the use of industrial waste from the energy sector and the recovery of valuable raw materials from decommissioned RES installations.

The Centre’s main task is to develop technologies for waste processing, raw material recovery and the manufacture of commercially viable products from obtained resources, as well as to develop specialised solutions for renewable energy sources used in photovoltaic installations and wind farms. The Centre is an important entity for the development of innovation. Through cooperation with other research organisations, it will develop environmentally friendly solutions. The Centre currently consists of the following organisational units: the Research and Development Department (the Recycling and Recovery Section and the Production Technology Section), the Laboratory Department and the Production Control Department.

By creating new technologies, recipes for the use of anthropogenic raw materials from the energy industry, the Centre reduces the environmental impact of the PGE Group, ensures the supply of materials by diversifying the sources of their acquisition (e.g. through recovery and reuse projects). It also participates in and carries out company-level environmental assessments (ITB, LCA, PEF), and develops production control documentation for products based on anthropogenic raw materials.

The Centre is also another element of the transformation of the Bełchatów region, which is being conducted by PGE. Unique on a national scale, the Centre attracts many specialists to Bełchatów and plays an important

role in its development. It improves processes by increasing the achievement of objectives related to the implementation of environmental and economic strategies in order to optimise costs (for example by minimising environmental fees) and expenditure (by increasing access to green financing) in the following scopes:

- activities supporting the generation of electricity and heat through an integrated approach to implementing the best available techniques in environmental protection, in particular by preventing waste and restoring the value of brownfield sites,
- manufacture and supply of safe products, goods and commodities based on anthropogenic materials generated by the energy sector. As far as supporting activities are concerned, the Centre integrates the spheres of technology, legal and environmental considerations, management of waste streams and by-products, development of research products and processes in the R&D area, including in particular implementations in the economy,
- broadening the range of options for implementing environmentally sustainable projects, the Centre optimally integrates environmental, regulatory, social, organisational, technological and business objectives contributing to the following:
- increasing the PGE Group's capacity to conduct operational and support activities in line with the principles of sustainable development (including the Taxonomy) and to meet the environmental objectives of strategic documents from different levels of environmental management,
- developing R&D infrastructure to optimise the practical conduct of industrial research and development, in particular in the area of circular economy and clean energy towards climate neutrality,
- providing greater opportunities to programme the closing of circuits in the economy in the various phases of the life cycle of by-products generated by the energy sector, thus preventing the generation of waste,
- improving the implementation of the looping model, in particular through the creation of new (improved) technologies or products for the economy based, among other things, on anthropogenic raw materials,
- enhancing opportunities for economic/industrial symbioses with third parties and local communities, particularly with a view to preventing or managing waste, for example by the rehabilitation of degraded land,
- participating actively in projects aimed at retraining PGE employees by entering into partnership projects, e.g. the Industry Skills Centre for Environmental Protection and Waste Management,
- developing new models and technologies to rehabilitate degraded land, including brownfield sites, for local communities based, among other things, on anthropogenic raw materials.

The implemented solution aims to influence transformation processes in such a way as to increase the selection of options that facilitate sustainable development, are economically viable, and implement the requirements of regulatory and policy documents from different levels of environmental management.

2.7.5 Waste

| GRI 3-3 [waste management] | | GRI 306-2 |

The activities of PGE Group companies, in particular the generation of electricity and heat in power plants and combined heat and power plants, result in the production of waste that cannot always be reused or utilised. With a view to protecting natural resources and minimising the impact on the environment, the activities of the PGE Group are aimed at reducing the volume of waste deposited in landfills.

Since 1 January 2020, PGE Group companies have actively participated in the national Waste Database system and fulfil all obligations in this respect on an ongoing basis. This has allowed the development of an effective tool for all participants in the waste management process in the respective companies' branches. In PGE Group companies, this task is executed in accordance with the provisions set out in the relevant administrative decisions (integrated permits and sectoral decisions).

Waste management in power plants and lignite mines

The minerals accompanying lignite deposits play an important role in the sustainable supply chain of raw and other materials. All generated waste that is not utilised on the companies' premises is transferred to external companies that hold relevant permits and authorisations in this respect.

Bełchatów Power Plant

The combustion of lignite at the Bełchatów Power Plant produces fly ash and furnace slag, while flue gas desulphurisation produces synthetic gypsum (as a by-product). The predominant direction of the management of substances generated in the process of fuel combustion is their disposal at the "Zwałowisko" (the area of the former Bełchatów Field pit) and "Lubień" (the area to west of the Bełchatów Power Plant) furnace waste landfills.

Fly ash from the ash removal processes in the electrostatic precipitators is transported to retention tanks, each with a working capacity of 1,800 m^3 and equipped with one or two loading sleeves, depending on the type of both tank and ash. The volume of ash that is not collected by external customers is transported to a facility turning it into suspension, which is subsequently deposited at the "Lubień" landfill site. The other type of waste produced during the combustion of lignite is slag, which is transported hydraulically to the "Zwałowisko" landfill site.

At present, the Bełchatów Power Plant operates three landfills for non-hazardous and inert waste: the Zwałowisko and Lubień sites, where the ash-slag mixture is stored, and the Rogowiec site, where gypsum waste and some no-longer-recoverable production waste is stored.

Some fly ash is considered a by-product and can be further utilised in accordance with the relevant administrative decision. It is advisable to increase the volume of such utilisation, which will lead to a reduction in the amount of waste deposited in landfills. Work is currently underway to allow for the utilisation of the entire volume of the ash-slag mixture produced at the Bełchatów Power Plant. It is assumed that more and more ambitious targets will be established in this respect every year.

The entire volume of gypsum produced at the Bełchatów Power Plant is sold to market customers, with by far the largest volumes being taken by a major building materials manufacturer.

Turów Power Plant

The methods of waste management, as well as the volumes of waste generated at the Turów Power Plant, comply with the conditions set out in the applicable integrated permit. The amount of generated waste depends on completed investment projects and the extent of operations carried out at a given installation. In order to prevent the need to deposit furnace waste in a landfill, this waste undergoes a recovery process. The management of furnace waste in the recovery process consists in depositing waste in areas that have been adversely transformed as a result of the mine's lignite extraction operations.

Such waste generated at the Turów Power Plant is handed over for disposal purposes only to entities holding relevant administrative decisions for waste management activities.

Synthetic gypsum produced at the flue gas desulphurisation plant is classified as a by-product that can be used in agriculture as fertiliser and in the construction industry as a raw material. PGE Ekoserwis is the sole recipient of gypsum produced at the Turów Power Plant.

Due to the commissioning of unit 7 with a flue gas desulphurisation wastewater treatment plant in 2021, new types of furnace waste and sludge from the FGD wastewater treatment plant are generated at the Turów Power Plant.

Because of numerous changes in legislation in the area of waste management, the Turów Power Plant monitors changes in the law on an ongoing basis and introduces applicable adaptation measures, if necessary.

Opole Power Plant

The Opole Power Plant produces by-products from fuel combustion (slag, fly ash) and the operation of the flue gas desulphurisation plant (synthetic gypsum), as well as fly ash as waste (non-quality fly ash) and insignificant amounts of other waste obtained from fly ash flotation (microspheres). These substances are the result of the operation of the old units 1 – 4 and the new units 5 – 6.

All power generation units have their dedicated flue gas desulphurisation plants. All synthetic gypsum (a by-product) is collected by the companies Knauf Bełchatów sp. z o.o. and PGE Ekoserwis S.A. Fly ash recognised as a by-product is utilised in the construction and cement industries. Recognised as waste, coal fly ash is used in the mining industry. It was assumed that the power plant would not store its combustion by-products and all of them would be allocated for commercial utilisation. The Opole Power Plant has a furnace waste landfill site, but due to the commercial utilisation of all generated combustion by-products, no more waste has been deposited there since 2000.

Dolna Odra Power Plant

The Dolna Odra Power Plant generates mainly furnace waste in the form of mixtures of ash and slag. It is deposited in the furnace waste landfill located next to the fuel combustion plant. Microspheres and sludge from flue gas desulphurisation treatment plants are produced in negligible quantities. Coal fly ash, which is considered a by-product, is collected by PGE Ekoserwis. Gypsum is also produced as a by-product. Its recipient is PGE Ekoserwis.

Rybnik Power Plant

The Elektrownia Rybnik hands over its combustion by-products to the company PGE Ekoserwis for further utilisation. It should be emphasised that in 2023 ash and slag were produced exclusively as by-products, while gypsum was produced as a product.

In 2023, all gypsum generated by the plant's operations was earmarked for sale as synthetic gypsum. It is used in the construction industry for plasterboard and fertiliser products (AgroSulCa, AgroSulpur, Sulfagro). The products placed on the market are of marketable quality and meet all requirements of the applicable standards, approvals and certificates.

Waste at the Rybnik Power Plant branch is handled in accordance with the waste hierarchy. In 2023, no ash, slag and gypsum waste was generated at the branch, and it was entirely utilised as products and by-products, thus contributing to waste generation prevention.

Any industrial waste that was generated in 2023 was selectively collected in designated areas so that internal and external factors did not affect its physical and chemical properties. The branch handed over the waste stored in this way to reputable companies holding relevant decisions and authorisations for waste management. Most of the industrial waste was handed over for recycling or other recovery processes. Examples include sludge from the wastewater treatment plant at the wet flue gas desulphurisation plant, which is used to obtain materials for the rehabilitation of degraded land, as well as scrap metal, which is transported to steel mills and melted down into secondary raw material.

Turów Lignite Mine

Generated waste is handled on the basis of the applicable hierarchy, primarily in accordance with the principle of preventing waste generation. All waste is collected according to waste segregation principles and pre-stored in designated areas. The waste storage facility is equipped to minimise the volume of waste.

Recyclables are collected selectively in separate containers. All waste is handed over for handling and utilisation to authorised waste collecting enterprises. Only two types of waste that are not suitable for further use are sent directly to a landfill.

The mine operates a dedicated process for the recovery of furnace waste from the Turów Power Plant Branch (the so-called R5), which consists in filling in areas that have been adversely transformed, i.e. the decommissioned part of the pit. Sewage sludge from the domestic sewage treatment plant is a valuable fertilising and soil-improving substance used in the biological rehabilitation of post-mining areas. The waste recovery process consists in mixing furnace waste with overburden and then filling the mine's decommissioned workings with the resulting mixture, in accordance with the conditions set out in the applicable waste treatment decision. Ultimately, the pit area together with the internal dump, where the recovery of furnace waste from the Turów Power Plant is carried out, will be rehabilitated for afforestation purposes.

The Turów Lignite Mine uses humus removed during foreland preparation operations as sodding material protecting the surface of the internal dump against excessive dusting.

Bełchatów Lignite Mine

Waste management at the Bełchatow Lignite Mine is carried out in accordance with the legal acts applicable to business activities relating to waste management. Its main objectives are to ensure the protection of the life and health of the population and the environment in accordance with the principles of sustainable development, to prevent and reduce waste, to carry out waste recovery or disposal, as well as to take measures to reduce its negative impact on the environment.

Storage and recovery of generated waste are carried out at the mine site. Waste is stored selectively, depending on its type, with pre-separation of recyclable waste, in separate and adapted areas, with a prohibition on mixing, and in conditions that prevent the release of harmful substances into the environment as well as access of unauthorised persons and animals to stored waste, in appropriate containers or in bulk.

PGE Energia Ciepła

Most of the post-processing output is transferred to external customers, either as waste or as a by-product. Periodically, there are situations where the amount of the post-processing output transferred to recipients is greater than the amount of the currently generated output, due to the transfer of waste to external customers from previous periods' storage inventories. If waste has no economic use, it is transferred to the landfill. In recent years, these are marginal quantities in relation to the total waste output. The by-products of combustion are handed over to third parties for utilisation, which, in line with the regulations recommending a circular economy model, should be considered a desirable course of action. In view of the regulatory context and the power supply transformation processes, a gradual reduction in the volume of post-processing waste output should be expected in the coming years. The substances produced at PGE Energia Ciepła, which are used as raw materials for production, are monitored on a continuous basis. They undergo a number of production-approval tests, which provides a guarantee of their quality and safety in use.

PGE Energia Odnawialna

The company's waste management processes are carried out in accordance with the Waste Handling Act, internal regulations, e.g. the Waste Management Procedure at PGE EO, and the provisions set out in the relevant permits for the generation of hazardous and non-hazardous waste.

Municipal waste generated by the company is properly segregated and then collected by authorised external enterprises with which appropriate contracts are concluded. Hazardous and non-hazardous waste, on the other hand, is handed over to enterprises holding relevant permits for the collection, transport and disposal of waste. In accordance with the Waste Handling Act, records of waste generated and transferred are kept in the waste database information system.

The handling of used oil is definitely in line with the circular economy principles. Oil necessary for the correct functioning of hydro- and turbine-sets is treated and purified for reuse on an ongoing basis. Systems are also in place to minimise oil consumption and increase oil reuse potential. These include oil vapour capture systems, sealed oil sumps, as well as oil separators and removers. The resulting waste is handed over to waste recycling or disposal enterprises. Waste heat from block transformers is effectively utilised in the company's branches. Thanks to dedicated recovery systems, heat is supplied to local district heating networks.

Faulty equipment or other items first undergo tests to check whether they can be repaired or reused before being classified as waste. Some parts or components from faulty equipment are disassembled and used in other equipment. The same applies to materials that can be used in other applications, such as pipes, sections, shafts and raw metals. The company also sells its waste such as scrap metal and used oil. Old oil can be reused after it has undergone a regeneration process.

PGE Dystrybucja

The company makes rational use of its resources. All generated waste that is not utilised on the company's premises is transferred to external enterprises that hold relevant permits and authorisations.

The generated volume of hazardous waste decreases year by year. Particularly noteworthy is the significant reduction in the generation of non-hazardous waste. In the case of PGE Dystrybucja, the volume of produced waste depended on the scope of operations carried out on the power grid, the occurrence of failures and investment projects under execution.

The development of the Live Working technology, which is considered to be a modern technology of conducting power network operations without the necessity of shutting down power supply lines, influences the maintenance of the quality standards of the transmission and distribution services, as well as reduces losses in the transmission of electricity. An important advantage of the Live Working technology is also the extension of the operating time of switching devices (disconnectors, interrupters and circuit breakers), which has an impact on reducing the amount of waste generated in this area. On the premises of the Zamość branch (in Krasnobród) there is a modern training ground where employees learn and practise how to perform work on live elements of electricity networks.

PGE Energetyka Kolejowa

The company generates waste resulting from its operation relating to the maintenance and construction of the overhead contact line network and power supply facilities. In the course of upgrading network substations, typical construction waste is generated, such as rubble, waste ceramic materials and used equipment.

In late 2022/early 2023, the company started to implement a waste management monitoring solution within the Ekostrateg IT system, a solution that interacts with the ministerial waste database and enhances the company's ability to analyse and strictly supervise waste handling processes. The system allows reports to be generated from the waste database in an automated manner, thus significantly reducing the amount of work required to produce such reports (without the Ekostrateg system, this would have to be done manually).

In 2023, a project was launched to analyse business or legal needs and possibly obtain administrative decisions in the area of waste management. All locations of PGE Energetyka Kolejowa's administrative, office and storage facilities are subject to verification. Among other things, the costs of adapting individual locations to different waste management models or local legal considerations (e.g. exclusions in local zoning plans regarding waste) are taken into account. The end result is expected to be necessary changes aimed at optimising the waste management process, one of the options under consideration being the creation of HUBs to serve as waste storage facilities.

One of the challenges the company has been facing for many years is the removal of asbestos from its energy facilities (asbestos-containing equipment and asbestos-cement panels) as well as administrative and office facilities. Asbestos removal involves long-term planning and considerable expenditure. Complete removal of asbestos-containing products and equipment is planned by the end of 2030.

In 2023, the ZMS application was extended to include the possibility of reporting data on asbestos-containing equipment and products. In terms of management, locating asbestos data in the application makes it possible to supervise and monitor on an ongoing basis the condition of asbestos-containing equipment and products, and thus fulfil the applicable legal requirements.

Dedicated tubes for fluorescent lamps have been provided at PGE Energetyka Kolejowa's locations where waste in the form of used light sources is generated. The capacity of such tubes matches the needs and potential volumes of generated waste. At the end of 2022, the company entered into an agreement with an authorised third party for the collection of used light sources. The agreement covers to the entire territory of Poland.

3. INFORMATION ON SOCIAL ISSUES [SOCIAL]

The PGE Capital Group builds its market advantage and leadership in sustainable transformation on the basis of an efficient and effective organisation. The execution of tasks, especially those relating to employees, is driven by the company's values such as partnership, development and responsibility. Hence the concern for the highest standards going beyond compliance with generally applicable legal norms, such as the right to rest, minimum wages, respect for rules on the non-employment of children and the prohibition of the employment of minors.

3.1 Identified risks and management options in the area of labour issues

EMPLOYEE ISSUES IN THE PGE GROUP
OHS risk
arising from the consequences of companies', employees' and other persons' non-compliance with occupational health and safety regulations and rules
Mitigating measures
Inspections of the working environment Training of employees in occupational health and safety and provision of job-related instructions before an employee is allowed to work in a specific position Employing staff with qualifications and health conditions appropriate for the needs of the company Initial and periodic medical examinations Periodic assessment of the technical condition of buildings, equipment and installations Regulations governing the use of protective equipment and work tools
Social dialogue risk
related to failure to reach an agreement between the companies' governing bodies and social partners, which could lead to strikes/collective disputes
Mitigating measures
Organisation of meetings regarding the market situation of the PGE Capital Group Meetings to present information on the manner and scope of planned changes Conducting employee surveys Ongoing analysis of trade union activities Dialogue with social partners
Human resources risk
resulting in an undesirable personnel turnover
Mitigating measures
Competitive remuneration system in comparison to other employers Regulations applicable to the recruitment process Employee development management Cooperation with secondary schools and universities providing education in relevant subjects Mentoring Training on the Code of Ethics

EMPLOYEE ISSUES IN PGE S.A.

OHS risk

arising from the consequences of non-compliance with occupational health and safety rules and regulations by the companies, employees and persons working for the companies

Mitigating measures

Inspections of the working environment (measurements, reviews)
Training of employees in occupational health and safety and provision of job-related instructions before an employee is allowed to work in a specific position
Employing staff with qualifications and health conditions appropriate for the needs of the company
Initial and periodic medical examinations
Regulations governing first aid in the event of an accident at work
Periodic inspections of workplaces
Periodic technical condition assessments (inspections of buildings and installations)
Ongoing analysis of costs related to ensuring proper conditions for the safe performance of work

Social dialogue risk

related to failure to reach an agreement between the companies' governing bodies and social partners, which could lead to strikes/collective disputes

Mitigating measures

Organisation of meetings regarding the market situation of the PGE Capital Group
Informing employees about the company's current situation and future plans (effective internal communication)
Meetings to present information on the manner and scope of planned changes
Dialogue with social partners
Ongoing analysis of trade union activities

Human resources risk

resulting in an undesirable personnel turnover

Mitigating measures

Implemented rules for the hiring and remuneration of employees
Monitoring of the labour market with regard to remuneration and incentive systems
Planning occupational development according to the needs of staff and individual business units
Training on the Code of Ethics
Linking salaries and incentive payments to periodic work performance assessments
Internal and external training

3.2 Identified risks and management options in the area of social issues

SOCIAL ISSUES IN THE PGE GROUP
Third party damage risk
relating to the possibility of material, personal or financial damage resulting from the core business of the companies
Mitigating measures
Monitoring of technical condition of equipment and installations Inspections of the working environment Measurement of noise emissions and electromagnetic fields Use of protective measures that reduce threats to the environment Employee training Appropriate preparation of the workplace Periodic inspection of the state of security of facilities and individual assets
Risk of infringement of consumers' collective interests
resulting from a possible lack of due diligence in the field of competition and consumer protection
Mitigating measures
Use of judicial decisions of the Court for Protection of Competition and Consumers and opinions of the President of the Office for Protection of Competition and Consumers Compliance with internal standards on information marking Ensuring easy access to company regulations Employee training Verification of the legality of contracts Verification of existing internal regulations for possible abuse of the dominant position Legal consultations Monitoring of the regulatory environment
Reputational risk
resulting from adverse events and negative information published in the media, as well as from inadequate brand management and information policy in relation to the internal and external environment
Mitigating measures
Cooperation with the media and monitoring of the media environment, including social media Compliance with procedures for managing internal, external and crisis communications Assessment of effectiveness of communication channels Brand strategy and its monitoring Systematic internal communication Meetings between managers and employees Internal training for the management

SOCIAL ISSUES IN PGE S.A.

Third party damage risk

relating to the possibility of material, personal or financial damage resulting from the core business of the companies

Mitigating measures

Inspections of the working environment
Employee training
Appropriate preparation of the workplace
Periodic inspection of the state of security of facilities and individual assets

Risk of infringement of consumers' collective interests

resulting from a possible lack of due diligence in the field of competition and consumer protection

Mitigating measures

Use of judicial decisions of the Court for Protection of Competition and Consumers and opinions of the President of the Office for Protection of Competition and Consumers
Compliance with internal standards on information marking
Ensuring easy access to company regulations
Employee training
Verification of the legality of contracts
Verification of existing internal regulations for possible abuse of the dominant position
Legal consultations
Monitoring of the regulatory environment

Reputational risk

resulting from adverse events and negative information published in the media, as well as from inadequate brand management and information policy in relation to the internal and external environment

Mitigating measures

Cooperation with the media and monitoring of the media environment, including social media
Compliance with procedures for managing internal, external and crisis communications
Assessment of effectiveness of communication channels
Brand strategy and its monitoring
Systematic internal communication
Meetings between managers and employees
Internal training for the management

3.3 Own personnel

| GRI 3-3 [employee issues with a particular focus on the energy transition] |

Activities in this area are carried out in accordance with the Human Capital Management (HCM) Business Strategy Implementation Plan for the years 2022 – 2025, which identifies both the joint initiatives that will be implemented by the Corporate Centre in cooperation with individual companies and the initiatives that are of primary importance for individual segments.

Fig. The key project that supports the implementation of the business strategy is the establishment of the PGE Group Knowledge and Development Centre in Lublin

Among the initiatives shared by the PGE Group, the following programmes and projects were implemented in 2023:

- conducting the first competence assessment based on the competence model and common principles. In 2023, an assessment system was introduced in PGE Energia Ciepła, PGE Systemy, PGE Obrót and PGE Synergia. PGE S.A. conducted another edition of assessment. The solution will be implemented in more companies,
- providing managers, project managers and all staff with the appropriate change management knowledge and tools. To this end, a knowledge bank called "In the Current of Change" was launched,
- increasing the effectiveness of the management of the key personnel's competencies across the PGE Group, which involves identifying positions of particular importance to PGE, ensuring their systemic management and implementing a succession mechanism,
- consolidating selected areas of support. The consolidation of the human capital management, marketing and communication, and legal areas, continued in 2023.

Diversity Policy

| GC-5 | GC-6 |

One of the manifestations of PGE's core values is the creation of a working environment that is open to different points of view, diversity of thinking, as well as collaboration and respect. The Diversity Policy, which defines the principles followed in the PGE Group, was developed in 2022 and its provisions are implemented in operating activities.

In line with the PGE Group's policy, diversity can manifest itself in many areas and arise from diverse sources, both biological and social. The dimensions of diversity may include, in particular, race, nationality, ethnicity, gender, age, health (including disability), religion or spirituality, culture, political beliefs, education, place of residence, place of origin, family status, socio-economic status, abilities, views, personality, knowledge, sexual identity, length of service, position, organisational assignment, membership of a social, professional or trade union organisation, form of employment or experience.

The objective of the diversity policy is to create a working environment that is open to different points of view, multiculturalism and diversity of ways of thinking, based on cooperation, mutual support, showing respect and ensuring fair and equal treatment, particularly in the following areas:

- recruitment, selection and employment,
- access to professional development,
- creation of a workplace free of bullying, discrimination and other inappropriate behaviour that is contrary to the Code of Ethics, but does not exhaust the criteria of bullying or discrimination,
- internships and apprenticeships,
- remuneration and job appraisal,
- vertical and horizontal promotions,
- employee evaluation,
- problem and conflict resolution.

The PGE Group employs a diverse range of people and works for a wide range of customers. It builds an inclusive culture that respects and maximises the contribution of all employees. This approach enables the sharing of knowledge, views and perspectives, the development of talents and the complementation of competencies, leading to effective synergies in all areas of cooperation.

The diversity policy also sets out ways to monitor the measures taken to implement it. One indicator is the ratio of men's to women's remuneration by position held. In the PGE Group, this ratio is as follows:

| GRI 405-2 |

PGE CG	Data for 2023	Data for 2022
Ratio of women's and men's basic salaries broken by:		
Directors	5.0%	4.7%
Managers	3.3%	2.6%
Other employees	10.3%	7.7%
Total	**8.8%***	**6.9%**

In the case of PGE S.A., the pay gap is lower than at the Group level, with women directors earning on average even more than men in the same positions:

PGE S.A.	Data for 2023	Data for 2022
Ratio of women's and men's basic salaries broken by:		
Directors	-4.2%	-4.9%
Managers	9.7%	5.2%
Other employees	13.7%	6.9%
Total	**6.7%***	**0.7%**

*The large difference that occurred in PGE S.A. in 2023 compared with the previous year was due to a change in the company's employment structure resulting from transformations within the PGE Group. In particular, the change was due to the concentration of competencies in the following areas: Accounting, Human Resources and Payroll, Communications and Marketing. In the case of the PGE Group, on the other hand, the change was due to a change in the age structure in the generation companies (including the retirement of a large number of women).

Identifying pay gaps allows initiatives to be taken to minimise them. The PGE Group does not take into account an employee's gender when making pay-related decisions; only their skills and qualifications necessary for the execution of particular tasks are assessed.

Detailed terms and conditions of employment and remuneration are determined in accordance with the regulations formulated by individual employers of the PGE Capital Group and the generally applicable labour law and in accordance with the legal system (including the freedom of choice of occupation and place of work provided for in the Constitution of the Republic of Poland or the regulations on the employment of young people).

These principles indicate the highest standards of human capital management across the PGE Group. They concern, among other things, the issue of unifying remuneration principles in relation to the business needs of individual segments and areas, as well as monitoring the competitiveness of total remuneration in relation to the external market and internal benchmarks, taking care to link it to the performance of individuals, teams and the PGE Capital Group as a whole. Salary tables are created that assume a reference value and a range of minimum and maximum salaries, in compliance with the applicable regulations, in particular those relating to the minimum wage.

In 2023, the companies took measures to support the implementation of the diversity policy, adapting them to the their respective businesses, current needs, the scale and manner of operations, as well as local conditions. A wheelchair lift was installed at PGE S.A. and, as in other companies, measures were taken to recruit and employ disabled people.

In some companies, the regulations concerning the internal sources of labour law were reviewed and adjusted, with changes taking into account developments in equal treatment and discrimination legislation. In PGE Systemy, communication concerning diversity issues was expanded by creating a special tab on the company's intranet and including diversity issues in the adaptation programme for new employees.

There is a mental health support platform in PGE S.A., PGE Systemy, PGE Baltica and PGE Obrót. It provides consultation, psychotherapy or psychoeducation for both employees and their family members, also in the area of neuroatypicality.

Preventing bullying, discrimination and other inappropriate behaviour

| GC-2 | GC-6 |

The PGE Capital Group strives to ensure that the working environment is free from all forms of discrimination and mobbing. To this end, a uniform standard in the approach to anti-mobbing and anti-discrimination measures has been developed and adopted. Through the implementation of the anti-bullying procedure, the responsibilities of all employee groups are defined, from Board Members, through managers, to employees and representatives of the social partner. The key objective of implementing the procedure is to prevent the occurrence of any form of discrimination by raising people's awareness of the problem and the consequences of the occurrence of undesirable behaviour through:

- the responsibility of management for preventing undesirable developments,
- the shaping of the appropriate principles of cooperation, mutual assistance and respect for others.

PGE Group employers periodically conduct mandatory preventive training. The mobbing and discrimination prevention procedure also sends a clear message to all employees about expected attitudes and behaviour towards undesirable phenomena. Its objectives include the following:

- building an organisational culture oriented towards a safe working environment,
- supporting employees if undesirable circumstances occur,
- building a better working atmosphere based on cooperation and involvement,
- reinforcing values consistent with the Group's Ethical Code.

The procedure describes actions to be taken in the event of a bullying and/or discrimination incident in the PGE Capital Group.

Reporting and the manner of cooperation in counteracting bullying and discrimination in the PGE Capital Group are set out in the Guidelines for Cooperation of Employers in the PGE Capital Group in relation to inappropriate behaviour, effective from 2021. It is an internal document specifying a range of organisational solutions.

In 2023, new training courses in the area of mobbing and discrimination prevention were prepared and conducted by legal specialists and in-house trainers or in an e-learning course format.

Occupational health and safety management system

| GRI 403-1 |

The safety and health of those working for the PGE Group are among the priorities of the entire organisation. The formal confirmation of this is the Occupational Health and Safety Policy, which was adopted by the PGE S.A. Management Board in 2020. It sets out a framework for operating and setting the organisation's objectives for occupational health and safety management and recognises the area of occupational health and safety as a key value for the development of the organisation. It also defines long-term strategic undertakings relating to occupational health and safety and the basic principles for their implementation. The OHS Policy was developed in cooperation with representatives of all business segments and was consulted with the entire PGE Group. Comments and insights into its draft version provided by the representatives of individual subsidiaries and social partners, but also from the social side, positively influenced the Policy's final content.

| GRI 403-8 |

The OHS Policy covers all PGE Group companies. It is either adopted directly or used as a basis for the Management Board's declaration on the OHS Policy, which declaration takes into account the specifics of operations conducted in individual companies. The OHS Policy for the PGE Group reflects the requirements of the ISO 45001 standard for OHS Management Systems and the guidelines set out in the Labour Code.

In 2023, a strategic seminar dedicated to OHS issues took place with the participation of representatives from all PGE Group segments. Based on the conclusions formulated during the seminar, work on updating the OHS Policy of the PGE Group was initiated.

The OHS situation in the PGE Group is discussed at meetings of the Management Board and the Supervisory Board. Proactive and reactive health and safety objectives were formulated for the top management of PGE CG subsidiaries. The PGE Capital Group has implemented the OHS management process which aims to ensure and maintain a high standard of working conditions and to protect the health and lives of employees, contractors and visitors to offices and operational facilities.

| GRI 403-3 |

OHS management in PGE Group companies and specific solutions in this area are adjusted to specific local conditions and operations conducted by individual employers. The best practices are identified and replicated. In order to ensure the sharing of experience and mutual learning, an IT tool was implemented to collect information on health and safety incidents across the PGE Group, including occupational accidents and incidents with high potential for serious accidents. The knowledge gained in this way is capitalised in the form of additional health and safety measures taken in the Group either on a planned basis, through the Occupational Health and Safety Improvement Framework Plan, or on an ad hoc basis, in the form of alerts to the organisation, passed on to take preventive measures at other locations.

In 2023, the Occupational Health and Safety Improvement Framework Plan for PGE Group companies included tasks in the following areas:

- Visible leadership in the field - implementation of a local regulation (internal normative document), or updating of an existing regulation, so as to formalise the obligation to implement regular visits by top management representatives to the places where work is carried out by the employees assigned within the structure. The aim of such visits is to gain eyewitness knowledge of working conditions and to reinforce positive behaviour.
- Requirements for machinery - carrying out additional checks on machinery to ensure that it meets the requirements of the Regulation on essential requirements for machinery or the Regulation on minimum health and safety requirements for the use of machinery by workers during the performance of work.
- Cooperation with contractors in the area of occupational health and safety - implementation of a local regulation (internal normative document) or updating of the existing regulation, so as to formalise and regulate the obligations related to the situation when workers employed by different employers are working at the same place at the same time, resulting from Article 208 of the Labour Code, including determination of the method of appointing a coordinator, providing information on hazards, etc.
- Improvement of occupational health and safety during work at height - performance of additional detailed inspections of work at height, particularly in relation to the erection, dismantling and use of scaffolding, as well as the use of personal protective equipment to prevent falls during work at height. Implementation of measures to minimise risks when hazards are identified. Conduct of information campaigns in this area.
- Reduction of the hazards of objects falling from height - performance of detailed inspections of workplaces and work sites to identify locations and processes that pose a risk of objects falling from height. Conduct of information campaigns in this area.

Individual employers prepare local occupational health and safety improvement plans based on the framework plan. A total of 20 companies to which tasks specified in the OHS Improvement Framework Plan had been assigned fulfilled their local OHS plans for 2023 at a level of 95 percent.

PGE Group companies comply with legal requirements relating to OHS. Compliance is verified by the organisational units responsible for audit issues, health and safety services, compliance, etc.

Twelve PGE Group companies (PGE GiEK S.A., BESTGUM sp. z o.o., PGE Toruń S.A., PGE Energia Ciepła S.A., RAMB sp. z o.o., ZEW KOGENERACJA S.A., EC Zielona Góra S.A., PGE Ekoserwis S.A., PGE Energetyka Kolejowa Holding sp. z o.o., PGE Energetyka Kolejowa S.A. – Head Office, PGE Energetyka Kolejowa Obsługa sp. z o.o., PGE Energetyka Kolejowa Centrum Usług Wspólnych sp. z o.o.), which as at 31 December 2023

had 24,509 FTEs[3], representing approximately 56 percent of all FTEs, have a certified OHS management system based on the PN-ISO 45001 standard.

OHS issues are a regular item discussed at top management meetings (e.g. board meetings, top management meetings in individual branches). They include OHS incidents, working conditions and other health and safety issues relevant for employees and contractors working on the premises of a given facility or company. Expectations related to ensuring occupational health and safety of contractors' personnel are disclosed in the Code of Conduct for Business Partners of PGE Group Companies. Business partners are expected to provide a safe work environment, comply with all applicable standards as well as OHS regulations, in particular to comply with the legal regulations in terms of providing workplace instructions, taking into account information on OHS conditions and requirements, providing appropriate protective measures and carrying out obligatory OHS training.

In 2023, PGE Energia Ciepła organised the fifth edition of a workshop for contractors. It was attended by contractors' representatives, who became familiar with the PGE Group's internal procedures and the dedicated websites on which PGE Energia Ciepła's tender procedures are conducted. During the workshop, the OHS requirements applicable to contractors engaged by companies in the Heat Generation segment were discussed. Emphasis was put on the most common OHS irregularities caused by contractors' employees and identified during inspections carried out by the company's OHS officers. The participants received specific instructions on how such irregularities should be avoided and how work should be performed.

Occupational risk assessment

| GRI 403-2 |

The foundation of occupational health and safety management in PGE Group companies is the assessment of occupational risks for individual jobs and positions. The process is tailored to the specific risks and operations of each company. A documented occupational risk assessment is provided for all jobs. Depending on the needs and practices adopted in individual companies, different methods are used to assess occupational risks, for example:

- Risk score,
- PN 18002,
- Chemical risk assessment,
- OWAS,
- KIM1,
- KIM2,
- 5-grade scale,
- JSA.

In order to ensure the most accurate results, the process of hazard identification and occupational risk assessment involves, depending on the location, the OHS service, the supervisors of the employees whose jobs and positions undergo assessment and often also the employees themselves, voluntary labour inspectors, other experts relevant to specific risks, members of the OHS committee, etc.

The power equipment used in individual companies and branches has operating instructions containing, among other things, information on the identification of risks to human health and life associated with the operation of such equipment, as well as rules of conduct aimed at eliminating identified risks. Where required, job instructions and other instructions describing the safe performance of work set out the steps to be taken before work is started, the rules and methods for the safe performance of work, the steps to be taken after work is completed, as well as the rules to be followed in the event of an emergency posing a threat to the life or health of workers. At CHP plants, risk assessments are additionally carried out for individual tasks as part of the work orders and permits system; more than 25,000 such analyses were carried out in 2023.

Target: zero accidents

The year 2023 ended with no serious or fatal accidents. The number of accidents increased by 68 compared to 2022 and by 38 compared to 2021. The accident frequency index also increased by 1.15 against 2022 and by 0.38 against 2021. It shows the number of accidents at work, as defined in Article 3(1) of the Act on Social

[3] All positions

Insurance for Accidents at Work and Occupational Diseases of 30 October 2002 (as amended), per 1,000 employees (FTEs). The value of this index for 2022 was **4.55**.

According to data of the Central Statistical Office ("Accidents at work in 2022 - preliminary data"), in 2022, this index for similar sections and divisions in Poland was as follows:

- generation and supply of electricity, gas, steam and hot water: 5.02
- mining and quarrying: 14.78

Data for 2023 are not yet available, however, from the available information it appears that the PGE Group's performance for 2022 was probably better than the average for the aforementioned sections and divisions in Poland.

Type and rate of injuries, occupational diseases, lost days and absenteeism, as well as the total number of work-related fatal accidents broken down by gender.

| GRI 403-9 |

PGE Group	Data for 2023	Data for 2022	Data for 2021
Total number of all casualties of occupational accidents, including:	**198**	**130**	**160**
Women [number of casualties]	21	7	13
Men [number of casualties]	177	123	147
Number of accidents at work resulting in absence	193		
Number of fatal accidents	**0**	**0**	**0**
Women [number of casualties]	0	0	0
Men [number of casualties]	0	0	0
Number of collective accidents	**1**	**4**	**2**
Women [number of casualties]	0	0	0
Men [number of casualties]	6	10	4
Number of serious accidents	**0**	**2**	**1**
Women [number of casualties]	0	0	0
Men [number of casualties]	0	2	1
Number of light accidents	**192**	**118**	**155**
Women [number of casualties]	21	7	13
Men [number of casualties]	171	111	142
Accident frequency index*	**4.55**	**3.40**	**4.17**
Accident severity index**	**55.27**	**62.38**	**64.63**
Absenteeism index***	**10944**	**8,110**	**10,340**
Women	766	271	568
Men	10178	7,839	9,772
Lost Time Injury Frequency Rate (LTIFR)****	**2.8**	**2.1**	
number of cases of diagnosed occupational disease	**1**	**0**	
number of identified deaths due to occupational disease	**0**	**0**	
Total number of accidents at work	**193**	**124**	
Total number of casualties in accidents equated with accidents at work	**5**	**2**	
Number of near misses	**340**	**175**	
Number of casualties of accidents on the way to or from work	**123**		
Number of contractors' fatal accidents at work that occurred at PGE CG sites	**0**	**1**	

PGE S.A.	Data for 2023	Data for 2022	Data for 2021
Total number of all casualties of occupational accidents, including:	**6**	**0**	**1**

Women [number of casualties]	5	0	1
Men [number of casualties]	1	0	0
Number of accidents at work resulting in absence	4		
Number of fatal accidents	**0**	**0**	**0**
Women [number of casualties]	0	0	0
Men [number of casualties]	0	0	0
Number of collective accidents	**0**	**0**	**0**
Women [number of casualties]	0	0	0
Men [number of casualties]	0	0	0
Number of serious accidents	**0**	**0**	**0**
Women [number of casualties]	0	0	0
Men [number of casualties]	0	0	0
Number of light accidents	**6**	**0**	**1**
Women [number of casualties]	5	0	1
Men [number of casualties]	1	0	0
Accident frequency index*	**5.35**	**0**	**1.43**
Accident severity index**	**38**	**0**	**14**
Absenteeism index***	**227**	**0**	**14**
Women	52	0	14
Men	175	0	0
Lost Time Injury Frequency Rate (LTIFR)	**3.4**	**0**	
number of cases of diagnosed occupational disease	**0**	**0**	
number of identified deaths due to occupational disease	**0**	**0**	
Total number of accidents at work	**6**	**0**	
Total number of casualties in accidents equated with accidents at work	**0**	**1**	
Number of near misses	**0**	**0**	
Number of casualties of accidents on the way to or from work	**4**		

***Accident frequency index**

$$\frac{\text{Number of employees injured in accident at work in a given year}}{\text{Number of employees As at 31.12 of the year for which the report is made (Execution - all FTEs, i.e. active and inactive)}} \times 1{,}000$$

**** Accident severity index**

$$\frac{\text{Total number of days of incapacity to work of casualties of accidents at work}}{\text{Number of employees injured in accidents at work (excluding fatalities)}}$$

*****Rate of absence**

Total number of days of incapacity to work of casualties of accidents at work

****** Lost Time Injury Frequency Rate (LTIFR)**

$$\frac{\text{Number of employees injured in accidents at work resulting in absence or death (in a given year)}}{\text{Number of hours worked by employees in the year for which the report is made}} \times 1{,}000{,}000$$

For the calculation of the above indexes, casualties of accidents at work are taken into account. Casualties of accidents on the way to and from work and casualties of events equated with accidents at work, as referred to in Article 3(2) of the Act on Social Insurance for Accidents at Work and Occupational Diseases (consolidated text: Journal of Laws of 2022, item 2189). Employees are understood as employees of PGE Capital Group companies. Collective accidents were light accidents.

Since 2022, the PGE Group has been presenting a new Lost Time Injury Frequency Rate (LTIFR). Within the Group, it value was 2.8 (accidents/million hours worked) in 2023.

The number of high-potential occupational accidents decreased in 2023. Most of the accidents were tripping, slipping while walking on a flat surface or on stairs and hand injuries related to handling objects manually.

The Framework OHS Improvement Plan for 2024 includes measures aimed at improving the indexes related to accidents at work.

In 2023, there were no serious accidents, no fatalities of PGE employees or external contractors. This indicates an improvement on the data for previous years.

In 2023, there was one traffic-related group accident, in which six people were injured. Each of them suffered a so-called light injury. A total of 340 near misses, i.e. sudden, work-related incidents that did not result in injury, were reported. The increasing tendency to report such incidents is indicative of a developing safety culture, allowing action to be taken before accidents occur.

In addition, five accidents equated with an accident at work were identified in 2023. In accordance with Article 3(2) of the Act on Social Insurance for Accidents at Work and Occupational Diseases of 30 October 2002 (as amended), an accident suffered by an employee is regarded as equal to an accident at work when it happens:

- during a business trip,
- during training in general self-defence,
- when carrying out tasks mandated by trade union organisations functioning at a given workplace.

At PGE S.A., due to the centralisation of services, employment increased. All accidents were office incidents, i.e. tripping, hitting objects, etc. Two accidents did not result in sickness absence.

Measures are being taken to improve the indexes presented above.

Reporting OHS issues

In PGE Group companies, employees use various channels to report OHS issues, including superiors, the OHS service, social labour inspectors, publicly available physical boxes for notifications drawn up on paper, email boxes, health and safety committees, a dedicated IT application, etc. In addition, representatives of the top management of PGE Group companies are expected to make regular visits to the sites where the particular groups of employees assigned to them perform work. To this end, a manual for conducting such management field visits has been developed.

In the Heat Generation segment, an OHS survey with 56 questions on the OHS culture is conducted every year. Additionally, the segment has a dedicated IT tool for reporting OHS observations, both those confirming compliance with the applicable requirements and indicating the need for corrective measures. In 2023, 16,152 individual OHS observations were reported under this system.

Furthermore, within the PGE Group, employees can report, among other things, OHS issues to the Compliance Department via a dedicated email address. Emails are forwarded directly to the President of the Management Board of PGE S.A., the Director of the Compliance Department in PGE S.A., the Director of the Audit Department in PGE S.A. and the Director of the Security Department in PGE S.A. PGE Group companies respect whistleblowers' right to anonymity. Personal and other information sent to this email address remains confidential until the informant consents to the disclosure of all or part of such information. In 2023, 340 near misses were reported. These are analysed and, if necessary, preventive action is taken.

Right to refrain from work in the event of OHS risks

According to the Labour Code, all employees have the right to refrain from performing work that endangers people's life or health. It is related to the occurrence of an external hazard when working conditions do not comply with health and safety regulations and pose a direct threat to the health or life of a worker, or when the work being performed endangers others. Employees are entitled to remuneration for the period when they abstain from work due to such risks. In the companies where tasks requiring special psychophysical fitness

are executed, lists of such tasks are maintained. Employees executing such tasks have the right, after prior notification to their supervisor, to refrain from executing them if their mental and physical condition does not ensure the safe performance of their work and poses a danger to others. In such circumstances, they are assigned the performance of other types of work.

Investigation of health and safety incidents

Accidents at work are investigated by an accident team consisting of an OHS officer and either a social labour inspector or a workers' representative. If necessary, the team consults other specialists to assess the nature and consequences of an accident. Other OHS incidents, accidents, etc. are also investigated in PGE Group companies. Conclusions are drawn from conducted investigations to improve the functioning of the OHS management system. The experience gained from OHS incidents is shared at the PGE Group level. The causes of incidents are investigated according to various methods, including: cause tree analysis, TOL, 5 x why, etc. Selected major incidents are further analysed by a team from the Corporate Centre to identify potential knowledge to be used in the whole Group.

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Consultations and participation of employees

| GRI 403-4 |

OHS consultations with employees are carried out by individual employers mainly through OHS committees established in every company. The intention is to ensure an equal number of employee and employer representatives, as well as the participation of an occupational medicine specialist. An OHS committee meets at least quarterly during normal working hours. In 2023, 140 such meetings were held in PGE Group companies. The task of an OHS committee is to consult on OHS issues, in particular to review working conditions, periodically assess the state of OHS, give opinions on measures taken by the employer to prevent accidents at work and occupational diseases, formulate proposals for the improvement of working conditions, and cooperate with the employer in the implementation of its obligations in the field of OHS. In connection with the performance of these tasks, an OHS committee may use expert opinions or reports from outside the workplace in cases agreed upon with the employer and at the employer's expense.

OHS communication

Communication relating to OHS issues is carried out at multiple levels. The corporate circular entitled "Under the Umbrella", which is distributed to all PGE Group employees, deals with various OHS issues. In 2023, it published articles on the following topics:

- Health and safety of pregnant and breastfeeding employees,
- OHS in the kitchen,
- Responsibilities of persons managing a group of employees,
- The celebration of the World Day of Occupational Health and Safety,
- Noise under control – related hazards and OHS regulations,
- Our goal: zero accidents,
- Best OHS practices,
- Fire safety in forests,
- The most important rules for a fire extinguisher in a car,
- "Our goal: zero accidents" - a seminar for OHS specialists from the Capital Group,
- OHS under proper supervision - managing the performance of work and ensuring compliance with OHS regulations.

Different communication tools are used in individual PGE Group companies, e.g.: incident information brochures, OHS reports, cartoons, instructional videos or webinars discussing health and safety issues, etc.

OHS training

| GRI 403-5 |

Before starting work, all employees receive initial OHS training, including general and job-specific instructions. Depending on their position, employees are obliged to participate in periodic OHS training. The frequency is once a year for jobs with specific hazards and once every six years for administrative and office jobs. Training programmes are tailored to the requirements of particular job groups. Employees working on energy equipment take the required examinations to prove their competence to perform specific work and obtain the relevant certificates. In PGE Group companies there are 16 qualification commissions verifying the qualifications of persons involved in the operation of equipment, installations and networks. Members of these commissions are appointed by the President of the Energy Regulatory Office.

In order to ensure the high quality of periodic OHS training, the PGE Group's Knowledge and Development Centre has developed its competencies to organise and conduct such training for administrative and office workers, engineers and technical staff, as well as those who manage the work of other employees. In 2023, 4923 people were trained.

Performance of operational works

| GRI 403-7 |

Operational works on power equipment in the areas of operation, maintenance, overhaul, assembly, control and measurement are carried out in accordance with the operating instructions for power equipment or groups of power equipment, which contain, among other things, characteristics of equipment, a description of actions necessary to start, operate and stop equipment, as well as deadlines for carrying out inspections, tests and measurements. Furthermore, works on energy equipment are performed in accordance with the safe work organisation instructions. This document describes in detail how to organise such works, specifies the requirements for functional persons, the conditions for supervising the performance of works or the rules for the circulation of written work orders. The correct handling of such documents is the responsibility of individual employers within PGE Group companies. Operational works that pose a potential for a particular risk to human health or life are carried out on the basis of a written work order. Written instructions are also often used in other situations where this is recommended for safety reasons, in particular when assigning tasks to contractors' employees.

Contractors

Contractors working on the premises of PGE Capital Group companies are provided with information on health and life hazards occurring in the workplace, rules of conduct in the event of accidents or other situations threatening the health and life of employees, protective and preventive measures taken to eliminate or reduce risks. Where necessary, agreements with contractors specify OHS requirements and introductory OHS training is provided for contractors.

Contractors' activities are supervised with respect to their compliance with OHS requirements.

Selected OHS programmes implemented in PGE Group companies

OHS programmes are implemented at individual workplaces according to current needs arising from OHS analyses, mutual experience-based learning, etc. In 2023, various PGE Group companies implemented the following examples of OHS programmes:

- Organisational and technical activities programmes aimed at reducing exposure to noise, dust and mechanical vibration,
- OHS knowledge competitions,
- Daily OHS news,
- Hygiene and sanitary surveys,
- Campaigns encouraging employees to report near misses,
- First aid training,
- "The Safe Workplace" competition,
- Managers' field visits, including behavioural visits,
- Programmes encouraging employees to submit OHS ideas,
- The "Work with Your Head" programme aimed at distinguishing PGE employees and external contractors for their safe performance of work,

- Establishing employee teams to be responsible for the execution of tasks aimed at improving the level of OHS,
- The EU OSHA week information campaign,
- The campaign on the correct storage of materials in office spaces,
- The OHS days at construction sites,
- Assessments of working conditions at screen monitors and improvements in work ergonomics,
- Elimination of hazards through the implementation of an underground cable laying machine,
- Fire drill with the participation of the National Fire Service.

Awards 2023

The PGE Group's attention to occupational health and safety is recognised by external experts, which also manifests itself through awards and distinctions. In 2023, these included:

PGE Górnictwo i Energetyka Konwencjonalna

- The Golden Card of the Safe Work Leader – CIOP-PIB (Bełchatów Power Plant Branch),
- The Third Award in the National Competition for the Improvement of Working Conditions – Ministry of the Family and Social Policy/CIOP-PIB (Bełchatów Power Plant Branch),
- The Congratulatory Letter in the National Competition for the Improvement of Working Conditions – Ministry of the Family and Social Policy/CIOP-PIB (Bełchatów Power Plant Branch),
- The Employer – Organiser of Safe Work – competition organised by the National Labour Inspectorate – 2nd place at the provincial level (Bełchatów Lignite Mine Branch),

The Most Active Company Social Labour Inspector – competition organised by the National Labour Inspectorate – 1st place at the provincial level (Bełchatów Lignite Mine Branch).

PGE Energia Ciepła

- The Award of the Chief Labour Inspector for the winners of "The Employer – Organiser of Safe Work" competition in the category of up to 250 employees (Gorzów CHP Plant Branch),
- The Award for 1st place in "The Employer – Organiser of Safe Work" competition in the category of up to 250 employees in the Lubuskie Province (Gorzów CHP Plant Branch),
- Cooperation with the Central Institute for Occupational Health and Safety in Warsaw within the framework of the Occupational Health and Safety Leaders Forum with the participation of the following organisational units:
  - PGE Polska Grupa Energetyczna S.A.,
  - PGE Dystrybucja S.A.,
  - PGE Górnictwo i Energetyka Konwencjonalna – Bełchatów Power Plant Branch, Turów Power Plant Branch, Dolna Odra Power Plant Branch.

Concern for employee health

| GRI 401-2 | GRI 403-3 |GRI 403-6 |

The PGE Group attaches great importance to developing initiatives related to improving the wellbeing and health of its employees. PGE Group employees are guaranteed private medical care, which also includes occupational medicine. As part of their medical care packages, they have the option of initial follow-up, as well as periodic examinations. At PGE, employees' right to privacy is respected, so health information is not used in HR and employment decisions.

A key project encompassing physical and mental health prevention at PGE S.A. is the "Action Regeneration" project, which aims to ensure the wellbeing of employees. Employees can benefit from free medical examinations, webinars with psychologists, nutritionists or physicians.

In cooperation with the Mental Benefits online counselling service, a psychological support platform has been made available, which can be used by employees of PGE S.A., PGE Baltica and PGE Systemy. It allows employees to make their own appointments for free online consultations with specialists offering psychological and therapeutic support (psychologists, psychotherapists, addiction therapists, psychotraumatologists, experts in parental support and business support, psychodietitians). After logging in, every employee also has access to materials and recordings promoting mental health and wellbeing. A similar tool has also been available to PGE Obrót employees since June 2023. This kind of support for employees has been very positively

received and brings real help to those who need it, as evidenced by the number of consultations booked by employees and their high participation in the introductory webinars.

PGE Group Knowledge and Development Centre

| GRI 404-2 |

Established in 2022, the Knowledge and Development Centre is a separate part of the Human Capital and Organisational Culture Management Department. Its aim is to organise development activities and provide ongoing advice to employees (including managers) on issues related to employee development, engagement or experience. It carries out training and recruitment on a daily basis and is responsible for the design and implementation of HR initiatives.

The Centre's main tasks include the following:

- Conducting recruitment processes
- Organising and conducting training and other development activities (coaching, 1:1 development sessions)
- Organising and conducting open training courses, conferences and seminars, as well as assisting employees in the acquisition of professional qualifications
- Cooperating with schools, universities and other institutions
- Providing flexible opportunities for competence development, implementing forms of digital learning (e-learning training, podcasts, webinars)
- Advising on development, recruitment and NLM projects for individual employers
- Conducting employee mediation processes
- Cooperating with HR service providers

Employee development

The Knowledge and Development Centre is the primary training provider in the PGE Group.

Its major development initiatives implemented in 2023 include the following:

- Lead with Energy (programme for new managers),
- The Power of Conducting (programme dedicated to the development of managerial competencies),
- The Development Network (soft skills training for interested employees),
- Compliance training series,
- Specialist programmes such as the Audit Academy, Employment Law for Managers and Social Partners.

The Centre also collaborated on training courses designed for employees of Distribution Customers Service Points and entitled "Managing oneself in change and difficult situations in customer service", aimed at improving the quality services offered there.

It also prepared a series of Lunch&Learn educational and training meetings for the entire PGE Group, dedicated to various topics related to the company and its environment. There were nine sessions of Lunch&Learn in 2023. The centre also organised foreign language classes, training in the functioning of the energy market or the administration of first aid.

Since 2023, PGE Group employees have been able to benefit from various forms of competencies development made available electronically on a dedicated LMS (Learning Management System) platform with e-learning courses on a wide range of topics. New training products are also regularly developed to meet the organisation's business and development needs. Another form of learning made available to employees is podcasts, which are audio recordings made in collaboration with business representatives. The PGE Group Energy Podcast premiered in 2023 and new episodes are now published on a regular basis. Employees have the opportunity to learn foreign languages free of charge via an e-learning platform, which can be accessed on a 24/7 basis and all that is needed to learn is a smartphone with internet access. Digitised learning also includes webinars and online training courses.

In 2023, three companies, namely PGE S.A., PGE Baltica and PGE Systemy, implemented the Training Assistant application, which enables training processes to be conducted by exchanging documents electronically, thereby eliminating paper documentation.

On a similar basis, Recruitment Assistant, an application for managing recruitment processes in the organisation, was also implemented.

The PGE Group puts a strong emphasis on the development of employees' specialist competencies, mainly through dedicated training tailored to current needs, besides mandatory training aimed at improving qualifications and authorisations in specialised areas. The employees of the Customer Service Offices were able to benefit from additional support in the form of individual coaching sessions.

PGE employees are able to benefit from various forms of training-related subsidies. As a result, they attend training courses, events, workshops, seminars, conferences, congresses, symposia, as well as enhance their specialist knowledge and existing skills in classes organised as part of higher education and postgraduate programmes.

Furthermore, cooperation with the scientific community provides an opportunity for the implementation of scientific projects important for the company in the fields of power engineering, heat engineering, environmental protection, new technologies, but also economics, accounting, organisation and management and law, the sharing of experience with other PGE employees as well as scientific and didactic staff and students, the possibility of cooperating on finding solutions to problems of a theoretical nature, the practical use of the scientific and research base of the university, and the development of the competencies and continuous improvement of professional qualifications of PGE employees.

The company's own coaching capacity is also being developed. In addition to the Knowledge and Development Centre, the "Academy of Expert Trainers" project continued at PGE Obrót in 2023, in which a group of employees with specialist knowledge and predispositions to act as expert trainers within the organisation had the opportunity to benefit from an additional development path within the organisation and expand their professional competencies.

Among other things, a coaching workshop for a 20-strong group of future expert trainers was held in 2023 and the coaching traineeship programme planned for the year was implemented. Traineeship consisted in each participant's preparing and leading two training courses in their own specialist areas, under the supervision of a coach. The implemented project significantly influences the building of relationships based on the sharing of experience and transfer of knowledge. Added value for the organisation is an increase in intellectual capital by creating a working environment based on the sharing of experience and knowledge. A programme of in-house trainers for engine drivers and train managers was implemented at PGE Energetyka Kolejowa. In-house trainers check engine drivers' knowledge and skills to determine their current level of competence and to identify an appropriate path of development individually for each employee. They provide development training to continuously improve participants' knowledge of rolling stock construction, railway traffic regulations and railway safety standards. They are members of railway accident committees, train employees on their responsibilities in the event of an accident, as well as the consequences and prevention of railway accidents and incidents.

Development activities tailored to the needs of a particular company include one-to-one coaching sessions for employees of Customer Service Offices, or access to the Udemy platform for PGE Systemy employees, where they can benefit from a wide range of technical and general development training opportunities.

In Słotwiny near Łódź, PGE Energetyka Kolejowa employees improve their competencies at an innovative training ground. The learning process involves the use of multimedia, virtual reality devices, e-learning and a special section of an overhead contact line network to realistically replicate working conditions. The training ground can simulate extreme situations the handling of which would be impossible to practice in reality. The dedicated knowledge base includes incident scenarios from the company's many years of experience. The training ground provides an opportunity to learn and practice in a safe environment all activities involved in maintaining a railway overhead contact line network, including checking its condition, as well as maintenance and replacement of its individual components. In 2023, 225 employees participated in theoretical training courses conducted on the training ground and 205 employees completed practical workshops. The training ground also hosted pupil trainees from profiled technical schools.

The process of knowledge acquisition and sharing also takes place through PGE employees' cooperation on specific projects. PGE Baltica also cooperates with the foreign partner Ørsted on the construction of offshore wind farms. The knowledge gained from this project will be applied to subsequent OWF construction projects.

In 2023, PGE Górnictwo i Energetyka Konwencjonalna introduced a new procedure called "The principles for the development of professional competencies and improvement of professional qualifications of PGE GiEK S.A. employees". It constituted an integration of the principles applicable earlier in this respect to the employees of the company's head office and branches.

At PGE Energetyka Kolejowa, the improvement of qualifications and technical skills is planned on the basis of "The Qualifications and Technical Skills Matrix for Direct Employees". The matrix brings together in one place data on the qualifications and work experience of all employees, as well as information on status of the company's property, plant and equipment. Such data are of primary importance in diagnosing employees' competence gaps and the company's training needs.

In July 2023, PGE Baltica launched a series of meetings and workshops as part of the development of a skills and competencies map for offshore wind farm (OWF) projects. Its aim is to safeguard the interests of the company by developing and implementing a system of successions/replacements for the company's key positions and functions.

Development of managers

A manager's influence on the effectiveness of their team at work, but also on their team members' development, engagement and motivation is very high. Hence, in the PGE Group, great effort is put into their development of the necessary skills and attitudes. This is a crucial factor in the rapidly changing labour market, environment and needs. Flagship initiatives include the following two programmes:

- "Lead with Energy", which is a programme for new managers and employees who are about to take on a managerial role, as well as managers in whose case it is desirable to strengthen and develop managerial competencies and attitudes based on the building of partnership and responsible relationships. 170 managers from several PGE Group companies have applied for the current edition of the programme. Its main objective is to strengthen and develop managerial competencies, such as building awareness of the manager's role in shaping employee commitment; fostering respectful relationships and strengthening cooperation (partnership); building attitudes of responsibility for the subordinate team and its performance (accountability); strengthening motivation and courage to make changes and maintain continuous improvement (development). The "Lead with Energy" training cycle is attended by managers from PGE S.A. and all its subsidiaries. The entire cycle for eight groups will end in Q2 2024.
- The 'Power of Leading' programme – or webinar series – is dedicated to all managers who want to improve their skills in managing teams and building relationships with employees. The webinars are short in format: they last 1.5 hours and are conducted online. In 2023, employees of PGE S.A.,PGE Energia Ciepła, PGE Energia Odnawialna, PGE Dystrybucja, PGE Systemy and PGE Baltica participated in 24 webinars.

Each of PGE Group company develops the competencies of its managers. For example, in PGE Obrót, new managers develop their competencies within the framework of the "Young Manager" package. Participants build their competencies in planning and goal-setting, authority-building and leadership, as well as communication with teams.

The "Manager's Academy" is a development programme aimed at managers in the company PGE Synergia. The aim of the programme is to develop managerial competencies and build a management culture that meets current and future challenges coming from the market. The programme consists of six modules arranged in such a way that each participant receives a compendium of knowledge, skills and tools necessary for working with teams.

At PGE Energetyka Kolejowa, the second edition of the Manager's ABC training series was completed in May 2023. It consisted of the following modules: Communication, Recruitment interviews, Induction of new employees, Goal setting and delegation, Motivation and self-motivation, Conducting periodic interviews, Change management.

Non-escalating conflicts

Conflicts in an organisation are a common phenomenon, but if unresolved, they are a serious problem and affect the functioning and image of the whole organisation. In the event of disputes, a quick response is of crucial importance. Increasing conflict translates into stress and interferes with effective interpersonal communication, thereby reducing the quality of work.

The PGE Group wants to strengthen the idea of social dialogue and resolve difficult situations that have occurred or will occur. Thanks to expertly trained in-house mediators, a system of mediation within the organisation has been created.

The intra-organisational mediation procedure is designed for anyone who wants to resolve a difficult situation amicably, ending a conflict in order to work in a respectful atmosphere and with respect for the other person. Mediation should be undertaken in any case in which both parties agree to participate in it, with the exception

of cases that are dealt with in accordance with procedures against mobbing, discrimination and inappropriate behaviour, and those bearing the hallmarks of a criminal offence, which should be reported to the law enforcement authorities.

In the PGE Group, mediation is sought to be the primary formal means of resolving conflicts in employee-superior, employee-employee and employee-employer relationships.

Dialogue with employees – employee surveys and the leader's profile

In the PGE Group, dialogue with employees is an element of building employee commitment. Solutions that build company culture and improve employee wellbeing are introduced based on employee feedback and diagnosed needs. Tools for such a dialogue include the Employee Opinion Survey and the survey of managers' leadership competencies called the Leader's Profile. PGE obtains feedback from a large number of employees through cyclical activities.

In view of the very positive reception of the Employee Opinion Survey organised in the companies PGE S.A., PGE Systemy, PGE Energia Ciepła, PGE Baltica and the perceived benefits, more companies have declared their intention to join this initiative. PGE Obrót will join the next edition in 2024.

The survey participation figures for 2023 were as follows: 92 percent of completed surveys in PGE S.A. and PGE Systemy and 79 percent in PGE Baltica. In the companies and branches of PGE Energia Ciepła, which participated in the survey for the sixteenth time, the turnout was 92 percent and 82 percent, respectively.

2023 was a year of improvement for the organisation based on the results of the survey conducted in 2022. At PGE S.A., one of the improvement initiatives implemented after the last survey was the Mental Benefit, a platform of psychological support for all employees. Individual departments also developed their own activities aimed at meeting the identified needs in their own areas. Within project groups at the organisation-wide level, willing employees worked on three selected indicators (wellbeing at work, business and leadership, cooperation). This resulted in concrete measures that were approved by the Board and will be implemented successively in 2024.

PGE Systemy diagnosed three main areas for improvement: leadership and business, wellbeing at work and development. On this basis, the following improvement measures were introduced:

- with regard to leadership and business:
  - introduction of cyclical meetings with the management board
  - introduction of a survey on managers' leadership competencies – the "Leader's Profile"
  - introduction of a series of "Management over Coffee" meetings, where managers share their team management experience

- with regard to wellbeing at work:
  - implementation of a platform to improve mental health
  - training on work motivation
  - improvement of the communication culture – introduction of an HR Newsletter

- with regard to development:
  - introduction of a wide range of soft training courses
  - introduction of dedicated training programmes
  - introduction of a language learning platform
  - introduction of the Udemy Business e-learning platform
  - introduction of language training courses
  - extending the training offer to include the energy market, the power of leadership, development network

In 2023, the "Leader's Profile" survey of managers' leadership competencies was conducted once again in selected companies. The participating employees evaluated the following management areas: communication, building relationships, motivating and building commitment, developing employees and achieving results. The information gained was used to further develop team management skills among the company's executives. Managers received individual feedback reports on their level of managerial competencies and leadership index, i.e. the average percentage of positive answers given to all questions.

At PGE S.A., the turnout was 81 percent and the leadership index reached 92 percent. At PGE Baltica, the turnout was 69 percent, and the leadership index – 91 percent. At PGE Systemy, the turnout was 68 percent, and the leadership index – 92 percent.

As part of openness and discussions with employees, regular meetings are organised with the participation of the employer, representatives of trade unions and employees' councils to share information on current activities and provide an opportunity for discussing the employer's situation and employees' needs.

An employee commitment survey is carried out at PGE Energetyka Kolejowa every year. In 2023, it was organised in the form of an online survey in November/December. The survey turnout was 94 percent and the commitment index increased from the previous year's result by as many as 10 percentage points to 79 percent. This result is 26 percentage points higher than the national average.

The highest rated areas were cooperation – 86 percent positive indications (6 percentage points more than in 2022), adherence to values – 86 percent positive indications (6 percentage points more than in 2022), work-life balance – 85 percent positive indications (5 percentage points more than in 2022) and management - 83 percent (5 percentage points more than in 2022).

Internal communication

In 2023, the PGE Group continued to develop tools to facilitate efficient and effective provision of information to employees in various positions. The factor important for the development of internal forms of communication was, among other things the implementation of O365 tools in cooperation with the ICT area, thanks to which programmes and applications were made available to employees in most Group companies, thus creating an even more modern working environment.

Fig. Internal communication in figures. As at 31 December 2023.

Last year, a total of 890 articles were published on the PGE Group intranet. Forty-eight editions of the newsletter were delivered to staff mailboxes. Ten online editions of the employees' magazine "Under the Umbrella" were published. It is available on the intranet and on any phone with internet access and the dedicated corporate application. This allows the PGE Group's corporate magazine to reach a wide range of employees, especially those who do not work in office positions. We promote the principles of plain Polish and communicating in a clear and comprehensible manner among employees, and we have created an e-learning training course dedicated to this topic for all employees who want their communications to be even better understood by their addressees.

A particular form of internal communication is direct meetings between management and employees on the occasion of, for example, the Day of the Energy Sector Employee. They are an opportunity to give awards to outstanding employees, review companies' achievements and present strategic plans for the future.

In the PGE Group, it is important to conduct an open and transparent dialogue with employees, which translates into the strengthening of their identity and identification with the organisation and the promotion of the values included in the PGE Capital Group Code of Ethics. This is achieved through online surveys and special email boxes where employees can send questions relating to HR matters or company strategy and ongoing projects. A dedicated hotline dedicated to HR issues has also been launched. Getting feedback from employees is an important part of internal communication throughout the organisation. The area of internal communication is also included in the annual Employee Opinion Survey, which is conducted by an independent research company under the supervision of the human capital management unit at PGE S.A. Those wishing to do so can also share ideas and exchange insights on the internal blogs, whose topics are centred on ecology and the transformation of the energy industry.

In 2023, the culture sponsorship campaign under the slogan "We invite you to visit" also covered PGE Group employees and their relatives, who, thanks to PGE's cooperation with cultural institutions across Poland, were able to participate in the most interesting cultural events in their regions.

The internal communications personnel discuss the main lines of action during regular online meetings. At least once a year, representatives of the communications area from all PGE Group companies meet in person to agree on the most important objectives to be pursued, as well as to review the ongoing initiatives and their effectiveness to date.

Cooperation with trade unions

| GC-3 |

At PGE Group employers – as at 31 December 2023 – there are a total of 152 different trade union organisations. In 2023, the number of trade union organisations increased significantly as a result of PGE S.A.'s acquisition of the PKP Energetyka holding (now PGE Energetyka Kolejowa). At the Corporate Centre itself there are invariably two trade unions: the "Solidarity" Inter-company Trade Union Organisation no. 2987 and the PGE Capital Group Employees Inter-company Trade Union Organisation.

As at 31 December 2023, nearly 29,500 employees belonged to the trade unions functioning at PGE Group employers. The percentage of PGE Group employees belonging to trade unions is 67.7 percent.

Cooperation with trade unions is regulated by the general procedure adopted on 1 January 2016 and entitled "The Corporate Principles of Social Relationships within the PGE Capital Group". The Corporate Centre, individual companies and employers are obliged to build social relationships, not only in accordance with generally applicable laws and internal collective labour law documents, but also in accordance with this general procedure. The document sets out the principles and model for social dialogue among the Corporate Centre, companies, employers and social partners. Its main objective is to ensure social peace and implement the Group's strategy by defining, coordinating and supervising the area of social dialogue at all levels of the organisational structure.

Thanks to the introduction of uniform rules in the area of social dialogue, the reporting process has been systematised, among other things, so that the Corporate Centre has up-to-date data necessary for an ongoing diagnosis of the social situation and the mitigation of potential risks.

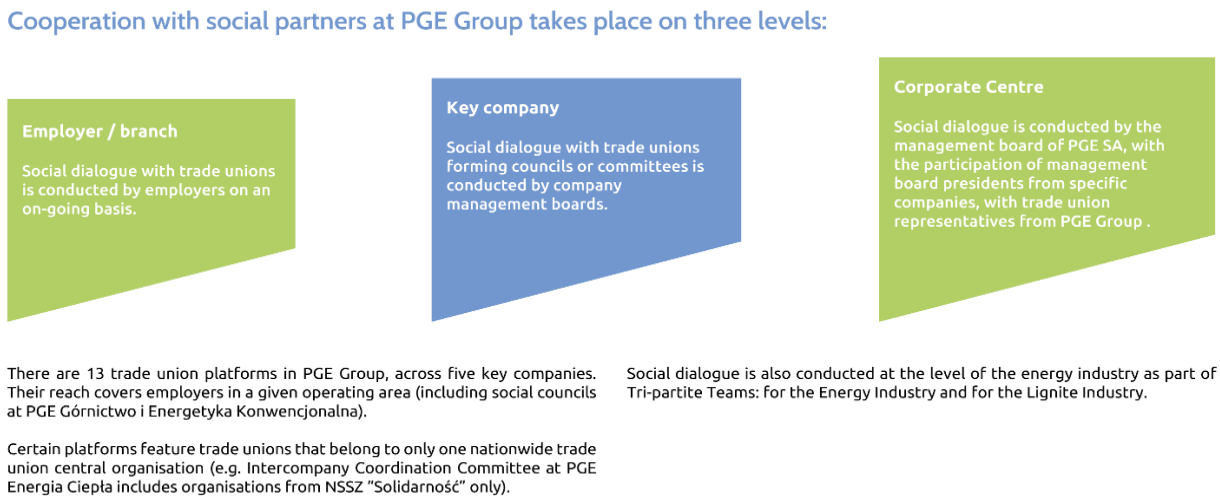

Fig. Diagram of cooperation with trade unions

The basic level of cooperation with social partners, according to the Trade Unions Act, is a branch or company, i.e. employer. This is where the processes that are closest to employees are carried out, such as health and safety, social issues, working conditions and salaries.

Another level of cooperation is the supra-company forum of individual PGE Group segments (companies), where topics common to all employers are discussed. Social dialogue at this level takes place between management boards and trade union platforms that bring together trade unions operating in individual workplaces in segments and having convergent sectoral interests. The rules of cooperation in this case are usually regulated in a dedicated cooperation agreement between social partners, management boards and employers.

In matters of strategic importance for the entire PGE Group, social dialogue is conducted at the Corporate Centre level between the Management Board of PGE S.A. and representatives of social partners.

In relations with trade unions, the principle of company dialogue prevails and talks are transferred to a higher level in the event that attempts to reach an agreement at the level of employers or companies do not yield expected results.

PGE S.A. and some employers in the PGE Group are also participants in the sectoral social dialogue, which is conducted, among others, on the forum of tripartite teams (the Tripartite Team for the Lignite Sector and the Tripartite Team for the Power Generation Sector).

Key aspects of social dialogue in the PGE Group in 2023

Energy transformation – negotiating a social contract for Energy Sector Employees

2022 ended with the signing of a Social Agreement developed in connection with the energy transition and the planned spin-off of generation assets (lignite mines and power plants) from the four Energy Groups to the National Energy Security Agency. The agreement was entered into by representatives of the government, employers and the lignite and power generation sectors trade unions on 22 December. The other concluded document was a "pre-NABE" arrangement containing, among other things, a commitment by the Employers to apply and not change their existing intra-company sources of labour law, as well as to maintain the existing working conditions and salaries of employees in the period prior to the transition to the NABE. The agreement was to remain in force until the date of the establishment of the NABE or no later than 31 December 2023.

Following the circumstances presented above, other representatives of the social partner put forward a demand to develop a similar document aimed at safeguarding the status of energy sector workers and providing them with secure and stable jobs during the period of transition.

Tripartite negotiation meetings were initiated in Q1 2023. On 11 September 2023 they resulted in the signing of an agreement (preceding a social contract for the energy sector) concerning stable and secure working conditions and salaries for employees in the Polish energy sector. Its aim was to guarantee the stability of

employers' intra-company labour law source systems until the date of the execution of a social contract for the energy sector, but no later than 31 December 2023. Due to the failure to establish the NABE in 2023, the social contract of 22 December 2022 did not enter into force. Furthermore, due to the expiry of the deadline, the pre-NABE agreement and the agreement preceding a social contract for the energy sector expired on 31 December 2023.

The issue of a spin-off of coal assets is currently under review at the Ministry of State Assets. A return to discussions on a social contract safeguarding workers' and trade unions' rights and freedoms during the energy transition should be initiated once the future of coal assets has been decided.

Conclusion of salary agreements with PGE Group employers

Due to the challenging economic situation in Poland, trade unions have been continuously submitting demands for salary increases to employers in all segments of the PGE Group since the beginning of 2023. In the first half of the year, agreements were reached with PGE Group employers to determine a rate or amount of salary rises. It was assumed that the parties would resume talks on a possible second round of salary increases in the second half of the year.

In Q3 and Q4 2023, agreements were reached at most PGE Group workplaces on further salary increases. In the case of some employers, trade unions have decided to pursue their salary increase demands through industrial disputes.

Integration with PGE Energetyka Kolejowa

On 3 April 2023, PGE S.A. acquired 100 percent of shares in PKPE Holding sp. z o.o. and, as a consequence, indirectly acquired 100 percent of shares in PKP Energetyka S.A. as well as shares in the other subsidiaries held by the company. As a result, the subjective scope of cooperation in the area of social dialogue in the PGE Group was considerably broadened. Immediate steps were taken to bring PGE Energetyka Kolejowa up to the Group's standards. Among other activities, "The Corporate Principles of Social Relations in the PGE Group" were implemented. Operational cooperation was also established with the organisational unit responsible for social dialogue at PGE Energetyka Kolejowa, as well as relations with the trade unions operating at the Holding's employers.

Conclusion of the Company Collective Labour Agreement for PGE S.A. Employees.

On 26 May 2023, representatives of the Management Board of PGE S.A. and representatives of two trade union organisations operating in the company (the "Solidarity" Inter-company Trade Union Organisation no. 2987 and the PGE Capital Group Employees Inter-company Trade Union Organisation) signed the Company Collective Labour Agreement for PGE S.A. Employees (hereinafter: "CCLA"). It was registered by the Regional Labour Inspector in Lublin on 19 June 2023. The validity of the most important piece of collective labour legislation in force in the workplace had been preceded by years of negotiations.

The agreement primarily regulates the company's remuneration system. Its provisions introduced a number of benefits not previously found in it, including an incentive award, additional leave days for using up a previous year's leave or a so-called school starter kit. In parallel to the CCLA, the company's remuneration regulations came into force, constituting an extension of the Agreement's provisions. The document was introduced by an agreement with trade unions operating at PGE S.A. and became effective at the beginning of July 2023.

Thus, it should be concluded that the two aforementioned collective labour documents comprehensively regulate the conditions of remuneration of PGE S.A. employees and constitute an expression of fruitful and substantive cooperation with social partners.

Recruitment and adaptation in the area of RES

The PGE Group's energy transition in line with its business strategy involves new investments, new electricity generation technologies, but also an increase in demand for new competencies and professional qualifications of employees. The offshore wind sector in Poland is a completely new branch of the energy industry the development of which requires a huge commitment, a concrete strategic perspective and, most importantly, new knowledge and skills. PGE Baltica is the company in the PGE Group responsible for the development of offshore wind projects. Serving as a competence centre and facing a major challenge in the implementation of offshore projects, which are the basis of the energy transition in Poland, the company pays special attention to the process of recruitment, adaptation and development of employees. The recruitment process is carried out in a transparent manner with the highest standards and with the use of tools that allow the selection of

the method most suited to the company's current needs, such as an assessment centre or knowledge tests. The company also uses the services of headhunters.

PGE Energia Odnawialna also completed dozens of recruitment processes, both replacements and recruitments for new positions in connection with:

- building and developing competencies in the RES Investment Department, which is responsible for the development of new photovoltaic projects and, in the future, also wind projects after the relaxation of the Wind Farms Distance Act.
- including more wind and PV farms within the company's own maintenance services provision range. Having its own maintenance services provision teams has made the company independent of third parties. In addition, the adopted maintenance services provision model is cheaper than that based on the use of external companies.

When it comes to recruiting employees for the company's own wind and PV farm maintenance services, the company focuses primarily on candidates from outside the industry who have a technical background and/or maintenance experience and live in the vicinity of individual facilities. Any new hire from outside the wind sector is first obliged to take part in the accredited GWO Basic Safety Training onshore. In the next step, the new employee participates in more training courses to acquire the necessary skills and qualifications. Conducted by the Association of Polish Electricians and the Office of Technical Inspection, such courses are indispensable for safe work in particular positions.

Energy sector transformation process – PGE GiEK

In connection with the ongoing project aimed at establishing the National Energy Security Agency in 2023, intensive activities were conducted at PGE GiEK S.A. to build a new human capital management model. As the process of setting up the NABE has not been completed, the implementation of the new NLC model has been put on hold.

In 2023, work was also underway to address the phenomenon of the generation and skills gap. A task team was established to develop rules for employee migration among PGE GiEK subsidiaries and branches. The team identified issues affecting successful migration/allocation of workers and carried out a thorough analysis of employers' human resources in terms of growth of employment and smaller human resources (demand forecast) and an analysis of the internal and external labour market (supply forecast). The measures developed by the team were approved by the PGE GiEK Management Board. In 2024, the work of the team will be aimed at developing systemic solutions for cooperation among the employers within the PGE Mining and Conventional Power Generation segment.

Energy sector transformation process – the Heat Generation segment

The human capital management policy of the Heat Generation segment focuses on driving the company's transformation towards low-carbon heat generation through the acquisition, development, retraining and retention of employees with required competencies.

The aim of the taken measures is broadly understood support for employees and managers in shaping an internal environment that is conducive to dialogue, working in partnership, implementing change and ensuring the long-term development of the organisation.

In 2023, as part of the implementation of key HR initiatives, the company continued its activities focused on the following four areas:

- providing a motivating work environment that is conducive to achieving professional and personal goals,
- ensuring strategic management of employees' qualifications and competencies,
- optimising employment, preparing programmes allowing the organisation to handle new technologies,
- facilitating productivity growth, preparing the automation and digitalisation process in the HR dimension.

Vocational training directions

One of the flywheels of the Polish energy transition is the offshore wind energy sector. Preparations are underway for more than a dozen megaprojects, i.e. the construction of offshore wind farms in the Polish part of the Baltic Sea. These projects are expected to operate for several decades and, at the same time, they constitute a completely new experience for Polish energy companies, which have experience in onshore wind

power or electricity distribution, while competencies in offshore wind power generation still need to be developed.

Networking for scientific cooperation in the offshore wind energy sector

The planned development of power generation infrastructure on the Baltic Sea and in coastal communes could make Pomerania the new energy region of Poland. The construction and development of the offshore wind energy sector on the Polish coast will have a positive impact on the development of the national economy, particularly regionally, in the entire area of Polish Pomerania. It will also provide an opportunity to strengthen the Polish scientific thought. This is why PGE Baltica has started to develop a network of scientific cooperation. In this way, it wants to involve Polish universities and scientific institutions in the development of the Polish offshore wind energy sector, while at the same time building Poland's local content potential. On the one hand, such cooperation brings with it the possibility of adjusting new technologies to the requirements of the offshore wind energy sector on the basis of joint scientific and research projects, while, on the other hand, it is an excellent opportunity to establish a basis for training future personnel so necessary for the dynamically growing new sector. PGE Baltica organises a postgraduate programme of studies in the area of offshore wind power generation together with the Maritime University in Gdynia and the Gdańsk University of Technology. Furthermore, at the Gdańsk University of Technology, it supports the master's degree programme addressed to studies intending to specialise in designing and building marine power generation and distribution systems.

The postgraduate programme entitled "Offshore wind energy: preparation, implementation and management of investment projects" is a reaction to demand for specialists in this particular discipline. Launched in October 2022, this is a new course developed jointly by PGE Polska Grupa Energetyczna and the Łazarski University in Warsaw. This is the first course in Poland whose objective is to prepare specialists managing investment processes in the offshore wind energy sector.

An important point on the map of this cooperation will be the planned Centre of Competencies for the Offshore Wind Energy Sector in Ustka, which is to be the heart of the ecosystem being created by PGE Baltica intended to establish strong ties between academic institutions and the offshore wind industry. This is where employees will be trained and their qualifications certified. The centre's project teams will work on new technologies improving the efficiency of offshore wind farms. In the design and research sphere, besides universities, PGE Baltica is already cooperating with various institutes of the Polish Academy of Sciences, including those located in Gdańsk. In close cooperation with scientific institutions, the Centre in Ustka plans to implement state-of-the-art technologies, including an innovative concept for the construction of a so-called digital twin based on the Hi Tech technology for training and preventive diagnostics, build a unique set of simulators in a VR (virtual reality) model for training purposes, develop a methodology for testing innovative technologies in an operational environment and conditions for conducting implementation-oriented doctoral research studies and storing the acquired knowledge. The commercialisation of undertaken projects and close attention paid to compliance with intellectual property protection regulations will create sources of real revenue and significantly optimise O&M costs.

Cooperation with the CSWU Multidisciplinary Research Centre in Warsaw

On 26 October 2022, the Multidisciplinary Research Centre at the Cardinal Stefan Wyszyński University, with which the PGE Group actively cooperates, among others, in the field of cybersecurity and digital data analytics, started to operate an independent organisational unit. Cooperation with the Cardinal Stefan Wyszyński University in Warsaw includes testing key corporate systems used in the PGE Group, for example the purchasing system, conducting workshops and practical training events in the field of cybersecurity, developing competencies in protection against threats, incident detection and handling, cybersecurity management, as well as renting specialised infrastructure necessary for performance testing of power distribution systems. Outside the IT area, renewable energy and circular economy projects are also being implemented, including the recycling of wind turbine blades. These activities are in line with PGE's business strategy and are some of the many examples of innovative initiatives undertaken by the PGE Group.

Cooperation with secondary schools

Planning to create a comprehensive education programme for young people interested in a career in the offshore wind energy sector, PGE Baltica also invited selected Pomeranian secondary schools, such as the General and Technical Schools Complex in Ustka and the Technical Schools Complex in Malbork - Technical School no. 2, to show their pupils opportunities related to employment at offshore wind farms. PGE Baltica's support for these schools will include, among other things, the purchase of textbooks for three outstanding pupils, donations for the purchase of equipment for a mechanical and measurement laboratory, the

organisation of specialist theoretical and practical classes, and participation in the preparation of technical personnel for PGE Baltica's investment projects.

In cooperation with technical secondary schools located in the cities where the company's heat generation facilities are operated, PGE Energia Ciepła is running the "Career full of Energy" project. Vocational training is this area of education that, alongside higher education, has the greatest impact on the preparation of human resources for the modern energy industry. This is why the "Career full of Energy" project provides for direct cooperation with schools and pupils. It is the result of an analysis of the changes taking place in the Polish economy, the labour market and the employment structure at the company's production facilities. A key factor in these changes is the retirement of highly qualified staff and the increasing demand for sector-specific specialists.

The project firstly involves giving the pupil the opportunity to learn the trade under real working conditions, to get to know the CHP plant and to familiarise themselves with specific jobs through traineeships and apprenticeships. Close cooperation with schools will make it possible to tailor training programmes to the market needs of the district heating sector.

In Gdańsk, since 2016, when "The agreement on cooperation and support for the education of future personnel for the energy industry" was signed, every year first and second graders have been invited to a lesson on the energy industry, allowing young people to become familiar with the functioning of a CHP plant. Third-grade pupils may participate in training programmes and those who show the most interest and willingness to learn new skills and professional competencies receive financial rewards. A paid traineeship for graduates is also available and the best trainees may receive an offer of employment. Over the past five years, more than 30 graduates of the Energy School Complex have found employment at PGE Energia Ciepła CHP plants in Gdańsk and Gdynia, and more will be needed to replace retiring employees.

In Cracow, the 2023 Energy Olympiad was held for pupils of the Tadeusz Kościuszko Energy and Electronics Technical School no. 9. This was the next step in the implementation of the programme called "Careers Full of Energy". A test in the knowledge of issues related to the energy industry was conducted among first and second year pupils following a curriculum oriented towards energy issues. The questions in the competition focused on energy efficiency, the rational use of heat for heating and domestic hot water, as well as the operation of the CHP plant in Cracow. On the day of the Olympiad, a group of 35 pupils visited the CHP plant in Cracow to compete for the title of "the Powerful Olympian". In order to adjust to the atmosphere of the place, all pupils were given a tour of the plant, which helped them to consolidate valuable knowledge necessary for dealing with the competition tasks.

PGE Dystrybucja continues its cooperation with 20 vocational schools in the company's area of operation. Within the framework of signed cooperation agreements, meetings with young people in the field, study meetings and vocational excursions are conducted. On 24 July 2023, PGE Dystrybucja became a partner in the project called "The establishment and operation of an energy sector vocational skills centre in the Niżański District". The aim of the project is to prepare the technical workforce for the requirements of the changing market/energy industry and to rapidly recruit qualified/educated technical staff, especially electrical fitters. The target group for the project will be pupils of the Regional Vocational Education Centre in Nisko, the School Complex in Nisko, teachers of vocational subjects related to the electrical and power generation sector, people interested in retraining or improving their professional qualifications, as well as employees of PGE Dystrybucja.

For years, PGE Górnictwo i Energetyka Konwencjonalna has been involved in the PGE Patronage Classes Programme, which is a project aimed at the reconstruction of vocational education in Poland and the acquisition of high-quality human resources that meet the needs of the Polish economy, including the energy sector. PGE GiEK's patronage classes were established in 2018/2019 and have since trained, among others, future electrical, automation, mechanical and mechatronic technicians. The programme covers schools providing vocational training in line with PGE GiEK's business profile. Currently, around 540 pupils are being educated in cooperation with PGE GiEK.

In addition, PGE GiEK maintains relations with the academic community, as evidenced by numerous scientific and technical cooperation agreements concluded between the company and universities across Poland. Currently, PGE GiEK cooperates with 17 scientific centres in the country. Scientific and technical cooperation makes it possible, first and foremost, to secure the acquisition of university graduates who meet PGE GiEK's qualification requirements as potential employees of the company to replace existing employees who decide to leave or retire.

The first class under the patronage of PGE Energetyka Kolejowa was launched at the Wielkopolskie Uprising 1918-1919 School Complex in Krzyż Wielkopolski in September 2021. In 2023, the company extended its patronage to another class at the Stefan Bobrowski Vocational School Complex in Rawicz.

Pupils who decide to start their vocational training path as electrical and mechanical technicians in the patronage class have the opportunity to participate in educational excursions, training courses and lectures. The practical dimension of training significantly influences the subsequent employability of these pupils. The company also actively participates in various events organised at schools and universities.

Trainee programmes

The PGE Capital Group is proactive in providing opportunities and places of employment to young talents and in developing potential in the student population. This is evidenced by the PGE Group's participation in the one-year traineeship programme called "Energy for the Future", carried out under the auspices of the Ministry of Climate and Environment in cooperation with energy companies. The "Energy for the Future" traineeship programme allows students of energy-related subjects at Poland's top universities to learn about the practical side of the energy industry, gain knowledge from experienced employees and prepare for a career in the industry.

In 2023, the PGE Group and a few other sponsors to implement the next, eighth edition of the programme. In its course, three trainees work for the PGE Group: two at PGE Baltica and one at PGE S.A. A traineeship lasts for eight months. During this period a trainee carries out programme tasks at the Ministry for two months and at sponsors' facilities for six months.

Another programme geared towards working with the younger generation is the "Design Your Career" Summer Traineeship Programme. Its latest edition ran for three months, from July to September 2023. It was the first edition of the programme after a long hiatus due to the pandemic. The programme is addressed to students and graduates of Polish universities, irrespective of their major study subjects. In this edition, it provided an opportunity for 45 trainees to take their first steps on the labour market and get to know the PGE Group from the inside.

They carried out tasks in many cities across Poland, from the north (e.g. Gdańsk or Gdynia) to the south (Cracow). They also worked at PGE facilities located in Lublin, Opole and Warsaw. The trainees were given a specific project/task with predetermined objectives and milestones to fulfil. They did it under the guidance and with the support of a mentor and supervisor. During their traineeship, they had the opportunity to participate in training provided by the Internal Trainer of the PGE Group Knowledge and Development Centre.

Since 2021, PGE Energetyka Kolejowa has been implementing the STRONG START paid traineeship programme aimed at students and graduates of electrical, power engineering, IT, economics and finance departments at universities. To date, 83 students and graduates have taken advantage of this opportunity in the three editions of the programme.

In 2023, 25 trainees participated in the programme, of which six were offered further cooperation. The complexity and specificity of the company PGE Energetyka Kolejowa (a combination of the power distribution and railway sectors) as well as the diversity of its business areas provide trainees with the opportunity for development and learning the practical aspects of work.

Job fairs

In 2023, PGE participated in 5 events in the Job Fair category:

- As the PGE Group, it participated in the JOBICON Work Festival organised by the Pracuj.pl Group in Warsaw,
- PGE Baltica participated in the EDU OFFSHORE WIND event in Gdańsk,
- PGE Energia Ciepła participated in the JOBICON event in Cracow,
- PGE Baltica participated in the Job Fair at the Gdańsk University of Technology.
- PGE Energetyka Kolejowa participated in the Engineering Job Fair at the Warsaw University of Technology

At the Warsaw JOBICON event, the PGE Group stand was visited by more than 4,000 participants. Conducted interviews resulted in the submission of 80 CVs submitted within a week of the meeting. During the Cracow edition of the event, PGE Energia Ciepła representatives answered questions about the ins and outs of working in the heat generation industry. The event was attended by several hundred people, mainly students and graduates of Cracow's universities and secondary schools. PGE Baltica took part in the first EDU Offshore Wind

educational career fair. Visitors to the fair were mainly secondary school pupils from Pomerania, who were just at the threshold of making decisions about their professional future. However, the stand was also visited by pupils who had already gained their first experience of working at sea.

3.4 Social environment

As the largest power utility in Poland, the PGE Group has a direct and significant impact on society. It is the guarantor of an uninterrupted supply of electricity and heat, and fulfils important economic roles, both nationally and regionally. At the same time, it is a workplace for more than 40,000 people. PGE's impact on society is therefore a key ESG factor influencing the Group's operational decisions.

3.4.1 Fair energy transition

| GRI 3-3 [employee issues with a particular focus on the energy transition] |

The PGE Group's energy transition is being carried out in such a way that the occurring processes take into account and respect the interests and needs of local communities, territorial administrations, investors and businesses, the needs of the natural environment, as well as the creation of new jobs for the current employees of the coal and lignite sector.

The PGE Group makes sure that entrepreneurs and employees in the energy sector as well as residents of coal and lignite regions are part of the entire transition process and actively participate in it. The transformation of mining and quarrying regions is a complex, difficult and ambitious task, and comprehensive measures are needed to maximise the security of the local population (especially lignite mine and power plant employees and their families, who are directly affected by the transformation of the lignite regions), and to maintain the economic potential of the regions that have been heavily dependent on mine and power plant operations for several decades. It is also crucial to ensure the energy security of the region and the state as a whole in the process of phasing out the operation of coal and lignite assets.

The transformation projects implemented by the PGE Group in the Łódzkie and Dolnośląskie provinces are part of the process of changing Poland's energy mix in the low- and zero-carbon directions. In the PGE Capital Group, a transition concept has been developed for the Bełchatów and Turów power complexes. Among other things, it provides for the further development of renewable energy sources (mainly in the area of photovoltaics and onshore wind farms), as well as ambitious investment projects to stabilise generation capacities and strengthen social, economic and territorial cohesion. Regardless of the process of spinning off coal assets, the PGE Group will remain active in the lignite regions, as both an experienced investor in the energy transition process and an initiator of activities supporting the economic development of these areas.

Bełchatów energy complex

The largest employer in the Bełchatów region is the PGE Capital Group comprising PGE Górnictwo i Energetyka Konwencjonalna and its subsidiaries providing support services to the power plant and lignite mine. At present, almost 7,700 people are employed at the power plant and mine in Bełchatów, as well as PGE GiEK's head office.

In order to bridge the employment gap in the region, which will result from the gradual reduction in the operations of the mine and power plant, PGE is planning a number of projects over the next several years, including both renewable energy development and land rehabilitation projects, as well as pro-social projects such as the already functioning Competencies Development Centre.

PGE has prepared a just transition concept that presents a plan of investment projects in a complementary way, along with their justification and implementation schedule. In the case of the Łódź region, where the Bełchatów Complex operates, it presents specific investment projects for the years 2021-2043 to be carried out by the PGE Group and complementary projects to be carried out outside the PGE Group, thanks to which a total of over 15,000 new jobs may be created in modern sectors of the economy. The implementation of this ambitious plan depends on the involvement of many entities, also at the national level, as it exceeds the capacities of the PGE Capital Group.

The plan includes projects such as:

- the construction of wind farms with a capacity of up to 50 MW,
- photovoltaic farms with a capacity of up to 200 MW,

- energy storage facilities with a capacity of up to 200 MW,
- the creation of a RES technology centre on the basis of today's conventional energy support companies, which will be transformed into entities pursuing renewable projects: production, overhauls, as well as recycling and recovery of end-of-life renewable raw materials,
- the Competencies Development Centre – a dedicated programme for power plant and mine employees and local residents aimed at creating opportunities for retraining for the purposes of the renewable energy generation sector.

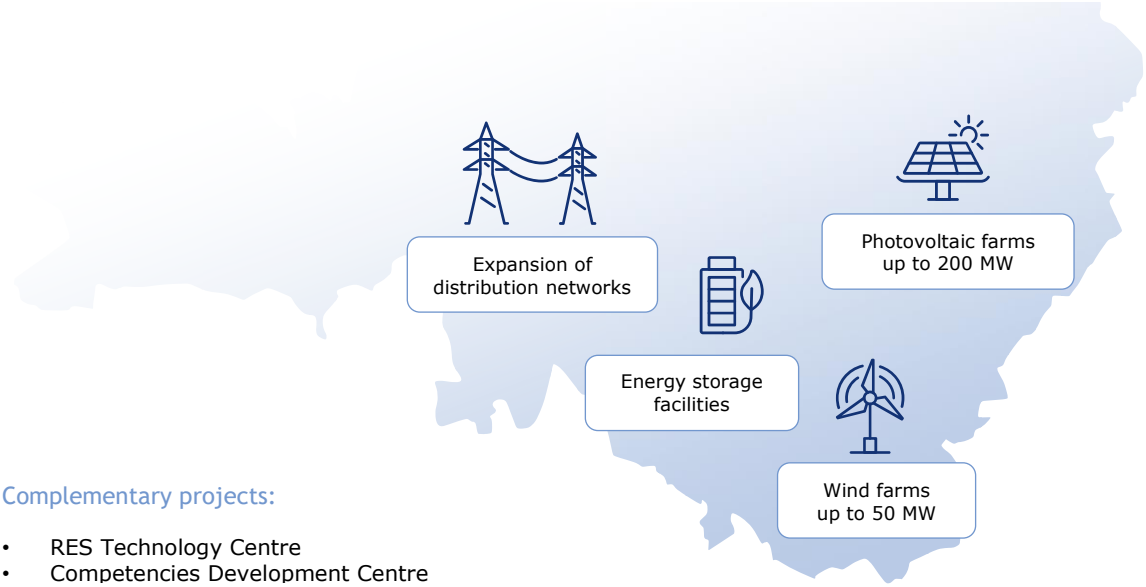

Fig. Just Transition – the Bełchatów Region in 2043

In 2023, the preparatory works for investment projects relating to the construction of RES were being continued, in particular those providing for the verification of the stability of the land intended for the foundations of new facilities. A tender for the construction of the 50 MW Kleszczów PV farm was also carried out in 2023. This project is already scheduled for implementation between 2024 and 2025. It will be implemented in a special purpose vehicle in which the Kleszczów Commune is a shareholder, thus ensuring the participation of the local community in the transformation of the region. The project has also applied for supplementary funding from the Just Transition Fund.

Competencies Development Centre in Wola Grzymalina in support of vocational training

An important step in preparing employees of the Bełchatów Complex for a fair energy transition was the establishment of the Competencies Development Centre of the Łódzkie Province and PGE Polska Grupa Energetyczna S.A. in Wola Grzymalina (CRK). In September 2023, the centre wrapped up its first year of providing vocational training and support to the region's residents.

The Center is a place that provides an opportunity for training and qualification development for employees in the energy sector, re-training of employees in the conventional power generation sector and residents of the region interested in changing or acquiring new qualifications.

The training programme offered covers a wide range of issues concerning renewable energy sources, resources, acquisition, design and use in the area of solar, wind, geothermal and hydro power, as well as issues concerning renewable energy technologies, the ecological effects of energy conversion, the legal basis for environmental protection and the development of renewable power generation in Poland and around the world.

In 2023, 91 persons participated in qualification vocational courses offered by the Centre in the following subjects:

- Technician of renewable energy devices and systems,
- Automation technician,
- Welding technician,
- IT technician,
- Programming technician.

The Centre also organises projects receiving public funding. One of them was "Support for a New Vocational Start", a project receiving European funds and grants from the Łódzkie Province.

- It was aimed at natural persons working, studying and/or residing in one of the seven districts (Bełchatowski, Piotrkowski and Piotrków Tryb., Radomszczański, Łaski, Pabianicki, Pajęczański) of the Łódzkie Province. Support was provided to 68 persons (55 percent of them women) who:
- had lost their jobs due to reasons not attributable to them within a period of no more than 6 months prior to the date of accession to the project;
- had been scheduled for dismissal or threatened with dismissal for reasons not attributable to them (at least 20 persons). The project ran from 1 February 2022 to 30 November 2023.

The Centre also organises projects receiving public funding. One of them was "Support for a New Vocational Start", a project receiving European funds and grants from the Łódzkie Province.

It was aimed at natural persons working, studying and/or residing in one of the seven districts (Bełchatowski, Piotrkowski and Piotrków Tryb., Radomszczański, Łaski, Pabianicki, Pajęczański) of the Łódzkie Province. Support was provided to 68 persons (55 percent of them women) who:

- had lost their jobs due to reasons not attributable to them within a period of no more than 6 months prior to the date of accession to the project;
- had been scheduled for dismissal or threatened with dismissal for reasons not attributable to them (at least 20 persons).

The project ran from 1 February 2022 to 30 November 2023.

"Improving the competencies and qualifications of the pupils and teachers of the Competencies Development Centre of the Łódzkie Province and PGE Polska Grupa Energetyczna in Wola Grzymalina" was another project implemented with the support of public funds. It resulted, among other things, in an improvement in the qualifications of 130 participants, an increase in the competencies of 16 teachers, the adaptation of the educational offer and the acquisition of modern equipment to support vocational training in line with the demand of the labour market.

As part of the project, state-of-the-art computer equipment was purchased, the welding, RES and automation laboratories received new equipment and official standards were purchased from the Polish Committee for Standardisation. The welding course and the electrical qualifications photovoltaic system installer course were successfully completed by 50 and 100 participants, respectively. Courses for teachers included such subjects as English, automation, welding, RES and management in the energy sector. The project ran from 1 August 2022 to 31 December 2023.

Just Transition Fund

PGE Polska Grupa Energetyczna S.A. has been taking a number of measures to support the Łódzkie and Dolnośląskie Provinces in their efforts to obtain funding from the EU's Fair Transformation Fund (FST) since 2020, actively participating in works on the development of the following:

- the Territorial Fair Transition Plan for the Łódzkie Province,
- the Territorial Fair Transition Plan for the Dolnośląskie Province (with regard to the Zgorzelecki District), as well as
- the National Fair Transition Plan.

The needs of the Łódzkie and Dolnośląskie (Zgorzelecki sub-region) Provinces are highlighted in these documents as requiring special attention.

In accordance with the Regulation of the European Parliament and of the Council (EU) of 24 June 2021, the Just Transition Fund is designed to mitigate the negative social and economic impacts of the climate and energy transition in so-called coal and lignite regions. PGE S.A. has made intensive and numerous efforts to have the Łódź region (where the Bełchatów Energy Complex is located) and the Zgorzelec sub-region (with the Turów Energy Complex) recognised by the European Commission (EC) as "coal regions" within the meaning of the Just Transition Fund, thereby gaining access to support from the EU Just Transition Fund (or more broadly – Mechanism).

Money from the Just Transition Fund will be available for the following purposes:

- job creation activities,

- employee training to facilitate the retraining and acquisition of new occupational skills by workers previously employed in the coal and lignite sector,
- restoring the region's economic potential,
- diversification and modernisation of the local economy,
- projects facilitating the development of renewable energy sources,
- projects supporting the rehabilitation of mining and post-mining sites.

PGE S.A. participated in consultations on successive versions of the drafts of the Territorial Just Transition Plans and the National Just Transition Plan. In 2023, PGE also provided the administration with the data and forecasts necessary for a possible update of the existing Territorial Just Transition Plan for the Łódzkie Province.

On 5 December 2022, the European Commission approved five just transition plans for Poland, under which around EUR 3.85 billion will be available to five Polish regions for projects under the Just Transition Fund. The resources from the JTF will support the climate transition of the mining areas located in the Śląskie, Małopolskie, Wielkopolskie, Dolnośląskie and Łódzkie Provinces.

The involvement of PGE Polska Grupa Energetyczna S.A., the information provided to the local and central administrations and the European Commission, as well as the data and forecasts related to the operation of the Bełchatów Power Plant were of key importance in the consultation process with the EC and determined the positive decision of the European Commission regarding the Łódź region. The Łódź region was allocated EUR 369.5 million from the Just Transition Fund. The money is to support, among others, employees currently working at the Bełchatów Power Plant, as well as those in the mining and related sectors. The EC stresses that, among other things, training will provide workers with new skills and prepare them for employment in new "green sectors".

With regard to the EC's positive decision concerning the Dolnośląskie Province, the European Commission decided to allocate the funds for this region entirely to the Wałbrzych sub-region, with the complete exclusion of, among others, the Zgorzelec sub-region. Of the EUR 581.5 million allocated by the Commission under the Fair Transition Fund to Lower Silesia, the Wałbrzych sub-region will receive the whole amount. Due to the operation of the Turów Power Plant in the Zgorzelecki District, the PGE Group has emphasised the importance of this sub-region of the Dolnośląskie Province from the very beginning, requesting that resources from the Fund be allocated to both the Wałbrzych and Zgorzelec sub-regions. The European Commission eventually decided that resources from the current edition of the Fund could only go to regions where basic power generation units would be decommissioned by 2030. Given the timetable planned so far for the gradually decommissioning of the Turów Power Plant, the Zgorzelec sub-region will be able to apply for resources from the next edition of the Just Transition Fund and can count on the support of the PGE Group.

The PGE Group intends to successfully implement further ambitious investment and systemic projects in the Łódzkie and Dolnośląskie Provinces, using the Fair Transition Mechanism as well as other sources of financing. PGE also allows for the possibility of modifying its projects developed for the purpose of the just transition, depending, among other things, on the course of the competition process within the framework of applying for sources from the Just Transition Fund, so that the financing of these projects is as effective as possible from the perspective of the PGE Group and at the same time so that these activities serve the regions and their local communities in the best possible way.

The approval of the Territorial Just Transition Plans paves the way for dedicated funding under the other two pillars of the Just Transition Mechanism: the InvestEU Just Transition Scheme and the Public Sector Loan Facility, which combines Commission grants with European Investment Bank (EIB) loans. Therefore, the European Commission's positive decision to include the Łódzkie Province in access to the Just Transition Fund (which was made possible thanks to strong involvement on the part of PGE Polska Grupa Energetyczna S.A.) not only means real assistance for the Łódź region and its inhabitants (especially the employees of the Bełchatów Power Complex), but also creates new opportunities for the Group within the framework of the entire Just Transition Mechanism. The PGE Capital Group will continue to actively participate in efforts to make the most of opportunities to support investment activities based on grants from the EU and national sources.

Irrespective of its support for obtaining grants from the Just Transition Fund, PGE is planning and implementing further investment projects (including ambitious renewable energy undertakings) in the two aforementioned regions with a view to preparing them for the energy transition.

3.4.2 Dialogue with stakeholders

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A successful course of the transformation process depends on its good understanding by all PGE stakeholder groups and their engagement in the process of changes. PGE makes every effort to ensure that the energy transition is fair, transparent and carried out in accordance with arrangements worked out in the dialogue process. This dialogue takes place at different levels, in a form adapted to the type and communication needs of individual stakeholders. There are also solutions (such as regular dialogue sessions) that create a space for all key stakeholder groups to share their opinions in a common setting and report their expectations regarding the company.

The PGE Group's key stakeholders include the central government, local governments, regulators and market supervisory bodies, shareholders, investors, customers, employees, banks and financing institutions, insurers, suppliers and subcontractors, industrial, social and environmental organisations, the media, ESG analysts, academics, local communities and competitors.

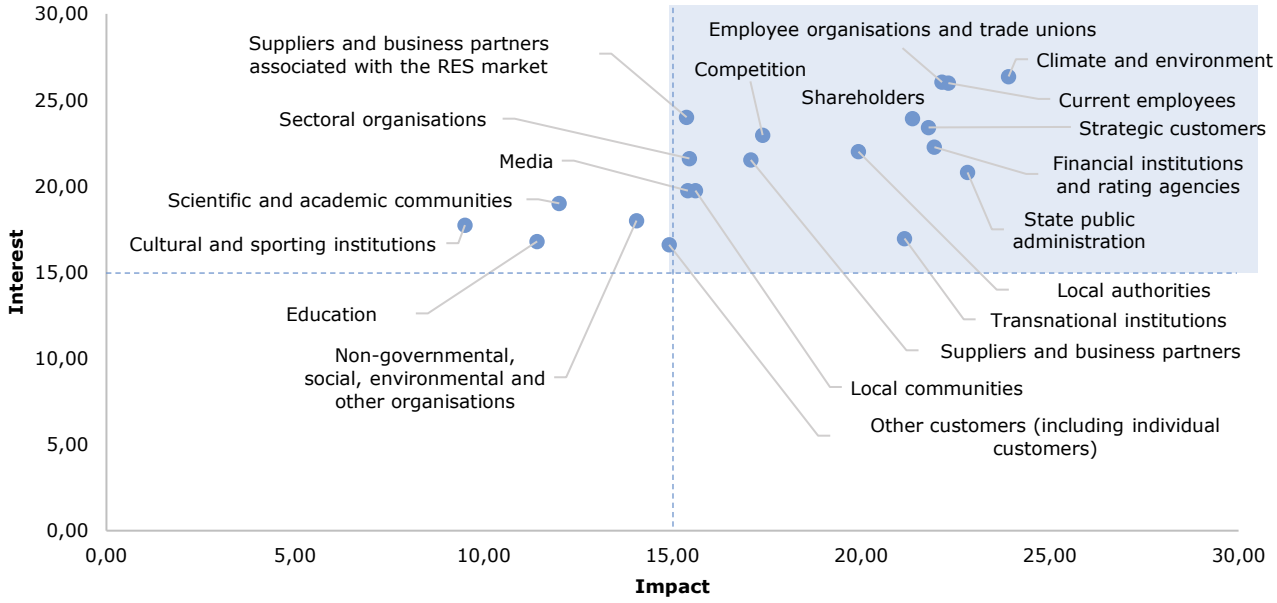

Fig. Key stakeholders of the PGE Group. A materiality analysis performed by key executives and members of the PGE Group working teams involved in the activities of the Sustainability Committee and ESG initiatives in 2023 (based on questionnaire surveys)

Forms of dialogue with PGE Group stakeholders

As an organisation with a large scale and impact on its surroundings, the PGE Group is a natural partner for dialogue with a wide range of stakeholders. In order to develop in a sustainable way, it is important for PGE to examine and take into account their needs. It is committed to building relationships based on partnership.

#	Key stakeholders of the PGE Group	Scope of cooperation
1.	Government administration	Given the scale and scope of its operations, as well as its character, the PGE Group is strongly involved in cooperation with public authorities. The important role that PGE plays in the Polish economy makes it a natural dialogue partner for a wide range of government institutions.
2.	Shareholders and investors	The Investor Relations and ESG Department ensures coordination of all activities necessary to initiate and maintain good relations with existing and potential shareholders and investors. This means comprehensive and timely communication with the market and adherence to the highest reporting standards.
3.	Regulators and market supervisory bodies	Under the Energy Law Act, the Energy Regulatory Office (ERO) is the central state administrative authority in Poland, which is responsible for regulating the energy sector as well as promoting competition. The ERO President regulates the activities of energy companies, seeking to balance the interests of energy companies and customers. The PGE Group's activities are also subject to other regulators, such as: Office of Competition and Consumer Protection, Office of Technical Inspection, Financial Supervision Commission.
4.	Banks/financing institutions	PGE maintains an open dialogue with financial institutions, taking care of their communication needs and providing them will all necessary information. As a borrower, PGE is a trusted business partner, paying its financial obligations within the set deadlines.
5.	Employees	It is crucial for the PGE Group to create safe working conditions and stable employment for employees. PGE cares about their occupational development, providing them with interesting challenges and opportunities for participation in unique projects. PGE regards open and regular social dialogue as an integral part of its business activities.
6.	Customers	PGE is committed to high standards of cooperation with its customers, anticipating and meeting their needs. PGE's diverse offer is tailored to the individual needs of end users. We reach out to customers through various forms of contact. In order to better understand our customers' needs, we carry out regular satisfaction surveys. This helps us to continuously improve the quality of our services and build positive relationships with our customers.
7.	Insurers	In PGE S.A., the direct business partner for current and future insurers is the Risk and Insurance Department. With the aim of providing the best possible degree of financial security for potential risks, PGE seeks the most favourable solutions. The dialogue enables us to tailor insurance products exactly to PGE's needs.
8.	Media	For PGE, it is one of the key channels of communication with stakeholders, through which it presents its plans, results and achievements. PGE attaches great importance to a careful and proactive approach to relations with the media, bearing in mind the importance of access to full and timely information about the company.
9.	Local government administration	The scale and scope of the PGE Group's activities require direct and regular dialogue with local government administrations. The group builds relationships based on mutual respect and cooperation for the development of local communities.
10.	ESG analysts	As the leader of green change, PGE is open to dialogue with ESG analysts. The company's representatives communicate openly with them, respond to their needs and try to incorporate sustainability principles into the PGE Group's business operations on an ongoing basis. The assessments PGE receives in individual ratings or ESG tests are used to further develop the organisation responsibly and with future generations in mind.

#	Key stakeholders of the PGE Group	Scope of cooperation
11.	Energy sector organisations	As a member of the Polish Electricity Association, PGE belongs to EURELECTRIC, where it represents the interests of the European energy industry. As part of the Polish Committee of the World Energy Council, we play a role in shaping the organisation's policy and indicating the direction of its activities. Through its presence in sectoral organisations, PGE pursues important strategic partnerships. On the initiative of PGE, a manual for counting the carbon footprint has been created within the Polish Association of Combined Heat and Power Plants, which will allow data to be compared within the sector in Poland.
12.	Environmental organisations	PGE participates in the activities of many national as well as international environmental organisations, learning from them how to manage environmental protection and often supporting their activities. PGE Group companies actively cooperate with pro-environmental associations and organisations at the local level.
13.	Suppliers and subcontractors	What the PGE Group buys and from whom is of great importance to it. The PGE Group's purchase policy, as well as the Code of Conduct for Business Partners of PGE Capital Group Companies, emphasise the observance of high ethical, social and environmental standards by current and potential suppliers.
14.	Local communities	The PGE Group's investment processes are preceded by dialogues with local communities in order to provide them with full information on the activities being carried out, as well as to learn about and meet their expectations. PGE is committed to being a good neighbour to the communities living near its assets, helping them in their development according to their needs and looking after their wellbeing.
15.	Academic community	As the leader of the energy transition, PGE is responsible for investing in new technologies and co-creating new sectors of the economy, such as the offshore wind energy sector. Cooperation with scientific institutions, including those educating potential future employees, is of crucial importance for the PGE Group.
16.	Competition	The PGE Group maintains a dialogue with its competitors within the industry organisations to which they all belong. The dialogue process is guided by respect for the rules of fair competition, in line with the PGE Group Code of Ethics.
17.	Social organisations	The PGE Group is closely involved in activities that have a positive impact on communities. It is is a trustworthy partner.

Dialogue sessions

Information on what key stakeholders expect from the PGE Group is communicated during regular meetings. The latest stakeholder panel took place on 13 and 14 June 2022 in an online format. Around 80 people shared their opinions on the company's activities, including:

- 50 participants in the Polish-language session
- nearly 30 people in the English-language session attended mainly by representatives of international institutions.

Dialogue sessions are conducted according to the AA 1000 corporate social responsibility standard, with independent external facilitators. The meetings are primarily aimed at gathering information on what key stakeholders expect from the PGE Group, including in the ESG area, and gathering opinions on which of the PGE Group's activities are the most valuable and which should be additionally initiated. The outcome of dialogue sessions is also a list of the most important topics and issues identified by stakeholders that should be described in a non-financial information statement for a given year. More information on the results of the 2022 session is available in the section "About this statement".

There are benefits for both parties in participating in PGE Group stakeholder panels. These include the following:

- opportunities to directly communicate what is expected of the PGE Group with respect to its environmental and social responsibility;
- influence on the future directions of the PGE Group's strategic development in the ESG area;

- participation in the formulation of the PGE Group's plans and activities responding to the needs of a wide range of stakeholders;
- opportunities to present stakeholders' opinions on the PGE Group's activities and to learn about the PGE Group's expectations and capabilities;
- identification of ESG areas and topics relevant for presentation in the PGE Group's integrated report.

Relations with the social environment – public affairs

The basis for the sustainable, balanced development of the PGE Group is to maintain ongoing partnerships with the institutions that oversee the functioning of the markets in which the organisation operates. PGE is committed to a constructive and transparent dialogue with independent market regulators and supervisory authorities. The PGE Group operates in an extremely complex and changing regulatory environment. Ongoing monitoring of legislative processes and active participation in dialogues with circles responsible for lawmaking, in both Poland and the European Union, is a necessary element for conducting effective business activities and meeting the expectations of the PGE Group's stakeholders. Such efforts translate directly into building the Group's value.

PGE aims to raise public awareness of the problems and challenges of the power generation sector. It is a natural partner for discussions and consultations with the legislature, central administration and local governments. PGE experts analyse the consequences of regulatory and political decisions in the field of power generation. The PGE Group shares observations and analyses on the existing framework facilitating dialogue with the administration and lawmakers. PGE also actively cooperates with numerous institutions, seeking to draw attention to issues of importance to the company and the energy industry as a whole. These tasks are carried out in accordance with the international cooperation procedure.

PGE is a member of a number of energy industry organisations and also presents its opinions through them. This ensures the development of a balanced position that takes into account the viewpoints of all members of such organisations. The issues of PGE Group companies' membership in industry organisations are regulated by the procedure for managing the PGE CG companies' membership in national and international industry organisations. An industry organisation is any national or international organisation, irrespective of its legal form, including an association, society, employers' union or chamber of commerce, whose activities focus on issues related to the energy sector.

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#	Key national and international industry organisations to which PGE Group companies belong (as at 8 March 2024)	Type of organisation	Membership of PGE Group company	Representation in organisation's governing bodies*
1.	Polish Electricity Association (PEA)	domestic	PGE S.A.	Performed functions: President of the PEA Governing Board, Vice President of the PEA Governing Board, Member of the PEA Governing Board, and Secretary of the PEA Governing Board
2.	Eurelectric - indirect membership through the Polish Electricity Association (PEA)	international	PGE S.A.	Member of the Board of Directors of Eurelectric
3.	Association of Polish Electrical Engineers (APEE)	domestic	PGE S.A.,PGE GIEK, PGE Dystrybucja and PGE Energia Ciepła	No PGE Group representatives in the organisation's governing bodies
4.	Association of Energy Trading (AET)	domestic	PGE S.A.,PGE Obrót and PGE Energetyka Kolejowa	Performed functions: Vice President of the AET Governing Board and Member of the AET Governing Board

#	Key national and international industry organisations to which PGE Group companies belong (as at 8 March 2024)	Type of organisation	Membership of PGE Group company	Representation in organisation's governing bodies*
5.	Association of Stock Exchange Issuers (ASEI)	domestic	PGE S.A. and ZEW KOGENERACJA S.A.	No PGE Group representatives in the organisation's governing bodies
6.	Union of Entrepreneurs and Employers (UEE)	domestic	PGE S.A.	No PGE Group representatives in the organisation's governing bodies
7.	Union of Polish Energy Employers (UPEE)	domestic	PGE S.A., PGE GIEK S.A., PGE Dystrybucja S.A., PGE Energia Odnawialna S.A. and PGE Energia Ciepła S.A.	Performed functions: President of the UPEE Management Board
8.	European Energy Forum (EEF)	international	PGE S.A.	No PGE Group representatives in the organisation's governing bodies
9.	Eurogas	international	PGE S.A.	No PGE Group representatives in the organisation's governing bodies
10.	European Roundtable on Climate Change and Sustainable Transition (ERCST)	international	PGE S.A.	No PGE Group representatives in the organisation's governing bodies
11.	European Federation of Energy Traders (EFET)	international	PGE S.A.	No PGE Group representatives in the organisation's governing bodies
12.	Euroheat&Power	international	PGE S.A.	No PGE Group representatives in the organisation's governing bodies
13.	Bruegel	international	PGE S.A.	No PGE Group representatives in the organisation's governing bodies
14.	United Nations Global Compact (UNGC)	international	PGE S.A. and PGE Energetyka Kolejowa S.A.	No PGE Group representatives in the organisation's governing bodies
11.	European Federation of Energy Traders (EFET)	international	PGE S.A.	No PGE Group representatives in the organisation's governing bodies
15.	Economic Associatio of Polish Power Plants (EAPPP)	domestic	PGE GIEK S.A.	Performed functions: Member of the EAPPP Management Board
16.	Polish Association of Combined Heat and Power Plants (PACHPP)	domestic	PGE GIEK S.A., PGE Energia Ciepła S.A., ZEW KOGENERACJA S.A. and EC Zielona Góra S.A.	Performed functions: President of the PACHPP Management Board and two members of the PACHPP Management Board
17.	Employers' Association of Lignite Producers' Union (EALPU)	domestic	PGE GIEK S.A.	Performed functions: President of the EALPU Management Board and Vice President of the EALPU Management Board

#	Key national and international industry organisations to which PGE Group companies belong (as at 8 March 2024)	Type of organisation	Membership of PGE Group company	Representation in organisation's governing bodies*
18.	European Association for Coal and Lignite (EURACOAL) - indirect membership through the Employers' Association of Lignite Producers' Union (EALPU)	international	PGE GIEK S.A.	No PGE Group representatives in the organisation's governing bodies
19.	Polish Association for Transmission and Distribution of Electricity (PATDE)	domestic	PGE Dystrybucja S.A. and PGE Energetyka Kolejowa S.A.	Performed functions: Vice President of the PATDE Management Board and two Members of the PATDE Management Board
20.	European Distribution System Operators (E.DSO)	international	PGE Dystrybucja S.A. and PGE Energetyka Kolejowa S.A.	Performed functions: Member of the E.DSO Board of Directors
21.	EU DSO Entity	international	PGE Dystrybucja S.A. and PGE Energetyka Kolejowa S.A.	Performed functions: Member of the EU DSO Board of Directors
22.	Cogen Europe	international	PGE Energia Ciepła S.A.	No PGE Group representatives in the organisation's governing bodies
23.	Polish Offshore Wind Energy Association (POWEA) - planned transformation into the Polish Chamber of Offshore Wind Energy (PCOWE)	domestic	PGE Baltica sp. z o.o.	No PGE Group representatives in the organisation's governing bodies
24.	Polish Wind Energy Association (PWEA)	domestic	PGE Baltica sp. z o.o. and PGE Energia Odnawialna S.A.	No PGE Group representatives in the organisation's governing bodies
25.	WindEurope (WE)	international	PGE Baltica sp. z o.o.	No PGE Group representatives in the organisation's governing bodies
26.	Hydroelectric Power Association (HPA)	domestic	PGE Energia Odnawialna S.A.	Performed functions: Member of the HPA Management Board
27.	European Coal Combustion Products Association (ECOBA) - indirect membership through the Polish Union of Combustion By-Products	international	PGE Ekoserwis S.A.	Performed functions: Member of the ECOBA Management Board
28.	Polish Union of of Combustion By-Products (PU CBP)	domestic	PGE Ekoserwis S.A.	Performed functions: President of the PU CBP Management Board and Vice President of the PU CBP Management Board
29.	Association of Producers of Energy from Waste (APEW)	domestic	PGE Energia Ciepła S.A.	No PGE Group representatives in the organisation's governing bodies
30.	Association of Energy Distribution Employers (AEDE)	domestic	PGE Dystrybucja S.A. and PGE Energetyka Kolejowa S.A.	Performed functions: President of the Management Board Vice President of the Management Board
31.	Association of Railway Employers (ARE)	domestic	PGE Energetyka Kolejowa S.A.	No PGE Group representatives in the organisation's governing bodies

#	Key national and international industry organisations to which PGE Group companies belong (as at 8 March 2024)	Type of organisation	Membership of PGE Group company	Representation in organisation's governing bodies*
32.	International Union of Railways (UIC)	international	PGE Energetyka Kolejowa S.A.	No PGE Group representatives in the organisation's governing bodies

* the issue of representatives of the PGE Capital Group sitting in organisations' governing bodies is under modification, the above information is valid as at 8 March 2024

As the largest power company in Poland, PGE is aware of the importance of decisions on the future of the energy sector being taken at the European Union level. The PGE Group has an international presence and is actively involved in institutional dialogue that supports the idea of mutual understanding. A constructive exchange of arguments and views leads to a compromise. A significant range of activities is carried out through PGE's Brussels Office and through its membership in the Polish Electricity Association (PEA), which brings together representatives of the industry in Poland. Furthermore, through the PEA, PGE actively participates in the work of EURELECTRIC, an international organisation representing the interests of the electricity industry at the European Union level.

The growing need for direct dialogue with the European environment led PGE S.A. to open its own office in Brussels in April 2019, remaining a member of the PEA. The main role of the PGE S.A. Office in Brussels is to intensify the PGE Capital Group's activity in matters related to the EU's implemented and planned energy and climate regulations. The office supports the implementation of the Group's strategic objectives to ensure the long-term growth of its value in the context of the changing political and economic conditions on the EU electricity market.

Dialogue with shareholders

The primary objectives of PGE's information policy are transparency and cooperation based on mutual trust. Effective communication and transparency in relations with investors are in the company's best interest and build its value for shareholders. Investor relations activities go beyond regulatory requirements. These oblige the company to comply with its periodic and current reporting obligations, with a particular focus on price-sensitive information.

In 2023, PGE S.A. maintained multi-channel communication with capital market participants through its website and the dedicated Investor Relations tab, email correspondence following significant events in the PGE Group, as well as meetings with analysts and investors.

After the pandemic, the Company returned to the format of investor conferences held at physical venues both in Poland and abroad, including London and Prague.

Each time prior to the publication of an interim report, PGE S.A. published financial result estimates together with information on non-recurring events. In addition, a presentation detailing the estimated result and the key factors influencing the year-on-year change in the result was published on the website.

Following the publication of interim results, the company held four Management Board conferences for journalists and analysts to discuss the operating and financial results for the period and the company's growth prospects. The conferences were also streamed live on the internet, with a transcript of the broadcast then posted on the corporate website. Each time, an opportunity was provided for participants to ask questions.

In addition, the website included:

- presentations of the financial results with an analyst's package and supplement to the presentations in the form of an xls file,
- a periodically updated investor presentation,
- a presentation on the takeover of PKP Energetyka by PGE S.A.,
- a presentation on the PGE Group's decarbonisation plan (Decarbonisation Pathway),
- an editable xls-format file with financial and operational data presented as a time series from the first quarter of 2011 to the last reporting period,
- a consensus of analysts' forecasts,
- a calendar of events.

With a view to ensuring transparency in the implementation of the idea of sustainable development and the presentation of the company's impact on its environment, the PGE Capital Group's integrated report was published online. The 2022 report is available at: https://raportzintegrowany2022.gkpge.pl/

Dialogue between individual companies and their stakeholders

In the area of dialogue with external stakeholders, PGE Group companies organise meetings with representatives of local authorities and conduct social consultations accompanying investment projects. They also hold meetings with potential business partners or workshops for contractors from the energy and other sectors.

Dialogue with PGE Dystrybucja business partners

In 2023, PGE Dystrybucja carried out many investments in electricity networks in the area of operation of all the company's branches, so there is an ongoing dialogue with local communities, including local authorities, associations, public services such as the Fire Brigade, Territorial Defence Forces, Police and Provincial Crisis Management Centres. In 2023, the company cooperated with local authorities in the planning and implementation of electricity distribution investment projects by organising Energy Forums in 2023. In each of the company's seven branches, meetings were held throughout the year between PGE Dystrybucja representatives and local authorities, during which a lot of time was spent discussing topics such as the connection of RES farms and the production of green energy in a way that does not disrupt the operation of the distribution network. Energy Forums for local government officials have been organised since 2007 on a biennial basis and are designed to build active cooperation between local government units and the electricity distribution enterprise in the planning and implementation of investment projects.

In March 2023, a workshop for PGE Dystrybucja contractors was organised, addressed mainly to representatives of companies from the energy and construction sectors interested in carrying out investments for PGE Dystrybucja. Workshops are a regular and proven element of the company's investment process, and their format transparently explains complex tendering procedures and facilitates contractors' effective participation in PGE Dystrybucja's tenders. The 2023 workshop attracted more than 300 participants, of which around 50 contractors interested in working with the company attended the seminar in person at the Lublin Conference Centre. Further opportunities for face-to-face meetings with potential business partners of the company were provided by the event called "PGE Dystrybucja's Zone for Contractors", which was organised during the ENERGETICS Energy Industry Fair in Lublin and the 25th ENEX International Trade Fair for Power Generation and Renewable Energy Sources ENEX in Kielce.

In 2023, PGE Dystrybucja continued its cooperation with the Territorial Defence Forces (TOT) based on the previously concluded cooperation agreements. These agreements provide for mutual support, exchange of experience and opinions, and joint exercises concerning energy infrastructure protection called "Friendly Energy-23", survival training courses and "Amper" emergency response exercises. An additional objective of this cooperation is support from the TOT to be provided in the event of large-scale power outages, while the TOT have the opportunity to train on power infrastructure facilities.

PGE Energia Ciepła's cooperation with local authorities

District heating is a key contributor to the fight against low emissions in Polish towns and cities. For years, PGE Energia Ciepła CHP plants have been supporting local authorities in their battles for clean air. The branches of PGE Energia Ciepła, together with local authorities, engage in information and education campaigns aimed at connecting individual buildings to district heating networks. Energy and heat conservation was also a consistently important theme in 2023.

PGE Toruń has been cooperating with the city in many areas for years. The Toruń-based company supports energy efficiency improvements by providing consultancy services for municipal buildings, including energy consumption analyses for facilities and thermal imaging of roofs. In 2023, the company cooperated with the city, focusing in the preparation of preventive measures in the event of the mass occurrence of the Legionella bacterium.

The company and the local authorities cooperate on an ongoing basis with respect to the connection of new buildings to the district heating network and the refurbishment of heat pipes within the city, including buildings managed by such municipal institutions as the Housing Management Enterprise the Social Housing Association. Particularly important was cooperation related to the implementation of the project aimed at connecting the facilities of the European Film Centre Camerimage to the district heating network. On an ongoing basis, PGE

Toruń cooperates with the local government of Toruń on updating documents that are important and strategic for the city of Toruń and related to the supply of heat to the municipality.

PGE Energia Ciepła Wybrzeże Branch cooperates with the City of Gdynia on the programme called "Thermal imaging, or how to seal a household budget". In 2022, its sixth edition was launched. Owners, managers and administrators of residential buildings located in Gdynia could submit their properties for participation in the project. Thermal imaging surveys, which are completely free of charge for residents, were carried out over the winter, from 1 November 2022 to the end of February 2023. Ninety buildings were surveyed.

For the eighth time in 2023, PGE Energia Ciepła, together with the City of Gdynia and the heat distributor OPEC, organised a seminar for property managers in Gdynia. It was an excellent opportunity to talk about the advantages of being connected to a district heating network, as well as the methods of improving energy efficiency and reducing electricity and heat consumption in buildings in the face of current energy challenges.

The Zielona Góra CHP Plant supports the city in the fight against smog by implementing investments as part of the Integrated Territorial Investment Strategy, developed by the City President for the Urban Functioning Area of Zielona Góra. As part of these measures, network extension projects were carried out for the areas of the city with a high potential for heat demand. The CHP plant also supplies electricity to the electric bus fleet base of the Municipal Transport Enterprise. In November 2022, the City of Zielona Góra signed a letter of intent with the Zielona Góra CHP Plant and Enea Operator to cooperate to ensure energy security for the region. This initiative will make the Zielona Góra Conurbation more energy secure during possible weather anomalies. Analyses of the developed concept are currently underway.

PGE Energia Ciepła Branch in Cracow cooperated with the city on the preparation of a document entitled "Guidelines for the plan for supplying the city of Cracow with heat, electricity and gas fuels for the years 2023-2038". An updated version of the document called "The heat map 2023" was prepared and published. It is an indispensable tool for both the heat distributor (the planning of necessary works on the networks) and the heat producers (the planning of refurbishment and investment works). In addition, the Cracow Branch organised a workshop for members of the Home Builders' Association on how to ensure long-term energy security for property development projects in Cracow.

The company Zespół Elektrociepłowni Wrocławskich KOGENERACJA S.A. has been cooperating with the local government of the commune of Siechnice for many years. Following the signing of a letter of intent in 2019 for the revitalisation of the historic buildings of the current Czechnica CHP Plant after its decommissioning, a new company called "Siechnice Nowa Energia" was established in 2023, in which KOGENERACJA took a 50 percent stake, becoming its co-owner. The company is tasked with overseeing the revitalisation process and giving the industrial complex new economic, scientific, social and cultural functions after its closure. Both parties hope that this will ensure that the buildings, which are more than 120 years old, will continue to serve the local community, albeit in a slightly different and broader way. KOGENERACJA is also in constant dialogue with the City of Wrocław in the context of looking for new solutions for the implementation of low- and zero-carbon sources in Wrocław. At KOGENERACJA's request, a team was also set up to decarbonise Wrocław's district heating system. The main stakeholders in the investment process, i.e. KOGENERACJA S.A., heat distribution companies and representatives of the City of Wrocław, participate in the work of this team.

Dialogue within the framework of the just transition

PGE Górnictwo i Energetyka Konwencjonalna carried out a number of activities aimed, among other things, at reliably informing its stakeholders about the energy transition at the Bełchatów and Turów Complexes. The company participated in a number of meetings involving the necessity to initiate a change in the approach to the continued operation of PGE GiEK S.A., while ensuring the preservation of jobs. During the discussions held, the topics of Bełchatów and Turów were raised as important elements on the energy map of Poland also in the future and new solutions for the future were proposed.

In the case of the Turów complex, as part of the information campaign in connection with the ongoing concession process, PGE GiEK posted current information on the Turów Mine on its dedicated website www.turow2044.pl, which had been established in December 2020 as a multilingual website dedicated to the Turów Mine and Power Plant. The website provides information on the activities of the Turów power generation complex in the context of the current lignite mining concession.

In 2023, the company continued its outreach activities related to the defence of the Turów Complex with a well-prepared and tailored information campaign. A number of press releases were published, and their Czech and German language versions were forwarded to mass media in Czechia and Germany. These were aimed at convincing the public of the proper conduct of the concession granting process and the activities securing the

sites on the Czech and German sides of the border. PGE GiEK also participated in the Czech-Polish-German conference entitled "The Just Transition of the Tri-State Area" and held in Liberec, where information on the performance of the Polish-Czech agreement on the Turów Mine was presented. The company's representatives also actively participated in conferences and meetings, where – as members of discussion panels – they presented important issues related to the energy sector, its future and imminent transformation.

Information workshops

In October 2023, PGE Baltica, together with its Danish partner Ørsted, organised an event entitled "The Day of Suppliers" for potential suppliers, subcontractors and others interested in cooperation on the Baltica 2 Offshore Wind Farm. The event was attended by nearly 500 business representatives from Poland and abroad. The participants had the opportunity to learn about the current stage of the Baltica 2 project, the status of the contracting of key components and services, as well as contracts to be awarded in the near future. "The Day of Suppliers" was also an opportunity to hold meetings with individual suppliers of components and services already contracted by PGE and Ørsted.

PGE Baltica and its partner Ørsted hold regular meetings with the residents of the Choczewo Commune, where the infrastructure related to power evacuation is being built. In December 2023, a series of information meetings was organised with residents in several villages in the Choczewo Commune. The activities were aimed at presenting the progress of the project to the local community. PGE Baltica, together with other investors, continued the implementation of the 2nd edition of the programme called "Choczewo – a Wind Driven Commune". Based on ongoing cooperation with the local community, the initiative aims to involve residents in the creation and implementation of ideas for change in their immediate surroundings. The investors provide financing for the most interesting ideas in several thematic areas and simultaneously spread the knowledge of offshore wind power generation. At the end of 2023, a wrap-up meeting for the second edition of the programme was held, attended by investors, local authorities and residents.

PGE Baltica is also involved in outreach activities targeted at the residents of Ustka, where an operations and maintenance base for the PGE Group's offshore wind farms is being built. Since 2022, the company has cooperated with the General and Technical School Complex in Ustka. The company periodically conducts lessons about offshore wind farms and motivates the school's pupils in various ways, encouraging them to develop their own joint initiatives related to renewable energy sources. Two of the events organised in March 2023, on the occasion of the Baltic Protection Day, in cooperation with the school management, pupils and teachers, were a beach cleanup in Ustka and a lesson on offshore wind energy. During one of the most important events of the summer season in Ustka's calendar, namely the Fish Harvest Festival, PGE Baltica informed the town's residents and tourists about the company's offshore wind farm plans and projects via an information and education stand. In October 2023, the Town Hall hosted a series of information meetings with residents, during which PGE Baltica representatives answered questions about the investment planned at the port. In addition, in December 2023, the company organised a meeting on offshore wind energy with the students of the "Live Colourfully" University of the Third Age in Ustka.

In 2023, PGE Energia Ciepła organised a workshop for contractors from the energy and other related sectors, at which it presented planned investments and the rules for the proper preparation of tender procedures based on the public procurement law. Participants were able to ask the company's experts questions about the functioning of the PGE Group's purchasing system, health and safety rules and compliance issues. They also had the opportunity to become familiar with PGE's internal procedures and the tools used to conduct tender procedures at PGE Energia Ciepła. The contractors' workshop is also an opportunity for open discussions, sharing best practices and reviewing the most common problems encountered when submitting tender bids. The event has been organised annually since 2019 and is becoming increasingly popular.

Webinars for institutional customers

In 2023, PGE Obrót organised a webinar for the company's institutional stakeholders. It was attended by more than a hundred representatives of local authorities, public administration entities, universities and hospitals from all over Poland, who purchase energy under public procurement procedures. The topic of the meeting with representatives of local authorities and institutional customers was planning procedures in a dynamic market and prosumer billing issues. Local government officials mainly asked about the factors shaping energy prices on the Polish Power Exchange, when tenders should be announced and for how long, as well as the impact of contractual provisions on the price of energy.

3.4.3 Social involvement

The size and character of the PGE Group have a strong impact on its environment, including local communities, and thus set the direction for socially responsible activities.

For many years, the PGE Group has actively participated in the implementation of all 17 UN Sustainable Development Goals, and in its strategy identifies four of them, whose implementation it supports in a special way. These are:

- Goal 7. Affordable and clean energy,
- Goal 11. Sustainable cities and communities,
- Goal 12. Responsible consumption and production,
- Goal 13. Climate action.

Taking into consideration Goal 11 and cooperation with local communities, its scope is defined in the PGE Group by the general procedure for the management of community involvement activities, as well as the general procedure for the planning and implementation of donations. The PGE Group's approach to building relations with stakeholders is also defined in the Strategy of the PGE Capital Group and the Code of Ethics of the PGE Capital Group.

In 2023, for the fourth time, PGE ranked first in the 17th Ranking of Responsible Companies in the industry leader category (fuels, energy and mining), and third in the overall classification list, which examines the quality of responsible management in accordance with ESG guidelines. It was also awarded the Silver CSR Letter of Polityka in the 11th edition of the ranking. The organisers appreciated PGE's preparation for and adaptation to the regulatory requirements related to the management of the ESG area.

Development of communes in the operational area

The PGE Group activates local communities and strengthens their social capital. It also supports financially initiatives reported and identified as important by local residents themselves. An examples of such a project is "Choczewo. A Wind-Driven Commune".

It is a joint venture of the investors who are preparing to build offshore wind farms. The programme is implemented in the form of direct cooperation with the local community. In the first phase of the programme's development, the team responsible for its implementation held nearly 100 meetings with the community's residents. These included one-to-one interviews, workshops and research walks, the main aim of which was to diagnose the most important needs of the community, but also to inspire concern for the immediate environment. The result of the activities carried out with the residents was, among other things, the selection of thematic areas within which the offshore wind farm investors provided support to individual projects.

Residents could apply for support for projects in six areas, such as community initiatives and development, safety, community activity sites, cultural and natural heritage, child and youth development or good neighbourhood. Support under the programme was provided to, among others, all villages in the Choczewo Commune, associations acting for the benefit of residents or individual organisational units of the commune.

In 2023, the programme allowed for the implementation of initiatives involving the promotion of sport, culture and active lifestyles. A series of open volleyball tournaments for all residents took place in the Choczewo Commune on the occasion of the Independence Day, the Santa Claus Tournament, the New Year Tournament and the Valentine's Day Tournament. One of the initiatives was aimed at promoting intergenerational integration. The Carpe Diem Semper Cultural and Social Association carried out a project called the Multigenerational Mobile University, which comprised a number of educational and integration events. Other events included the Culinary Street Picnic and the Baltic Sea Nordic Walking March. A total of 45 projects received financial support from the company.

The social campaign "Polish – I buy it!"

Three years ago, the PGE Group launched a nationwide social campaign called ""Polish – I buy it!" aimed at promoting consumer patriotism, encouraging Poles to make conscious choices by choosing products from local producers and service providers. As part of the campaign, a dedicated website polskiekupujeto.pl is run with a guide section, educational spots and articles describing Polish products. The project was initiated by PGE employees and the Ministry of State Assets became its official patron. PGE also continued the campaign in 2023.

Developing the social campaign "Polish – I buy it!", PGE continued its cooperation with the developers of the Pola application, which helps to identify Polish products and manufacturers in a simple way by means of a scanned barcode. In this way, the user of the application receives information on whether the manufacturer is registered in Poland, whether it invests in research and development in Poland and whether its capital is Polish or foreign. Every consumer contributes to the expansion of the Pola application base by submitting reports about products that have not yet been verified. The application is being developed all the time and constitutes a unique and constantly growing database of Polish companies. To date, the Pola application has been downloaded more than 750,000 times and a total of 12 million products have been scanned through it.

As part of the summer instalment of the social campaign "Polish – I buy it", PGE prepared an animated film for social media encouraging consumers to equip their school bags with Polish products. To this end, it provided a dedicated application called "Pola. Take her shopping".

We share heat

PGE Energia Ciepła has been implementing the "We share heat" programme for years. It is targeted at the most needy consumers, including non-profit organisations, using district heating in cities where PGE Energia Ciepła has its CHP plants. As part of the programme, the company helps them to pay their heat and hot water bills. Thanks to the "We share heat" programme, PGE Energia Ciepła donated a total of more than PLN 2 million to the cause over the five years of the company's existence, and in 2023 alone the amount of support amounted to PLN 0.5 million. Among other entities, hospices, hospitals and nursing homes benefited from these donations, which was a considerable contribution to the fulfilment of their missions.

A Schoolbag Full of Energy

First graders from the regions where PGE Górnictwo i Energetyka Konwencjonalna operates received 339 schoolbags with school equipment. Such school starter kits, as part of the initiative called "A Schoolbag Full of Energy", were distributed among the most needy first graders from the Opolskie, Dolnośląskie, Łódzkie, Zachodniopomorskie and Śląskie Provinces, where PGE GiEK branches, i.e. the Opole, Turów, Bełchatów, Dolna Odra and Rybnik Power Plants, as well as the Bełchatów and Turów Lignite Mines, operate. The donated schoolbags contained, among other things, notebooks, drawing and technical writing pads, pencil cases, paints, crayons, glue, scissors and other items. Since 2016, the company has donated a total of more than 2,000 schoolbags to first graders.

Even children know how to save heat – with Heatcliff the Cat

PGE Energia Ciepła is also involved in an educational programme for children called "The Adventures of Heatcliff the Cat", aimed at building their environmental awareness. Friendly Heatcliff the Cat explains to the children how heat is generated in the high-efficiency cogeneration process and how it reaches the radiator at home. He advises on what should be done to save heat and thus improve the quality of the air. Specially developed lessons, games and activities can be implemented in primary schools as part of the core curriculum for grades I – III. The adventures of Heatcliff the Cat also serve as inspiration for competitions and games for children during family picnics or visits to primary schools and kindergartens. All lessons of Heatcliff the Cat are available at https://kotcieploslaw.pl/.

Heating in a box

In January 2023, PGE Energia Ciepła and PGE Toruń, in cooperation with the "Mill of Knowledge" Centre of Modernity in Toruń launched an educational project called "Heating in a box". The programme consists of physics lessons conducted in the laboratories of the Centre of Modernity for primary and secondary schools in the Kujawsko-Pomorskie Province and the organisation of online classes using special boxes (hence the name of the project) for performing experiments on their own. A total of more than 1,100 pupils from 30 schools across Poland participated in the first edition of the programme. In October 2023, the second edition of the programme was launched, to which, in addition to grades 6-8 of the primary and secondary schools participating in the first edition, the youngest pupils in primary school grades 1-3 were also invited. In addition to experiments on the subject of heat, adapted to the age of the youngest participants, PGE Energia Ciepła's original programme called "The Adventures of Heatcliff the Cat" will also be used. The second edition of the programme is scheduled to run until the end of April 2024 and will involve 1,600 pupils.

We teach how to give first aid

On 7 October 2023, in the sports hall in Radwanice, the Third Communal Championships of Primary Schools in First Aid Administration took place, organised by the Voluntary Fire Brigade in Siechnice, with KOGENERACJA as one of the sponsors. The aim of the competition was to promote the principles of first aid and to test the practical skills of the competitors during simulated accidents, as well as to share knowledge and experience relating to pre-medical rescue. The pupils taking part in the competition had to demonstrate both their theoretical knowledge and practical skills in first aid administration. In addition, thanks to the funding donated by KOGENERACJA, pupils at the Radwanice Primary School (Siechnice Commune) were able to participate in the educational project called "Hygiene and health every day – pre-medical assistance", which was a continuation of the "We rescue and teach to rescue" programme implemented in previous years. Classes for pupils took place from September 2022 until the end of May 2023.

Nurturing national identity

PGE has long been active in nurturing the memory of Poland's history and its heroes. The PGE Foundation is the main custodian of various historical projects. The PGE Group participates in initiatives aimed at perpetuating and cultivating historical awareness among future generations. One of the key patriotic and historical projects is to motivate children, young people, adults and senior citizens to celebrate the Independence Day and the Flag Day together. On this occasion, PGE also draws attention to economic and energy independence, which is particularly important in these times.

Patriotic and historical projects are also implemented by PGE through, among others, competitions, sports projects and information campaigns, as well as by supporting cultural institutions in the execution of their core tasks. PGE also participates in the celebration of major holidays and commemorations of historical events and encourages local communities, school children and young people, as well as its employees to do the same.

To mark the anniversary of the outbreak of the Warsaw Uprising, since 2020 it has been organising celebrations under the slogan "The Power Plant Employees in the Warsaw Uprising – We Remember the Heroes", in tribute to the heroes from the Powiśle Power Plant. The 2023 celebrations included an animated film entitled "The Command to Capture the Power Plant", which focused on one particularly interesting military operation undertaken during the course of the Uprising. The film was created by means of artificial intelligence. Its script was used as a basis for a comic book commemorating those events. In front of the PGE office building on Mysia Street, an open-air exhibition entitled "The Power Plant Employees in the Warsaw Uprising" was displayed. It provided descriptions of combat during the Uprising, the rebuilding of the capital after the war, as well as the figure of Capt. Stanisław Skibniewski pseudonym "Cubryna", the commander of a detachment of 63 workers at the capital's power plant. The members of the PGE Energetic Running team also paid tribute to the heroes of the Warsaw Uprising by taking part in the 32nd edition of the Warsaw Uprising Run. They had two routes of 5 km or 10 km to complete.

On the occasion of the National Day of Remembrance of "the Cursed Soldiers", PGE Polska Grupa Energetyczna prepared an animated film about the Cursed Soldiers, thus commemorating Polish heroes who fought against Soviet terror.

In 2023, PGE Polska Grupa Energetyczna was recognised for supporting patriotic activities and nurturing Polish historical memory. PGE received the "Guardian of Memory" award in the "Patron" category and the "Golden HeroON" award in the "Enterprise" category.

On safety among the youngest

For years, PGE Dystrybucja has been carrying out educational activities among children and young people regarding the safe use of electrical appliances and energy efficiency, the latter being of particular importance nowadays. The activities take place in two formats: either company representatives visit children in schools or children come to the head offices of the company branches or distribution entities and there learn about the work of power engineers and safety rules. "Lessons in energy" are divided into three thematic blocks related to the following questions: Where does electricity come from? How should we ensure safety when using electrical equipment? and How can we save electricity? For all age groups, i.e. older kindergarten groups, grades 1-3 and grades 4-8 in primary schools, the thematic scope of the meetings is the same, but the ways of presenting information are adapted to the participants' perceptual abilities. The younger groups find it particularly attractive to try on elements of an electrician's working cloths and explore the nooks and crannies of Power System Rescue Service vehicles.

Safe holidays with PGE Energia Odnawialna

PGE Energia Odnawialna once again carried out the educational project entitled "Safe holidays with PGE Energia Odnawialna". It is in response to alarming statistics on the significant number of drownings among minors and aimed at raising people's awareness of safety during summer holidays spent at a sea, lake or river. From the beginning of July 2023, in a special zone on Lake Solina, instructors from the Bieszczady Water Volunteer Rescue Service provided training for children and young people in the principles of safe behaviour on the water. Nearly 1,000 people took advantage of this special opportunity. Provided instruction included the most important principles of first aid, the use of basic rescue equipment and the safe use of swimming equipment. The "Safe Holidays with PGE Energia Odnawialna" campaign also featured canoe and swimming races and animated films for children at weekends.

Blood donation

"Blood is not water – don't be indifferent!" is the slogan uniting all blood donation campaigns in the PGE Group. Throughout the year, PGE employees donate blood during regular campaigns, on the occasion of holidays and in response to requests for help for specific individuals. More than 400 PGE Group employees are affiliated with seven clubs of voluntary blood donors that operate at PGE Group companies and their branches: two clubs in Bełchatów at the Lignite Mine and Power Plant branches and one club each in Opole, Gryfino, Bogatynia, Cracow and Wrocław. Blood donors have been supporting the idea of blood donation for years and regularly organise collections to which they invite local communities. In 2023, 1150 PGE Group employees donated a total of more than 478 litres of blood. One unit of blood (450 ml) can save up to three lives.

Employee volunteering

In 2023, PGE's volunteering projects mainly focused on environmental themes, but PGE volunteers were also involved in cultural and sports activities.

In March 2023, around 60 pupils of the General and Technical School Complex together with their teachers and PGE Baltica employees cleaned the western beach in Ustka and the nearby forest. During the event, the young people also had the opportunity to learn more about the PGE Group's offshore project. The action was organised as part of the World Baltic Sea Protection Day celebrations. The meeting was also attended by representatives of the authorities of local communities.

In autumn, PGE volunteers also carried out the annual cleanup of the Bieszczady Sea, i.e. the shores of Lake Solina. Nearly 100 people took part in the project.

PGE volunteers are also keen to get involved in sports and cultural projects. In mid-September 2023, a group of PGE volunteers supported the organisers of the three-day "Wawel is Yours" festival held in Cracow. PGE employees also carried out volunteer tasks at sports events organised by the Polish Speed Skating Association, helping to organise the Speed Skating World Cup Tournament in December 2023. They also supported the Polish Figure Skating Association during the Warsaw Cup Competition organised in November 2023. In January 2024, alteration works began at the Royal Castle Museum in Warsaw, where PGE volunteers will support the museum staff during peak tourist traffic and during important cultural events organised at the Royal Castle.

Employees of PGE Group companies are also involved in competence-based volunteering, sharing their knowledge and skills with schoolchildren, helping them with homework and motivating them to participate in sports. They also get involved in pre-Christmas campaigns, making dreams come true for children from orphanages, children in foster care and community day centres. For example,

- employees of PGE Baltica supported the campaign called "Christmas Gifts for Senior Citizens 2023" organised by the Municipal Social Assistance Centre in Ustka. The volunteers' commitment made it possible to give Christmas gifts to senior citizens.
- Employees of PGE Górnictwo i Energetyka Konwencjonalna participate at all locations in the "Santa Clauses for Dreamers" campaign.
- Throughout the year, PGE Dystrybucja employees carried out the project called "For a Child's Smile", in which both the company and its employees supported children in orphanages, hospices and other care facilities financially and in kind. On the occasion of Christmas, Easter and Children's Day, collections of sweets, toys, toiletries and other items were held.
- Employees of PGE Energia Ciepła Branch no. 1 in Cracow took part in the "Noble Parcel" campaign, while PGE volunteers from PGE Energia Ciepła Wybrzeże Branch were involved in the preparation of parcels for senior citizens being under the care of the City Social Welfare Centre in Gdynia and "Caritas" in Gdańsk.

- PGE Obrót employees are also involved in the Noble Parcel campaign. Parcels are prepared by employees from all locations: Rzeszów, Białystok, Warsaw, Łódź, Skarżysko-Kamienna, Lublin and Zamość.
- In Wrocław, Christmas presents were given to the charges of the Youth Sociotherapy Centre no. 2, which KOGENERACJA has been supporting for many years.
- PGE Energia Odnawialna has been cooperating for years with the Care and Education Centre in Sochaczew and the "Ray of Hope" Bieszczady Association from Ustrzyki Dolne. PGE Energia Odnawialna employees, as they do every year, organised a Santa Claus event for children. Both children from the facility in Sochaczew and disabled children from Ustrzyki Dolne prepared letters to Santa Claus, in which they wrote about their Christmas dreams. Santa was assisted by PGE Energia Odnawialna employees, who gave children presents at holiday meetings.
- The "Become Santa" Christmas campaign was held at PGE Systemy. To this end, letters to Santa were collected from the children of the four orphanages and, after publishing them on the intranet, the employees participating in the campaign, selected, purchased and wrapped the requested presents. Those employees who were left without individual letters to Santa, jointly purchased sweets and household items such as clothes dryers, cutlery and tableware. All presents were handed over to child care institutions located in Łódź, Płońsk, Czernice and Pęchery.

PGE Foundation

Socially responsible activities are also carried out by the PGE Foundation, which is an important element of the PGE Group's corporate social responsibility. The profile of the Foundation's activities results from the PGE Group's strategy, corporate communication and marketing strategy and brand strategy. The Foundation supports historical, educational, environmental and social activities. It fulfils its mission through its own projects and projects implemented in cooperation with partners. It also makes donations for charitable purposes, projects in the field of cultivating historical memory and national identity, projects in the field of education, upbringing and sport. It also supports health protection and promotion projects, projects related to environmental protection, ecology and many others. In 2023, the PGE Foundation received nearly 1844 requests for donations. The Foundation made almost 961 donations for a total amount of over PLN 27 million.

In 2023, the Foundation also carried out more than 20 projects of a patriotic, historical, educational or social nature. More than 250,000 persons took part in projects organised by the PGE Foundation (competitions, events, exhibitions, lessons, etc.).

The PGE Foundation was awarded second award in the "Polish Philanthropist" category in the ranking of the "Polish Radio 2023 Economic Awards". The "Polish Philanthropist" is an award for companies that are the most involved in charitable, pro-social and environmental activities (preferably in all three areas). What was taken into account in this category was the most effective activities conducted in Poland between April 2022 and April 2023; activities with the greatest potential and factual influence on the improvement of the quality of life of Poles.

Virtual Museum of the Polish Underground State

In 2023, the PGE Foundation continued its cooperation with the Virtual Museum of the Polish Underground State, which is an original project of the Foundation for Great Histories. The PGE Foundation supported the construction of a museum commemorating the Polish Underground State, which was created in a virtual space.

The Virtual Museum of the Polish Underground State, whose patron is the PGE Foundation, began its activities on 26 September 2023, the 84th anniversary of the establishment of the Polish Underground State. The museum tells the story of courage, sacrifice and human determination. The main objective of the project was to collect and present in an attractive way unique photographs, films, documents, and commands showing the organisational phenomenon of the Polish state during the German occupation. The museum, which can be found at tajnepanstwo.pl, is also a huge database of easily accessible historical sources for anyone interested in the subject.

In 2023, within the framework of the project, the PGE Foundation also produced a documentary entitled "Following the footsteps of the heroes of the Home Army" and a film about General Leopold Okulicki, a part of the "Voices of the Home Army" series. October also saw the launch of the competition called "In the footsteps of the heroes of the underground".

Memorial plaques

The PGE Foundation and the PGE Polska Grupa Energetyczna, in cooperation with the Institute of National Remembrance, conducted the "Memorial Plaques" project. It was launched to coincide with the 80th anniversary of the outbreak of the Second World War and was inaugurated in October 2018. It aimed to popularise information on the fate of Warsaw residents during the German occupation and to revitalise the Tchorek plaques. The project was completed in October 2023.

During the five years of the programme, PGE conducted a historical review of all 165 Tchorek plaques in Warsaw, installed more than 130 information plates in Polish and English with QR codes referring to educational materials, cleaned and conserved more than 100 plaques, and developed Poland's first electronic database of more than 3,100 names of victims commemorated with Tchorek plaques in Warsaw. The database can be accessed through a dedicated application entitled "Memorial Plaques" and at tablicepamieci.pl.

In addition to highlighting and paying due respect to places of remembrance such as plaques and monuments describing the heroic and dramatic events of the Second World War, the "Memorial Plaques" project also aimed to increase the recognisability of these sites and to reach out to foreign tourists with information on historical facts.

Stare Powązki cemetery

In 2023, the second phase of the installation of replica gas lanterns at the Stare Powązki cemetery in Warsaw was finalised. The PGE Foundation was one of the financial supporters of the project. The lanterns were made precisely in accordance with the 1856 model. Their installation is part of the renovation and conservation works associated with the modernisation of the alleys in the oldest part of the cemetery, which is the most valuable historically and artistically. Thanks to the support of the PGE Foundation, 36 replicas of historic lanterns were produced and installed.

Scouting in the service of God and Poland

The PGE Foundation was among the organisers of the project entitled "Today is the Day After Tomorrow. Scouting in the Service of God and Poland". One of its elements was a celebratory concert and an open-air exhibition organised and held in Cracow on 23 September 2023. The inauguration of the "Today is the Day After Tomorrow. Scouting in the Service of God and Poland" exhibition took place at Grand Napoleon Army Square in Cracow. It was devoted to the history of the Scouting Movement in Poland from its foundation to the present day. The aim of the exhibition was to show the current generations the profiles of the key figures and the most important events in the history of the movement.

In the Footsteps of the Heroes of the Home Army

In February 2023, the PGE Foundation invited people to watch and listen to the forgotten stories that were recorded together with the Foundation for Great Histories in the documentary entitled "In the Footsteps of the Heroes of the Home Army". For over six months, more than two hundred pupils from all over Poland searched for and collected the stories of members of the Polish resistance movement during the Second World War.

Baczyński without a Filter

Also in February 2023, an album entitled "Baczyński without a filter" was published. It was the culmination of a photographic competition organised by the Foundation for Great Histories under the patronage of the PGE Foundation. The publication contains selected poems by Krzysztof Kamil Baczyński, with a background of photographs inspired by the poet's work and taken by pupils as part of the competition.

Encounters with Art

April 2023 marked the end of the first edition of the "Encounters with Art" competition organised by the PGE Foundation. Its aim was the promotion of knowledge of Polish painting, the development and shaping of artistic imagination, as well as support for children's and young people's creative potential and artistic activities.

The competition, announced on 19 September 2022 by the PGE Foundation, referred to PGE's "We invite you to visit" campaign. It was aimed at primary school pupils from all over Poland, from towns with fewer than 50,000 inhabitants. The competition task was for pupils to present their own interpretation of a selected painting by a Polish painter whose work can be seen in one of the museums.

More than 400 primary schools from across the country entered the competition. More than 500 pupils submitted artworks, from which the jury selected 90 winners. As a reward, the winners of the competition took their classes together with their tutors to special lessons conducted in the National Museums in Warsaw, Cracow or Lublin. All of them enjoy the patronage of PGE Polska Grupa Energetyczna. The excursions to the museums started on 23 November 2022 and lasted until 31 March 2023.

The most popular museum for the aforementioned lessons was the National Museum in Warsaw, which was visited by more than 700 children. The National Museum in Cracow attracted the interest of over 630 pupils and the National Museum in Lublin – over 450 pupils. During the museum lessons, pupils were able to become acquainted with works by some of Poland's greatest artists, such as Tamara Łempicka, Jan Matejko, Stanisław Wyspiański and Jacek Malczewski, as well as to learn a great deal about the history of Polish painting.

In addition, the authors of the best entries received individual awards in the form of a PLN 300 voucher to be used in an Empik shop. The winning works were also presented as online exhibitions on the respective museums' websites.

In the autumn of 2023, the PGE Foundation organised and held the "Encounters with Art" art competition for the second time. The theme of the second edition was the paintings of Józef Chełmoński. The competition was targeted at pupils in the first to eighth grades of primary schools from towns with a population of fewer than 50,000 inhabitants. More than 1,000 entries were received for the competition. The winners of the competition (i.e. a winner's whole class with their tutor) will this time be invited to a one-day trip to one of the five National Museums in Poland chosen by the class under PGE's patronage. In addition to Warsaw, Cracow and Lublin, they will be able to choose to attend a museum lesson at the National Museum in Gdańsk or Kielce. As was the case in the first edition, the authors of the winning entries will receive individual prizes in the form of a PLN 300 voucher to be used in an Empik shop.

PGE Beach – Experience the Power of the Baltic Wind

Organised by the PGE Foundation, the third edition of the "PGE Beach – Experience the Power of the Baltic Wind" project took place in 2023. The educational zones on the PGE Beach in Ustka, Łeba and Sasin were visited by nearly 17,000 residents and tourists holidaying at the Polish seaside. For 36 days, they learned interesting facts about offshore wind farms and renewable energy sources through dedicated attractions. From 7 July to 15 August 2023, several thematic zones awaited visitors to the PGE Beaches, including an interactive education zone, a knowledge zone, an education and workshop zone, as well as a sports zone. The multi-purpose pitch was a perfect venue for beach volleyball, football and tug-of-war. In addition, meetings were held with athletes sponsored by PGE, including representatives of the National Team in windsurfing.

Wind Machines Tournament

More than 1,500 people took part in the 'PGE Wind Machines Tournament 2023". The grand final of the competition took place on 24 April 2023 at the Copernicus Science Centre in Warsaw. Fifty teams from all over Poland took part in the competition.

The participants' task was to build, according to the guidelines of the rules, a model of a turbine converting kinetic energy of the wind into mechanical energy. The machines made by the pupils were then examined on a unique test bench in three categories: highest speed, highest power, highest torque with the turbine shaft stopped.

Water Machines Tournament

The final of the "PGE Water Machines Tournament 2023" took place at the Warsaw University of Technology. The competition attracted more than 2,000 participants, who built a total of more than 650 water turbines. This was the first time for the competition to achieve international status. Thanks to cooperation with the Polish Embassy in Vilnius, regional preliminaries were organised for pupils from Polish schools in Lithuania. The preliminaries in Vilnius were one of thirteen regional competitions. In Poland, preliminaries were held in Siedlce, Ełk, Wrocław, Katowice, Tarnów, Lublin, Skierniewice, Zalasewo, Zielona Góra, Szczecin, Wejherowo and Bydgoszcz.

The "PGE Water Machines Tournament 2023" is the third edition of an innovative technical competition promoting renewable energy sources. Its aim is to encourage young people to increase the knowledge they have acquired at school and to enable them to apply it in practice in designing and building machines. The competition popularises science and technical subjects among young people and develops manual skills. The

organiser of the PGE Wind Machines Tournament and the Water Machines Tournament is the Piaseczno Environmental Foundation. The PGE Foundation is the Strategic Partner of the competition.

Poland from the inside

The PGE Foundation, just like the PGE Group, supports projects for the development of associations and local communities. In 2023, it supported, among other things, the project proposed by the Integra Local Tourist Organisation and called "Poland from the inside – the Festival of Rural Housewives' Associations". This national festival is a celebration of Polish folklore, regional culture and an opportunity to honour exceptional women for their commitment and activity. The aim of the event, which lasts from May to September, is to showcase the rich achievements of rural housewives' associations and to recognise their immense contribution to the cultural heritage of their regions and their efforts to promote intergenerational integration.

The meetings, which take place in each of the provinces, feature culinary demonstrations and workshops, workshops and panel discussions with experts in various fields, as well as fairs of regional products. The festival's finale is held on the PGE National Stadium's playing fields in Warsaw.

Sponsorship activities

The sponsorship activities in the area of culture, sport and industry events implemented in 2023 resulted from the sponsorship strategy adopted in 2021 and pursued in 2022-2023. The structured sponsorship policy singled out sponsorship programmes under which individual projects were implemented in 2023.

Each of these programmes had been developed not only in conjunction with operational activities, but also in relation to the shaping of the company's responsible market and social leadership. The PGE Group takes into account both the objectives of building the value of the PGE brand and the desire to support social and educational initiatives relevant to Polish families.

Sponsorship programmes	Projects/activities implemented within the scope of individual programmes
PGE Cultural Energy Group	• Philharmonics • Museums, including National Museums and royal castles • Local and regional cultural events
PGE Proud of History	• Warsaw Uprising Museum • Museum of Polish Children – victims of totalitarianism • Celebrations of the Warsaw Uprising Anniversary - "The Power Plant Employees in the Warsaw Uprising" tribute to the heroes from the Powiśle Power Plant • Local historical events
Power of Wind and Water	• Polish Sailing Association • Polish Canoe Association • Polish Swimming Association
Sporty Winter with PGE	• "Winter PGE National on Tour" • Polish Speed Skating Association • Polish Figure Skating Association
PGE Junior	• PGE Junior tournament – football tournament at the PGE National • Sports academies (e.g. Widzew Łódź Academy, Judo Academy Poznań, Wilfredo Leon Academy in Toruń, "Young Wisents" Academy Białystok)
PGE Power League	• PGE National • PGE Ekstraliga • Sports clubs, including: PGE FKS Stal Mielec, PGE Spójnia Stargard, PGE Rysice Rzeszów, Stal Stalowa Wola, Arka Chełm, Chełmianka Chełm, Łódzki Klub Hokejowy/Fabrykanci Łódzkie
Power of e-motions	• PGE Champions Division of the Polish Esport League • PGE New Level Polish Esport League • PGE Turów Zgorzelec (e-sport section)

PGE's sponsorship projects are a manifestation of good cooperation with local communities in locations where the PGE Group has been present for many years, but also in those where PGE is just beginning its operations.

Sponsorship of culture

PGE is a patron of Polish culture and this is an important element of not only its marketing activities but also the value system promoted in the PGE Group. In 2023, the PGE Group supported 25 cultural institutions across Poland, being one of the most recognisable patrons of culture in the country.

In 2023, PGE began cooperation with the Łódzka Philharmonic and the Lubelska Opera. It also continued to work with all the philharmonics sponsored earlier.

PGE supports and has supported the National Philharmonic in Warsaw, holding the honorary title of Patron of the Year since 2012. Since 2016, PGE has cooperated with the National Philharmonic on the latter's original educational concert series called Mornings and Afternoons for Little Music Lovers.

PGE continues its cooperation with the Polish Baltic Philharmonic in Gdańsk, the Karol Szymanowski Philharmonic in Cracow, the National Forum of Music in Wrocław, the Toruńska Symphony Orchestra, the Tadeusz Baird Philharmonic in Zielona Góra, the A. Malawski Podkarpacka Philharmonic in Rzeszów, the Gorzowska Philharmonic – the Centre for Artistic Education, the Świętokrzyska Philharmonic in Kielce, the Henryk Wieniawski Philharmonic in Lublin, the Mikołaj Górecki Silesian Philharmonic in Katowice, and the Stanisław Moniuszko Podlaska Opera and Philharmonic – the European Centre for the Arts in Białystok, the Mieczysław Karłowicz Philharmonic in Szczecin, the Philharmonic in Opole and the Lower Silesian Philharmonic in Jelenia Góra.

1. National Philharmonic in Warsaw
2. Polish Baltic Philharmonic in Gdańsk
3. Łódzka Philharmonic in Łódź
4. Gorzowska Philharmonic in Gorzów Wlkp.
5. Świętokrzyska Philharmonic in Kielce
6. Lubelska Philharmonic in Lublin
7. Podkarpacka Philharmonic in Rzeszów
8. Toruńska Symphony Orchestra in Toruń
9. National Forum of Music in Wrocław
10. Opolska Philharmonic in Opole
11. Szczecińska Philharmonic in Szczecin
12. Krakowska Philharmonic in Cracow
13. Podlaska Opera and Philharmonic in Białystok
14. Zielonogórska Philharmonic in Zielona Góra
15. Silesian Philharmonic in Katowice
16. Lower Silesian Philharmonic in Jelenia Góra
17. Lubelska Opera in Lublin

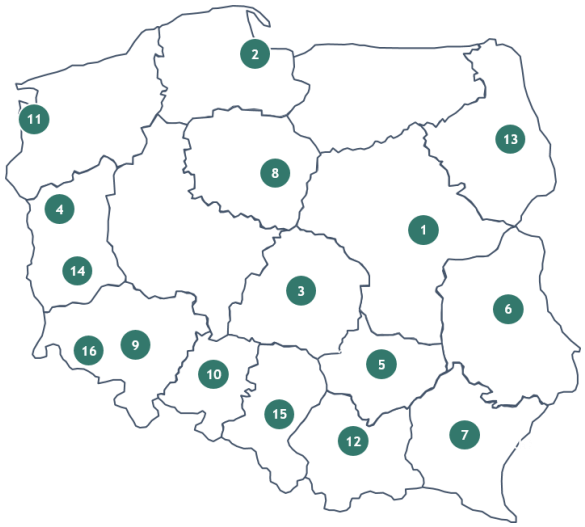

Fig. PGE Group's patronage of philharmonics across the country

In 2023, PGE continued its cooperation with the National Museum in Lublin and the Wawel Royal Castle, extended its support and patronage to the entire National Museum in Warsaw and the National Museum in Cracow, and became the patron of subsequent cultural institutions such as the National Museum in Gdańsk, the National Museum in Kielce, the Royal Castle in Warsaw (patron of education) and the Centre of Polish Sculpture in Orońsko.

The Museums' support resulted in many exhibitions, for example: "MNW collects", "Picasso" or "Arcadia" at the National Museum in Warsaw, The Picture of the Golden Age at the Wawel Royal Castle or the monumental exhibition devoted to the works of Jan Matejko at the National Museum in Cracow.

Proud of History

PGE Polska Grupa Energetyczna supports initiatives connected with the cultivation of historical memory. PGE has cooperated with the Museum of the Warsaw Uprising for many years.

As it does every year, in 2023 PGE also joined in the commemoration of the anniversary of the Warsaw Uprising by organising a ceremony entitled "The Power Plant Employees in the Warsaw Uprising", in tribute to the heroes from the Powiśle Power Plant.

In 2023, PGE continued its cooperation with the Museum of Polish Children – victims of totalitarianism, as a patron of the Museum. Thanks to PGE's support, the Museum organised exhibitions to disseminate knowledge about the tragic fate of children incarcerated in the camp on Przemysłowa Street and its branch in Dzierżązna near Zgierz, produced a documentary film entitled "Stolen Identity" and built a memorial to Polish Children.

Sports sponsorship

Since 2015, PGE Polska Grupa Energetyczna has been the naming rights partner of the Kazimierz Górski PGE National Stadium, which hosts major sports, cultural and business events.

In 2023 cooperation was continued with the following clubs playing in the highest competition classes of the most popular disciplines:

- Stal Mielec (PKO BP Ekstraklasa, men's football),
- Spójnia Stargard (Energa Basket League/Orlen Basket League, men's basketball),
- Developres Rzeszów (Tauron Liga, women's volleyball).

As part of the naming rights sponsorship agreements signed, these teams play in the competition under names containing the PGE brand, namely PGE FKS Stal Mielec and PGE Spójnia Stargard. In 2023, cooperation with the Rzeszów volleyball team was extended, and they have been playing under the name of PGE Rysice Rzeszów since the 2023/2024 season.

In 2023, PGE also continued its cooperation with clubs from lower competition levels, including Stal Stalowa Wola (Second Football League) or Chełm Sports Club, which operates the football team Chełmianka Chełm (Third League) and the volleyball team Arka Chełm (Tauron First League). Since the 2023/2024 season, PGE has also cooperated with the Łódź Hockey Club and supported under which it supports the Fabrykanci Łódzkie team playing in the First League/MHL.

The brand of Poland's largest energy company accompanied speedway riders competing in the world's best speedway league, the PGE Ekstraliga, for the ninth time. At the same time, in 2023, the contract with the Speedway Ekstraliga was renewed for a further four years. Pro-environmental CSR campaigns (EKO PGE Ekstraliga), as well as social media branding activities and a video showing the environmental aspects of the sport, continued in the 2023 season as part of cooperation with the organiser of these competitions. All these activities are presented at the dedicated website: eko.speedwayekstraliga.pl. All participating clubs have joined the programme. The EKO PGE Ekstraliga logo can be found in match programmes and on the buses of every PGE Ekstraliga competitor.

E-sport area

In 2023, PGE continued its cooperation with the Polish Esport League (PEL) as the naming rights sponsor of the competition entitled "PGE Champions Division of the Polish Esport League". The performance of the agreement, which sets new standards in the area of sponsoring professional e-sports games, continued.

In 2023, the Polish Esport League, with the support of PGE, organised the third edition of a special e-sports event called the PGE Super Cup of the Polish Esport League at the Summer Stadium in Gdańsk. The event exemplified synergy between the worlds of sport and e-sports. The e-sport tournament attracted hundreds of people to the venue as well as in front of computer screens as the event was broadcast online.

One of the pillars of the Polish Esport League's activities is the education and skills development of esport players. In 2023, PGE stepped in to support games for young amateur players. The project called "PGE New Level PEL" is the first mass tournament in Poland embedded in the professional structure of the Polish Esport League.

In 2023, PGE also continued its support for the e-sport section of PGE Turów Zgorzelec.

Individual sponsorship

For many years PGE has cooperated with Zofia Klepacka, Poland's leading windsurfer. The athlete is honing her form after switching to the iQFoil competition class and hopes to win another Olympic medal in 2024.

PGE also supports Piotr Kosewicz, a disabled athlete specialising in discus throw. Piotr Kosewicz is a world vice-champion, two-time European champion and gold medallist at the Paralympic Games. With PGE's support, he is preparing for the 2024 Paralympic Games in Paris.

In 2023, PGE continued the performance of its sponsorship agreement with Ksawery Masiuk, who was a bronze medallist in the 50m backstroke at the World Championships in Budapest in 2022. The swimmer records outstanding achievements at major international junior competitions. Xavier Masiuk was awarded the Eugeniusz Pietrasik Olympic Hope Award in January 2023.

Power of wind and water

In 2023, PGE S.A. developed sponsorship projects with the Polish Sailing Association, the Polish Canoeing Association and the Polish Swimming Association to support initiatives related to renewable energy (wind and water) and pro-environmental attitudes.

PGE Polska Grupa Energetyczna S.A. supported several important areas of the Polish Sailing Association's activities:

- the Polish Sailing Association's national team, from among whom a group of PGE Sailing Team Poland Ambassadors was selected. The Ambassadors represented Poland at regattas all over the world, winning medals in world and European championships and in World Cup regattas, but also got involved in the promotion of offshore wind energy and PGE Group investments in this sector.
- development of the PolSailing National Sailing Education Programme. This is Poland's largest comprehensive programme to support and popularise sailing, carried out by the Polish Sailing Association in cooperation with district sailing associations and sports clubs, and with funding from the Ministry of Sport and Tourism. The core of the sailing education programme is not only learning the basics of sailing, but also imparting knowledge and skills concerning the principles of safety, healthy lifestyles and a responsible attitude towards the environment.
- Development of eSailing. As part of PGE's cooperation with the Polish Esport League and the Polish Sailing Association, the Association organised a series of virtual regattas PGE eSailing 2023.

In 2023, PGE S.A. established cooperation with the Polish Swimming Association. This cooperation includes, among other things, the sponsorship of the national team competing in the World Championships, European Championships and other international events, as well as support for the most important events in Poland organised by the Polish Swimming Association.

PGE Polska Grupa Energetyczna S.A. also continued to sponsor the Polish Canoeing Association. This cooperation covers events of such rank as the World Championships, European Championships and World Cups with the participation of the Polish National Team. The sponsorship agreement also provides for support for all canoe-related activities and sports affiliated with the Polish Canoeing Association. A very important area of cooperation between PGE S.A. and the Polish Canoeing Association is the popularisation of tourist and amateur canoeing in Poland. In 2023, the red and white team won 103 medals in championship events.

PGE Junior

PGE's aim is to ensure the continued development of young athletes who will join senior teams in the future. This objective is pursued through the sponsorship of children's sports clubs, mainly in the regions where PGE conducts its business operations.

In 2023, PGE supported 26 sports academies in various disciplines as part of the PGE Junior project. Through sports activities and competitions, young people develop healthy habits of physical exercises, while acquiring skills that are essential in adult life, such as regularity or teamwork. The aim of the programme is to shape the character of young athletes, sustain their passion and develop their skills through training under the guidance of qualified coaches. In total, PGE's project supports more than 6,200 young sportspersons in various disciplines, such as football, volleyball, basketball or handball, but also synchronised skating, judo, squash or rugby.

1. PGE Spójnia Stargard
2. PGE KPR Gryfino
3. Akademia Wilfredo Leona
4. Widzew Łódź
5. MKP Kotwica Kołobrzeg
6. RC Lechia Gdańsk
7. GKS Glinik Gorlice
8. MKS Polonia Przemyśl
9. PGE FKS Stal Mielec
10. Hugonacademy
11. Młode Żubry Białystok
12. KS Halinów
13. FC Lesznowola
14. MKS Mazur Ełk
15. Akademia Łomża
16. Broń Radom
17. PGE Młode Perły Lublin
18. MKS Lublin
19. MKS Avia Świdnik
20. PGE Granica Bogatynia
21. PGE Akademia Judo Poznań
22. MLKS Józefovia Józefów
23. KS Polonia Bystrzyca Kłodzka
24. KS Podhalanin Biecz
25. SEMP Ursynów
26. KS Ursus

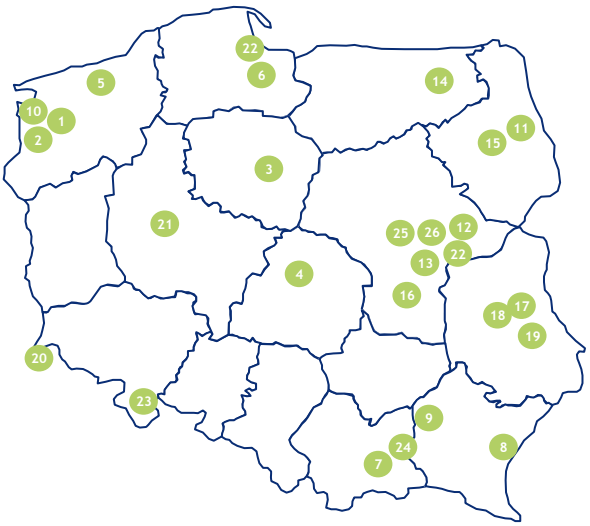

Fig. Children's and youths' teams supported by PGE as part of the PGE Junior programme.

PGE Junior tournament at the PGE National

Since 2021, PGE Polska Grupa Energetyczna has been organising a football event called "PGE Junior Tournament". So far three tournaments have been held on the pitch of the PGE National. Eighteen football academies supported by PGE took part in the 2023 tournament: PGE FKS Stal Mielec Football Academy, FC Lesznowola, Widzewa Łódź Academy, Avia Świdnik Football Academy, Glinik Gorlice Academy, PGE Młode Perły Lublin, Broń Radom Football Academy, MKS Granica Bogatynia, MKS Mazur Ełk, Łomża Football Academy, MKP Kotwica Kołobrzeg Academy, KS Halinów, KS Podhalanin Biecz, KS SEMP Ursynów, KS Polonia Bystrzyca Kłodzka, MLKS Józefovia, MKS Polonia Przemyśl and KS Ursus.

The young adepts had the incredible opportunity to play in the largest sports arena in the country, which is called the "home of the Polish national football team". After the struggles on the pitch, commemorative medals and gifts were presented to the young players by, among others, former Polish national football players.

PGE Greatest Physical Education Lesson

An event that PGE has been supporting for several years now is the "PGE Greatest Physical Education Lesson". The project is addressed to primary school pupils from all over Poland. The idea behind the event, which is organised by Artur Siódmiak's Sports Academy Association, is to give children and young people from all over the country the opportunity to participate in interdisciplinary sports competitions. The long-term objective is to encourage the youngest children to participate regularly in school physical education classes and improve their general fitness, to take an interest in sport and physical activity. In 2023, the ninth edition of the project attracted a total of more than 2,000 participants - primary school pupils and 100 volunteers, including young people from secondary schools.

In 2023, PGE continued its involvement in a series of events called "PGE Physical Education Lessons", which preceded the "PGE Greatest Physical Education Lesson". In October, PE lessons supported by PGE took place in Siemień, Parczew, Biała Podlaska, Siemiatycze, Siechnice and Pławnica. The 2023 edition of the programme attracted more than 600 participants from smaller centres who had taken up the sporting challenge of the team of Artur Siódmiak, a former Polish handball representative.

A new element in 2023 was the "PGE Summer Greatest Physical Education Lesson", a summer version of physical education lessons where participants could try their hand at beach handball and general development competitions at specially prepared multi-sport stations on the sand. More than 600 primary school pupils participated in the first edition, which took place on the eve of the summer holidays.

Involvement in the "PGE Greatest Physical Education Lesson" is an important item on the sponsorship calendar, compatible with the PGE Group's strategy of supporting the sports activities of children and youngsters, as well as local communities directly involved in PGE's business activities.

Supporting the development of skating

PGE Polska Grupa Energetyczna has been supporting skating, both professional and amateur, for many years, being the largest partner of the sport in Poland.

In 2023, more than a dozen sporting events were held as part of PGE's cooperation with the Polish Figure Skating Federation, and the PGE logo accompanied the national skating team during national and international competitions co-organised by the PFSF.

As part of the promotion of skating, continuously since 2018, together with the Polish Figure Skating Federation, PGE has been implementing the "Come Skating" project. In 2023, a few editions of open days were organised in several Polish cities as part of the project. At each event, participants, under the guidance of professional coaches from local clubs, had the opportunity to take their first steps on skates. In addition to the open days, weekly classes are held in more than a dozen cities in Poland.

In 2023, PGE developed partnerships with synchronised skating clubs such as: Ice Skater, MKS Le Solei and Ice&Roll. It is an extremely spectacular skating discipline and PGE's aim is to popularise it among the lovers of winter activities.

In 2023, PGE continued its cooperation with the Polish Speed Skating Association as the main partner of both the association and the National Team. Thanks to PGE's support, in 2023 the Polish Speed Skating Association organised more than a dozen national and international events, including a World Cup competition in Tomaszów Mazowiecki.

In the 2022/2023 season, the "Winter PGE National on Tour" project was implemented. This most recognisable winter tour of Polish ice rinks hosted 600,000 people in 16 cities. The project is an opportunity to introduce skating not only to the youngest children, but also to adults who have had no contact with the sport so far. Winter attractions include "Children's Mornings with PGE", during which ice-skating lessons are held for the youngest. All classes are conducted under the guidance of professional trainers.

3.5 Customers and contractors

3.5.1 Customers

The developments and changes in the energy market as a result of the ongoing energy transition are generating new challenges for both energy companies and customers. Thanks to legislative changes, including those applicable to renewable energy sources, customers have the opportunity to actively participate in the energy generation process and are becoming more and more active in the electricity system, constituting, as it were, a driver of change in the green technology market.

As the leader of change in the Polish energy sector, pursuing a climate-neutral strategy by providing environmentally friendly energy, modern energy services and an efficient and effective organisation, the PGE Group supports customers by ensuring stable and uninterrupted electricity and heat supply.

In 2023, the geopolitical and economic situation necessitated the implementation of solutions to protect energy consumers. The PGE Group took numerous initiatives to ensure that the difficult situation impacted customers as little as possible and did not affect the quality of service.

The following PGE Group companies offer their services to individual customers: PGE Obrót S.A., PGE Dystrybucja S.A. and PGE Energia Ciepła S.A. PGE Obrót, which is involved in the sale of electricity to customers in the PGE Group, served more than 5.6 million customers, who purchased more than 32 TWh of electricity from the company in 2023. PGE Dystrybucja, a company licensed to distribute electricity and providing, as part of the PGE Group, services for the supply of electricity to consumers, supplied nearly 35.8 TWh of electricity in 2023 in an area of 129,900[4] km2 (nearly 40 per cent of Poland's area), connecting nearly 87,000 consumers and over 78,000 prosumer installations to the grid.

PGE Energia Ciepła, Poland’s largest producer of electricity and heat generated in the high-efficiency cogeneration process, operates 16 combined heat and power plants (with a thermal capacity of 6.9 GWt and an electrical capacity of 2.6 GWe) and district heating networks with a length of 700 km. The company generates heat for large Polish cities, including Cracow, Gdańsk, Gdynia, Wrocław, Rzeszów, Lublin, Bydgoszcz, Kielce and Szczecin. The company is also present in Toruń, Zielona Góra, Gorzów Wielkopolski, Zgierz and Siechnice, where it also distributes heat to end customers.

Policies and standards

High standards of customer service and service quality are two of the PGE Group’s priority objectives which are reflected in the adopted, consistently implemented and updated policies and other management documents.

With respect to retail sales, the most important objectives include the following:

- the highest level of customer satisfaction in the market resulting from the quality of provided energy services,
- the development of professional energy services based on strong competencies,
- margin growth in the retail segment (annual average).

PGE Group companies providing services to customers within the range of their operations are guided, besides the Code of Ethics, the Code of Conduct for Business Partners or the Anti-Corruption Policy, by the principles of cooperation with customers described in regulatory documents such as: the Code of Best Practices for Distribution System Operators, the Service Quality Books, and the Customer Service Procedures and Standards. They concern the processes related to connecting customers to the grid, sales, after-sales and distribution services. Their main goal is to build partnerships with customers while providing them with the highest quality of service and support.

PGE Group customers expect fast, competent and comprehensive services. The above elements are reflected in the customer service standards adopted by the Group. Customer enquiries are dealt with within 14 days (up to 30 days if additional analyses and investigations are necessary). Among cases reported by customers, particular attention is paid to their complaints and grievances. Companies provide a variety of channels for

[4] The area of communes in which PGE Dystrybucja S.A. operates.

the submission of complaints: from personal contact to online forms, with the latter becoming more and more popular as means of communication.

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Customers of PGE Obrót S.A. are able to report complaints and grievances via:

- the dedicated helpline (telephone no. 422 222 222),
- online forms (https://www.gkpge.pl/dla-domu/strefa-klienta/dokumenty-i-formularze),
- the eBOK/mBOK website,
- electronically to the email address: serwis@gkpge.pl,
- in person at any BOK [Customer Service Office],
- traditional mail.

PGE Dystrybucja S.A. enables customers to contact it via various channels: :

- in person at any Distribution Customer Service Point,
- by telephone (https://pgedystrybucja.pl/kontakt/telefony-kontaktowe) and the emergency hotline for power cuts: 991, 22 340 41 00 (for the Warsaw conurbation), 41 241 44 11 (for the rest of the country),
- by email (https://pgedystrybrybucja.pl/refa-clienta/informacje-dla-konsumenta),
- by means of the contact form available on the company website (https://pgedystrybucja.pl/strefa-klienta/formularz-kontaktu lub https://pgedystrybucja.pl/kontakt/e-formularze),
- by traditional mail.

Customers of PGE Energia Ciepła are able to report complaints and grievances via:

PGE Energia Ciepła S.A. CHP Plant in Gorzów Wielkopolski

- the dedicated helpline (telephone no. 95 733 41 00),
- the 24-hour emergency hotline – 993 to report an emergency or 95 728 57 00,
- electronically to the email address: info.ecg@gkpge.pl,
- in person at the branch office (adopted for the requirements of disabled persons),
- by traditional mail,
- using the on-site correspondence inbox,
- remote monitoring of node operation and remote reading of metering equipment.

PGE Toruń S.A.

- the dedicated helpline (telephone no. 56 65 94 340),
- the 24-hour emergency hotline – 993 to report an emergency,
- electronically to the email address: bok.pgetorun@gkpge.pl,
- in person at the Company head office (adopted for the requirements of disabled persons),
- by traditional mail.

Elektrociepłownia "Zielona Góra" S.A. ("PGE EC ZG")

- the dedicated helpline (telephone no. 68 4290 300),
- the 24-hour emergency hotline – 993 to report an emergency,
- electronically to the email address: kancelaria@ec.zgora.pl, bok@ec.zgora.pl,
- in person at the Company head office (adopted for the requirements of disabled persons),
- by traditional mail.

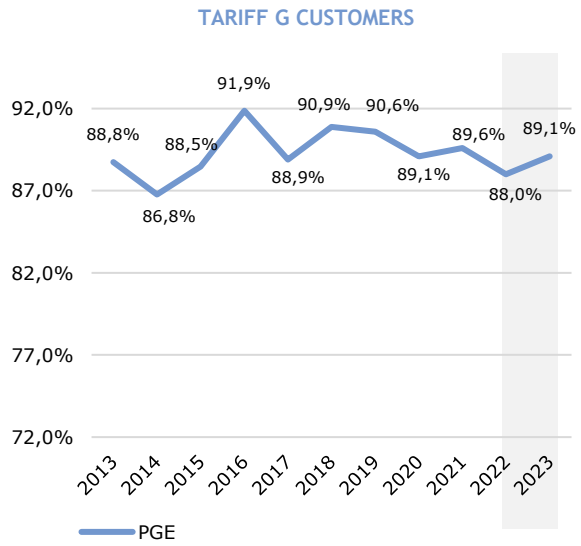
Notifications from PGE Group customers are analysed and used to improve service processes. Reported cases are recorded in dedicated IT systems. Their handling is systematically monitored and reported. Customers' notifications, including complaints and grievances, are a valuable source of information, and conclusions from their analysis often provide the rationale for making changes to internal processes. As a result, the standards of services offered by the PGE Group are constantly being raised. Complaints are subject to special analysis so that possible irregularities or abuses can be detected. These are recorded and monitored. Based on the results of the analyses carried out, corrective programmes are implemented to eliminate the occurrence of similar situations in the future.

In PGE Obrót, the company serving the largest number of customers, complaints accounted for 0.026 percent of all customers' notifications made in 2023. The ratio of complaints submitted by customers to the Energy Regulatory Authority to all customers' notifications registered with the company was 0.006 percent. The main channel for the receipt of complaints (approximately 66 percent) was remote channels: email, telephone. The challenges facing the energy industry in 2023 resulted in an increase in the overall number of notifications, including complaints, received by PGE Obrót by approximately 55 percent compared to those received in 2022.

Satisfaction indexes

In the PGE Group, marketing surveys are carried out on a regular basis, allowing for multidimensional monitoring of customer satisfaction to verify the application of the adopted standards. Conclusions from ongoing research and analysis provide the rationale for changes in internal processes, thus contributing to the continuous improvement of the standards of the services offered.

Electricity pricing issues have a major impact on the way customers are served and generate new challenges for consultants and managers. In 2023, the handling of the government's Anti-Inflation Shield and Solidarity Shield required a great deal of employees' involvement and the adaptation of the procedures, processes and billing systems. Thanks to the joint effort, the Customer Satisfaction Index (CSI) for the assessment of the work of Customer Service Offices (CSOs) of PGE Obrót in 2023 recorded an increase in the case of both G tariff (89.1 percent) and C1 tariff (84.3 percent) customers.



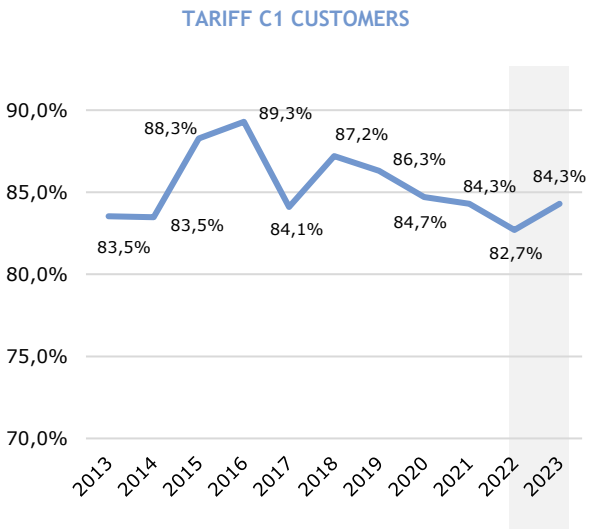


Fig. CSI (Customer Satisfaction Index)

Thanks to its high service standards, PGE Obrót was awarded the Customer Friendly Company certificate for the eleventh time. The granting of the certificate is preceded by a qualitative study carried out by independent auditors. The certificate is awarded directly on the basis of an independent opinion survey, conducted electronically, by telephone or by means of a questionnaire. In the survey carried out by the Experience Institute, respondents indicated that they valued the high level and professionalism of service when contacting PGE Obrót. They also appreciated the stability of supply and energy security guaranteed by Poland's largest power company. The highest rated aspect of the company's approach to customers was the company's reliability in keeping promises. Compared to previous year, there was an increase in positive ratings of good customer satisfaction (+5 p.p.). The percentage of customers agreeing that PGE cares about its customers also increased (+7 p.p.). In this survey, PGE Obrót achieved a score of 90 percent in 2023.

Results of the certification survey: Customer Friendly Company:

FPK index	2023	2022
Readiness to recommend	92%	90%
Approach to customers	88%	86%

Overall satisfaction	89%	89%
Customer Effort Score	86%	84%
Quality of service	93%	92%
Purchasing process	91%	90%

An assessment of the services provided at PGE Obrót Customer Service Offices was also carried out. The company received very good ratings in this respect. The percentage of positive assessments of individual aspects ranged from 83 to 94 percent. It is noteworthy that customers gave higher ratings to the competencies of the PGE customer service personnel and the speed of resolution of reported problems (+3 p.p.).

Contact with the PGE Obrót helpline was also rated at a high level. Positive assessments accounted for 85-89 percent. Respondents rated the politeness of helpline consultants highest. Compared to the previous survey, the percentage of positive ratings for the efficiency of over-the-phone problem resolution processes also increased.

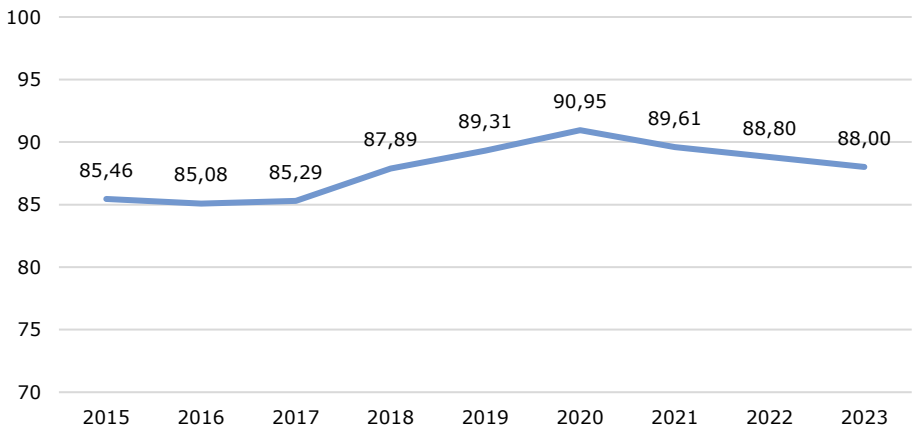
Business customers served by dedicated account managers also rated their work highly (86-93 percent of positive assessments). Also in this case, the politeness of the staff was rated the highest. On the other hand, the ease of contact with a dedicated account manager was rated lower.

As a reliable and trustworthy partner in the market, PGE Obrót was also certified for the following year as a company operating in accordance with the Good Practices of Electricity Sellers developed by the Association of Energy Trading (AET), based on an audit conducted in December 2023. The company initiates various information activities to warn its customers against rogue energy sellers.

In 2023, work was completed on the "Customer Service Facilities Design Manual", in line with the new concept for Customer Service Offices. The basic principles for the solutions presented in the manual was to strive for a model of a modern facility that is secure, customer- and employee-friendly and allows flexibility and versatility of arrangement. In 2023, six Customer Service Offices were refurbished: in Chełm, Radzyń Podlaski, Otwock, Busko Zdrój and Stalowa Wola. More facilities are planned for refurbishment in 2024.

Satisfaction with electricity supply services

For a customer satisfaction level, the issue of dependable electricity supply is of crucial importance. PGE Dystrybucja has been monitoring customer satisfaction with its services for nine years. Areas undergoing analyses include the connection process, contact with the emergency service office, the work of emergency service teams and information on planned outages. PGE Dystrybucja's customers highly rate the work of one of the key areas, i.e. the operation of the 991 emergency hotline responsible for the handling of notifications of power cuts. The Consumer Satisfaction Index (CSI) has been hovering around 90 points for years - in 2023 it was 88 points.



Graph: Assessment of the work of number 991 CSI (0-100); source 4P Research Mix (2015-2020, 2022), ARC Market and Opinion (2021), Brainlab (2023)

Communication with customers

The changing environment and customer needs indicate the necessity to use multiple channels to communicate with customers. The development of such channels is a key element of the PGE Group's strategy. The updating and unification of service provision standards will be the foundation for further development of the retail area focusing on ensuring energy and heat comfort for customers. This is supported by further initiatives, particularly with regard to remote handling.

In 2023, PGE Obrót introduced a number of customer service improvements, including:

- the optimisation of:
  - the eForms available on the website by making them more customer-friendly, e.g. the agreement execution form,
  - the process of dealing with prosumers by means of remote channels, thus reducing the number of cases forwarded to the back office,
  - the process of handling the sale of offers in the first contact with the simultaneous launch of the sale of offers in outbound campaigns,
- an automatic data update function was set up within the helpline,
- the operational continuity of the helpline was strengthened by opening an additional service unit in Chełm.

In 2023, a training course was held for PGE Obrót employees on the principles of using plain language. The course covered the following issues:

- the principles of plain language, the theory and practice of plain communication,
- linguistic correctness, transformations and tools,
- correspondence, opinion writing,
- contracts and regulations, legal design.

The course was attended by representatives of all customer contact channels: face-to-face, telephone, email, correspondence, contractual documentation, debt collection and marketing. The aim of the course was to achieve a new standard of communication in the organisation, ensure the creation of documents and letters that are simple and understandable to customers, and consequently create a better relationship between the company and its customers.

The course was conducted by experts from the University of Wrocław. All course participants underwent verification and successfully passed the external examination, thus earning the title of expert in the use of simple Polish.

Solidarity Shield

As a result of the obligation to submit declarations, in the fourth quarter of 2022 and in 2023, entitling customers to take advantage of the frozen prices for the higher household electricity consumption limit and to take advantage of the maximum prices in other facilities used, the company, in order to meet customers' needs, introduced the possibility of submitting such declarations electronically. For this purpose, an automated form was launched on the corporate website. This allowed customers to complete the paperwork more quickly and easily. Through all available contact channels, customers submitted approximately 1 million declarations entitling them to purchase energy at maximum prices or prices frozen at the 2022 level.

Pro-customer initiatives at PGE Dystrybucja

In 2023, PGE Dystrybucja introduced an initiative to improve the quality of service at Distribution Customer Service Points, the so-called New Customer Service Model. With the aim of improving PGE Dystrybucja's competitiveness in the sphere of customer service:

- dedicated direct customer service teams were set up in the refurbished outlets,
- the updated Standards and Rules for Customer Service in PGE Dystrybucja were implemented with a view to guaranteeing professional service in a pleasant atmosphere.

Through systematic changes, PGE Dystrybucja wants to standardise customer service principles, as well as stabilise and maintain the continuity of work at Customer Service Points, and also to increase customer satisfaction with face-to-face visits.

In addition, in 2023, PGE Dystrybucja implemented a system for the registration and circulation of customer requests, including complaints and claims, supporting the work of all Customer Service Points and back-office support units for direct customer services. The solution allows for the optimisation and unification of service

processes, as well as workflow and case flow management. It also makes it possible to build a common knowledge base, a catalogue of notifications with a history of direct contacts and a uniform platform for data sharing across all organisational units providing direct customer services. The implementation of such a solution successively improves the flow of information within the company. Furthermore, thanks to a central notification handling system, the company has gained access to reports and analyses that enable it to monitor its ongoing work, which translates into a better understanding of its customers' needs and providing them with valuable products and services.

The company also carried out pro-customer activities in terms of remote contact channels related to the handling of notifications concerning power cuts. Several modifications were made to the operation of the 991 Assistant mobile application, improving communication with customers regarding submitted notifications. PGE Dystrybucja also introduced a number of modifications to the operation of the Virtual Agent supporting the operation of the 991 emergency hotline, and responsible for the process of accepting calls from customers regarding interruptions in electricity supply. It is particularly helpful in situations of mass failures, when many customers call the emergency hotline. A detailed analysis of the performance of this contact channel and the subsequent work carried out in this area made it possible to increase the level of effectiveness of this tool by around 20 percent. PGE Dystrybucja plans to further develop this contact channel in 2024.

Ensuring continuity of electricity supply

PGE Dystrybucja is committed to improving the reliability of supply and lowering the SAIDI and SAIFI indexes, and takes a number of measures that result in faster and more effective troubleshooting of power failures. In 2023, the SAIDI index is lower compared to 2022 by 182 minutes per customer and the SAIFI index has decreased by 0.91 interruptions per customer. The increase in the number and scope of investment projects had the effect of increasing the average duration of scheduled outages for energy supply by approximately 6 min/customer compared with the previous year. The reduction in the SAIDI and SAIFI indexes in 2023 was due, among other things, to the effects of the execution of investment tasks under the MV Grid Cabling Programme (PK30), as well as a number of other tasks improving the reliability of the grid and increasing power supply reliability for both households and businesses.

Operational data	Data for 2023	Data for 2022	Data for 2021
SAIDI index [minutes] (average duration of electricity supply interruptions), including:	**313**	**495**	**368**
Planned	41	35	34
Unplanned with catastrophic	272	460	334
SAIFI index [units] (average frequency of electricity supply interruptions), including:	**4.29**	**5.20**	**4.28**
Planned	0.25	0.20	0.19
Unplanned with catastrophic	4.04	5.00	4.09

Additionally, an important aspect is that 2023 was a milder year in terms of weather conditions in Poland compared to previous years. The negative impact of the weather was mainly noticeable in January, February, August, October, November and December, where failure rates increased significantly as a result of extreme adverse weather conditions, such as rime, icing, heavy snowfall and gusty winds.

Customer service for district heating

District heating companies and branches, which belong to PGE Energia Ciepła, are able to remotely manage the operation of district heating networks, receive and register customer requests and provide comprehensive customer service remotely, thanks to IT systems that have been developed over the years.

The Zielona Góra CHP Plant has been pursuing its strategy of developing the district heating market for many years. It has been expanding the district heating system in the city, thus eliminating a potential increase in emissions from local heat sources. In addition to development activities, the company undertakes refurbishment measures for the district heating network and heat exchange nodes. In 2023, 27 buildings with

a total heat demand capacity of more than 6 Mwt were connected to the district heating network, nearly 2 km of new district heating network lines were built and more than 0.5 km of heat pipes were refurbished.

Due to the system of support for sensitive heat consumers introduced by the Act of 15 September 2022 on special solutions for certain heat sources in connection with the situation on the fuel market (Journal of Laws of 2022, item 1967, as amended) in the period from 1 October 2022 to 31 December 2023, the employees of the ZG CHP Plant kept customers informed about the principles of the programme, customers' obligations under the programme (submission of an appropriate declaration), provided all the necessary information in this regard and helped them to fill in declarations correctly.

PGE Toruń has been supporting heat consumers in improving the energy efficiency of buildings for years. Besides dedicated programmes to subsidise energy efficiency in buildings, from autumn 2023, each owner and manager of buildings in Toruń connected to the district heating network or located within its reach can receive free thermal imaging pictures of the roofs of 10 of their properties, together with instructions on how to interpret them. The images are taken in infrared and show the areas of heat loss.

On the basis of the images obtained, customers can decide on possible thermal upgrading measures and check the effectiveness of the upgrades previously carried out. In addition to providing infrared images free of charge, PGE Toruń also has an extended offer related to performing a detailed analysis of the emissivity of roofs based on aerial thermal imaging, together with a diagnosis and recommendations. This service makes it possible to pinpoint the exact locations in the roofs where heat loss is greatest with a detailed analysis and proposal of measures to reduce emissivity. To date, the company has provided more than 150 infrared images with a full description and analysis.

Responsibility to customers

As part of its activities, the PGE Capital Group conducts educational and information campaigns targeted at customers, in both traditional and social media, aimed at drawing their attention to the unfair market practices of some energy sellers who pretend to represent reliable brands such as PGE. In this regard, in order to protect the interests of customers, the PGE Group cooperates with law enforcement authorities.

Accessibility of Customer Service Offices for people with disabilities is one of the PGE Group's priorities. More than 75 percent of PGE Obrót outlets are equipped with wheelchair ramps. The company has developed an appropriate way of serving customers with disabilities, based on types of disability. Appropriate standards of conduct, including priority of service, serve this purpose.

In 2023, facilities for the disabled were also included in the refurbishment of the Distribution Customer Service Points at PGE Dystrybucja. Among other things, manoeuvring spaces for wheelchair users at service desks were ensured. All service desks are equipped with a component for putting down rehabilitation crutches and induction loops for the hearing impaired.

According to the Customer Service Standards, PGE Energia Ciepła employees and subcontractors are obliged to show every assistance to persons with disabilities and to adapt the form of contact to customers' needs. If a customer arrives at the company's premises, an employee assists the customer in moving around, completing documents, ensuring safety, etc. Additionally, in PGE Toruń, if a personal meeting with a customer is necessary, at the customer's request, an employee goes to the address indicated by the customer. In order to speed up customer access to document templates, they have been posted on the websites of all company branches.

Social and environmental activities

In its operations, PGE Obrót is guided by concern for the environment. Among the measures taken, the company promotes environmentally friendly attitudes among customers, such as reducing the volume of paper documentation by using eInvoices.

eInvoice

Nearly 2 million PGE Obrót customers have already opted for electronic invoices, abandoning the paper version. This is the result of the company's education and information activities, which reinforce the conscious and ecological choices of consumers, but also the effect of the regulatory incentives associated with the introduction of a reduction in electricity charges by PLN 125.34. Throughout 2023, the company undertook various measures to encourage its customers to use eInvoices, such as a one-off bonus of PLN 20 towards the next bill for customers who opt for eInvoices, as well as eStore discount codes for its partners' products.

Furthermore, a charity campaign linked to eInvoices was launched at the end of 2022. It ran from 28 December 2022 to 6 February 2023. For every customer agreeing to switch to eInvoicing, PLN 10 was donated to support a children's hospice indicated by the customer. Support was given to hospices in Rzeszów and Lublin.

The customers who have switched to PGE eInvoices have the option to complete an online bank transfer by selecting the quick "pay online" option within an email sent with an eInvoice document. A customer can also pay their PGE eInvoice via the electronic Customer Service Office (PGE CSO), where they can additionally check their payment and account history on an ongoing basis.

Almost 2 million
PGE customers
1,987,258 customers use
PGE eInvoices
(as at 31 December 2023)

6.5 million
electronic documents
were sent to customers
in 2023

Nearly 0.6 million
PGE customers
more than 570,000 customers
opted for eInvoices,
abandoning the paper version in
2023
(as at 31 December 2023)

Fig. eInvoice statistics

Photovoltaics with PGE

Photovoltaics with PGE is an offer through which customers generate energy for their household or business purposes. PGE Obrót handles the sales process comprehensively - from a free valuation and technical audit, submission of an offer prepared by PGE Obrót experts, to professional installation of a prosumer photovoltaic installation (up to 50 kWp). PGE Obrót also notifies the DSO of a photovoltaic installation ready for connection to the electricity grid and submits an application on behalf of the customer for funding to the National Fund for Environmental Protection and Water Management under the "My Current" programme. Using the "Photovoltaics with PGE" offer, customers receive expert advice and service at every stage of the investment procedure. In addition, PGE Obrót has prepared an offer for customers with an attractive form of financing called "PV for a Tenner", which offers the possibility to purchase the installation with a small own contribution of PLN 10,000 and convenient instalments with 0 percent interest for a period of 36 months, in cooperation with a partner bank. Providing customers with broad access to green energy is one of the main tasks specified in the PGE Group's retail development strategy.

Photovoltaics with an energy storage system

PGE Obrót offers a comprehensive service for the commissioning of a photovoltaic installation with an energy storage facility – from detailed and expert advice, selection of a suitable photovoltaic installation and an energy storage facility, technical audit to the provision of high-quality equipment with warranty and service, installation of a photovoltaic system together with an energy storage facility by a qualified team of fitters. Also, an additional solution in the form of an Energy Management System or hybrid inverters is available as part of the offer.

Combining photovoltaics with energy storage allows surplus energy from the photovoltaic installation to be retained for use at any time in the household or business. This allows for the efficient use of energy produced, and the sending of its remaining amount only to the grid. PGE's offer is adjusted to the prosumer net-billing system, which allows for optimal management of energy and its costs in the household or enterprise.

Heat Pumps with PGE

The offer called "Heat Pumps with PGE" is addressed to individual customers who are interested in installing heat pumps in their homes and are planning such investments. As part of the offer, customers receive a comprehensive package of services, i.e. advice on selecting the right appliance, sales and professional installation. A heat pump combined with photovoltaics is a particularly advantageous solution, in terms of both savings and environmental protection.

The installation process is carried out in cooperation with external partners, which are proven and experienced enterprises involved in the overall handling of such projects. In the first instance, the most important thing is to optimally adapt the device to the needs of the individual customer and the technical conditions of the building. Consultants carry out an analysis and then select the appropriate wattage and type of appliance that will work most efficiently with the customer's current heating system. The subsequent installation of a heat pump is carried out by qualified fitters.

Information and education activities at PGE Energia Ciepła

Responsibility to the customer means first of all transparency in communication and attention to the quality of services provided.

PGE Toruń organises meetings for key customers (those with the largest number of end-users). In 2023, the 17th Seminar entitled "The Heat Market in Toruń" was held. It addressed a wide range of issues important from the point of view of customers and the heat market. Following the start of the heating season, a meeting was also held between the Management Board and customers to review the activities carried out in connection with the winter season, refurbishment of the heating infrastructure, customer services and plans for changes in the heat tariff.

PGE Toruń provides internal training for new employees and technical staff on customer service standards in order to maintain a high quality of services, as well as internal training on additional district heating services provided to customers.

PGE Toruń conducts educational, communication and technical activities with a view to supporting customers, raising their environmental awareness and improving overall energy efficiency. In 2023, the following activities were conducted:

- Communication with customers: "We refurbish for you" - in connection with ongoing refurbishment works on the district heating network - indicating the positive impact of network refurbishment on the reliability of heat supply, but also on the environment. By reducing heat losses during transmission via new pipelines, less primary energy will be used for heat generation, which in turn reduces the amount of greenhouse gases produced during energy generation,
- The "Get Ready for Winter" campaign informing customers and end-users about the steps they should take before starting up their heating systems for their smooth operation in autumn and winter,
- Continuation of technical solutions meant to support customers in energy saving - reducing heat consumption for the sake of lowering household bills and caring about the environment. In cooperation with administrators and managers of PGE buildings located in Toruń, several technical solutions were implemented - changes in the settings of thermal equipment and the receiving installation leading to a reduction in heat consumption while maintaining the same thermal comfort,
- The "Save Heat" campaign - addressed to customers and residents, conducted in local (radio, TV) and social media, development of support materials for administrators and managers, including how-to-save-heat leaflets and posters,
- Provision of district heating consulting and energy efficiency services, including analysis of the use of contracted capacity,
- Informing customers of possible actions to be carried out by PGE Toruń to eradicate legionella bacteria,
- Implementing support (financing) programmes for customers connected to the network from the secondary market: A programme aimed at the elimination of low emissions in the Toruń area, a programme supporting the connection of buildings to the district heating network to improve their energy efficiency,
- Implementing a project providing for the granting of "Clean Heat Certificates" to buildings connected to the network and previously using less environmentally friendly heat sources.

In Gorzów Wielkopolski, the programme of extending the hot water supply network was being continued in 2023. Within the scope of the programme, 400 flats were connected to the network.

The programme aims to:

- support measures aimed at eliminating gas-fired water heaters (or other appliances),
- improve the safety of home users,
- reduce CO_2 emissions.

Besides its main business activities such as the generation and sale of heat and electricity, as well as the provision of auxiliary services, the Zielona Góra CHP Plant provides district heating services, which constitute a complementary product mainly related to the operation and maintenance of customers' heat substations, maintenance of internal installations, lease and attestation of heat sub-metering devices, investment services related to the refurbishment of internal installations and heat node premises.

3.5.2 Cooperation with contractors

PGE's approach to building business partnerships is set out in the PGE Capital Group Code of Ethics. The Code of Ethics was used as a basis for the development of the Code of Conduct for Business Partners of PGE Capital Group Companies. Every contractor cooperating with the PGE Group is obliged to be familiar and comply with this document.

The Code of Conduct for Business Partners of PGE Capital Group Companies

| GRI 2-23 | GRI 2-24 |

The Code of Conduct for Business Partners of PGE Capital Group companies sets out expectations for business partners with regard to respect for human rights, working conditions, environmental protection and integrity in their business activities, including in particular the prevention of corruption and other abuses, prevention of money laundering and financing of terrorism, as well as compliance with tax regulations. The Code also refers to the requirements of the generally applicable law, in particular employee rights, health and safety regulations, the law of competition and environmental protection.

Furthermore, the Code takes into account the requirements arising from the guidelines of the "Recommended standards for a compliance management system with respect to counteracting corruption and a whistleblower protection system in companies listed on the markets organised by the Warsaw Stock Exchange" and the internal rules in force in the PGE Capital Group, including the gift policy and the possibility to report factual or suspected violations.

The Code of Conduct for Business Partners of PGE Group Companies was adopted at the level of top management by resolutions of the management boards of individual companies belonging to the Group.

Principles of cooperation with business partners of the PGE Group

| GRI 408-1 | GRI 409-1 | GC-4 | GC-5 | GC-6 |

The principles of the Code constitute the basis for everyday cooperation with business partners in the PGE Group. PGE Group companies cooperate with business partners that comply with the law and conduct their business activities in a fair manner. They also expect their business partners to comply with ethical standards at least to the extent set out in the Code and to have an adequate system in place to monitor compliance with the standards and resolve situations of possible non-compliances. Business partners must conduct their business activities based on the standards of due diligence and require the same from their contractors, subcontractors and suppliers that participate in the performance of contracts awarded by PGE Group companies.

If there are reasonable doubts about compliance with the Code, the contractual clauses provide that the business partner will take corrective action to comply with the Code. In the event of significant breaches of the Code, PGE reserves the right to take appropriate action against the business partner, with the possibility of terminating cooperation.

The Code includes a dedicated chapter on human rights and labour standards. Among other things, it establishes a ban on the use of child labour and a ban on forced labour, both in Poland and abroad. When employing minors, the Code requires that they only perform light work that does not endanger their health and mental and physical development and does not impede their learning. Business partners are also obliged not to tolerate any form of work being carried out on their behalf or that of their subcontractors if this work takes advantage of a difficult economic or political situation, forcing people to work in conditions that endanger

their health or violate their dignity. The PGE Group also expects its business partners not to use or tolerate any form of mobbing or discrimination.

Business partners of PGE Group companies are informed of the requirements contained in the Code through websites, purchasing documentation, contractual clauses, dedicated thematic discussions held during workshops organised for current or potential business partners. Three such workshops addressed to prospective and current partners were held in 2023, at which information on the Code of Conduct for Business Partners of PGE Group Companies was presented.

In this way, the PGE Capital Group promotes the standard of compliance with legal regulations and ethical standards within the framework of the broadly understood conduct of business activities, thereby enhancing the comfort of social life.

Results of the application of the Code of Conduct for Business Partners of PGE Capital Group Companies

Each potential contractor uses a dedicated purchasing tool where, by registering, they certify that they have read and acknowledge that each potential contract will include a commitment to comply with the Code. Contractual clauses referring to the Code (so-called "compliance clauses") are used, as a rule, in all contracts of PGE Group companies with business partners. This obligation does not apply to non-disclosure agreements and agreements between PGE Group companies.

Maintaining corporate governance in the purchasing process

By continuously supporting and educating PGE Group employees and improving the purchasing process, PGE develops its value chain in a sustainable way.

Purchasing procedures are prepared and conducted in compliance with the principles of proportionality, transparency, expediency, fair competition and equal treatment of contractors, while preserving the interest of the PGE Group. The preparation and conduct of a purchasing procedure are performed by persons who ensure impartiality and objectivity. Each such person is required to declare that they have no conflict of interest and no relationship with the partners that could influence the final decision to be taken under the procedure.

An important part of the systemic approach to the purchasing process is, among other things, the requirement to use clauses such as employment clauses in contracts with contractors, taking into account the specificities of certain contracts such as contracts for the provision of security, cleaning, maintenance or construction services. The requirement to employ people on the basis of an employment contract is aimed at ensuring the key rights for those who perform works for the benefit of the PGE Capital Group and particularly their protection under the generally applicable law.

The condition for starting cooperation between a partner and the PGE Group is the partner's verification with regard to the absence of arrears in payments under the law (social security, taxes), possession of appropriate insurance, permits, certificates, as well as, among other things, identification of the beneficial owner or verification of the contractor on national and European lists of persons and entities subject to sanctions, against which measures are applied, as referred to in the Act on Special Solutions to Counteract Supporting Aggression in Ukraine and to Protect National Security.

The PGE Group minimises risks with regard to the objects and subjects of sanctions imposed on Russia as a result of the armed conflict in Ukraine by verifying business partners and subject matters of contracts in order to exercise due diligence through a developed verification mechanism. The guidelines created for this purpose cover purchasing processes and processes for establishing business relationships, including entering into contracts. They are binding for all PGE Group companies and form the basis for fair, reliable and safe cooperation with business partners. Cyclical activities, in the form of employee training, monitoring of legal conditions, introduction of uniform standards and patterns of conduct in the PGE Group, constitute the basis for due diligence.

At PGE S.A., training was conducted in 2023 for selected groups of employees regarding the verification of counterparties vis-à-vis sanction lists. The training took place in an online format.

Unified purchasing process in the PGE Group

Standards in the planning and purchasing process as well as the selection of contractors are set out in the PGE Group's General Purchasing Procedure. The procedure unifies the purchasing process in the PGE Group.

Certain companies are also obliged to comply with the public procurement regulations. A set of recommended attitudes and principles to be followed by employees and potential business partners during tenders is set out in the Good Purchasing Practices, developed in two language versions (Polish and English) and including, among other things, the anti-corruption rules in force in the PGE Capital Group. One of the principles is: "no gifts", which is binding for employees initiating a purchasing process (submitting a purchase application), members of committees and all persons participating in the process and persons performing contracts concluded as a result of the purchasing process.

During the course of the purchasing process, contractors are also informed of the need to familiarise themselves with the Rules and Regulations of the PGE Capital Group Purchasing System. The document defines the principles and procedures of using the system, the rules for the submission of offers and other documents in purchasing procedures. Contractors can also derive support from the following documents:

- the Detailed Instructions for the Use of the PGE Group Purchasing System,
- the Necessary Information for Contractors Using the PGE Group Purchasing System.

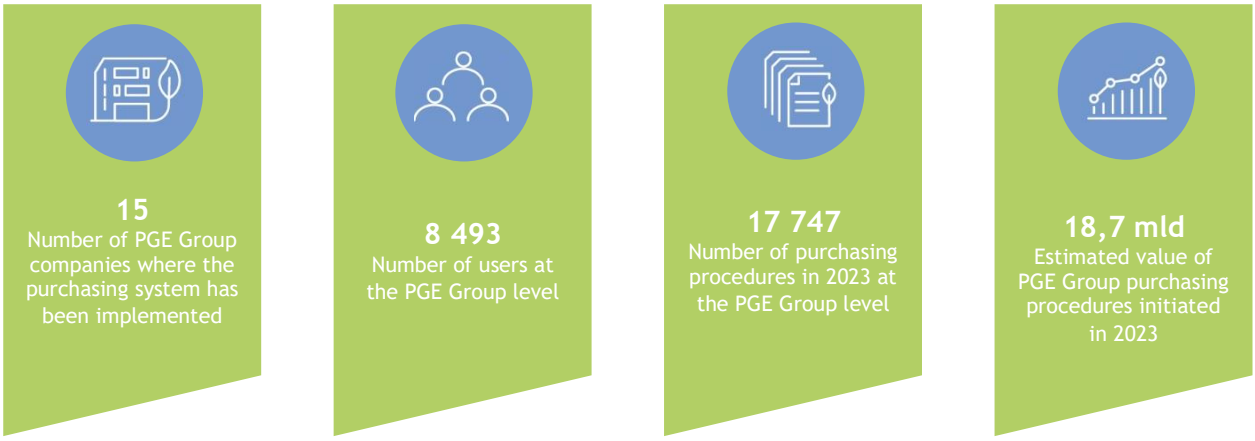
Prior to the final decision on the selection of a contractor, a proper analysis and evaluation of the submitted documents is carried out to determine whether the supplier meets the requirements set out in a given procedure.

Common purchasing system for PGE Group companies

The PGE Group Purchasing System is currently used by more than 8,000 PGE Group employees. In 2023, PGE PAK Energia Jądrowa S.A. joined the group of companies with access to the purchasing system. In 2023, the process of implementing the PGE Group Purchasing System in the companies in the Railway Power Engineering segment was initiated. The startup of the system in these companies is planned for early 2024. The system is a response to market challenges and changing legislation, particularly that regarding the digitisation of public procurement procedures. Using a platform for electronic purchasing processes ensures transparency, security and, at the same time, competitiveness.

The PGE Capital Group Purchasing System includes a Help Desk for contractors. Help Desk consultants provide technical support, for example when registering with or logging into the purchasing system, navigating the system, as well as the OnePlace Platform, where potential contractors who wish to participate in tenders need to register. Consultants also provide technical assistance for participating in electronic auctions.

The implementation of the purchasing system has influenced cost optimisation, as well as increased automation of purchasing processes.



In the purchasing procedures conducted by the PGE Group in 2023, 7154 contractors submitted bids in the PGE Group Purchasing System.

3.5.3 Information security management

Information is an important resource in the key areas of the PGE Group's operations. It is an asset that, like other important business assets, is of primary importance to the organisation.

Ensuring information security is one of the major areas of the PGE Group's operations. The proper functioning of the information security policy in the PGE Capital Group has been achieved through the introduction of the General Procedure – Guidelines for Information Security and Classification in the PGE Capital Group, the purpose of which is to define and apply uniform rules and principles according to which information is processed. The objectives of information security in the PGE Group are the following:

- ensuring that information processed is fully protected,
- maintaining the confidentiality, availability and integrity of information,
- ensuring an adequate level of security for information processed in either electronic or paper format,
- reducing the incidence of information security risks,
- introducing uniform standards for the identification and classification of information and the uniform naming of labels assigned to particular protection levels.

The guidelines introduced constitute the basis for the development and implementation of internal information security regulations in each PGE Group company.

At PGE S.A., due to the importance of the company's information assets and the obligation to protect information, which is an important element in the key areas of its operations, the Management Board of PGE S.A. has established an Information Security Management System (ISMS), i.e. a strategy for ensuring adequate information protection. The implementation of the Information Security Management System (ISMS) preserves the confidentiality, integrity and availability of information that represents measurable value to the organisation. The objectives of the activities carried out within the framework of the ISMS are the following:

- ensuring the security of information assets,
- managing information efficiently,
- raising employees' awareness of information security,
- establishing and applying information processing rules,
- ensuring compliance with applicable laws and internal regulations concerning information security,
- managing risks to information security,
- managing security incidents.

The Information Security Management System consists of the following internal regulations:

- the PGE S.A. Information Security Management Procedure, which defines information security management mechanisms and rules of conduct to ensure the confidentiality, availability and integrity of information processed in PGE S.A. It is an essential document of the ISMS developed taking into account the requirements set out in the Polish Standard PN-ISO/IEC 27001,
- the PGE S.A. Information Security and Classification Procedure, the purpose of which is to ensure an adequate level of protection for information processed in PGE S.A.

PGE S.A. has a number of activities in place to ensure information security, such as:

- education and training activities for employees to improve their knowledge of information security (consultancy, individual and group training, e-learning, etc.),
- information activities, i.e. internal communications concerning secure information handling,
- tools used to support the process of identifying and classifying information,
- the "Information Security" tab maintained on the corporate intranet (IPK),
- legal safeguards (non-disclosure agreements, confidentiality statements) and technical safeguards (e.g. computer encryption with BitLocker, IT system with automatic user log-out when idle, central printing system with proximity card, etc.),
- the introduction of rules related to information security regarding unauthorised access, loss, theft or damage of information, such as: "clean desk and screen rules",
- verification of compliance with the established rules (checks on the state of security of protected information),
- others, e.g. blocking the possibility of reading and writing data on external media (USB port blocking), increasing the level of ICT security by monitoring, controlling and managing the flow of information inside and outside the company by means of DLP (Data Loss Prevention) software.

3.5.4 Data protection management

The PGE Group takes a responsible and comprehensive approach to the security and protection of personal data. PGE Polska Grupa Energetyczna S.A., as the corporate centre, ensures:

- the functioning of a coherent organisation of the personal data protection area in the PGE Group,
- the building of personal data protection standards in the PGE Group,
- the minimisation of the risk of data protection breaches while maintaining the required quality standards and the interest of the PGE Group,
- compliance with data protection regulations, including in particular the separateness and independence of individual companies in the PGE Group as controllers of personal data,
- the accountability of the processing of personal data by carrying out regular compliance checks in the area of personal data protection.

The processing and protection of personal data are carried out in accordance with Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of individuals with regard to the processing of personal data and on the free movement of such data and repealing Directive 95/46/EC ("GDPR") and other provisions of generally applicable law. In the PGE Group, safeguards and procedures are in place to protect the personal data being processed. Data processing risks are analysed on an ongoing basis and staff receive regular training.

The primary objectives in managing data protection in the PGE Group are the following:

- ensuring effectiveness in the area of personal data protection by identifying strategic areas for personal data protection management in PGE Group companies and their proper management,
- taking measures to optimise the protection of personal data,
- organising the companies' work related to the fulfilment of their obligations as a data controller or processor,
- standardising internal regulations of the personal data protection area in the PGE Group, taking into account the specificity of the functioning of individual companies and guaranteeing transparency of the personal data protection process,
- building awareness in the area of personal data at PGE Group level by means of internal communication tools,
- cooperation between the Data Protection Officers (DPOs) in individual companies in the form of the PGE Capital Group DPO Forum,
- the division of roles and responsibilities in the area of data protection management, including the division of duties between the DPO and the personal data controller in order to comply with the requirements under the GDPR,
- developing and implementing in the PGE Capital Group ICT tools enabling the fulfilment of obligations resulting from the regulations on personal data protection in order to ensure continuity and consistency of activities in the area of personal data protection in a uniform manner, at a specified level and according to a specified methodology.

| GRI 418-1|

Total number of substantiated complaints about customer privacy breaches and data loss in 2023

PGE S.A.*	
Complaints received from external bodies and acknowledged by the organisation	**0**
Complaints received from the regulator	**0**
Total number of identified leaks, thefts or losses of customer data	**0**

*concerns the processing of data in the category "Client" in the capacity of controller of personal data

PGE Obrót	
Complaints received from external bodies and acknowledged by the organisation	**0**
Complaints received from the regulator	**3***

Total number of identified leaks, thefts or losses of customer data	**884****

* additionally, one decision of the PDPO containing a warning for PGE Obrót S.A. for a breach of GDPR provisions

**38 – the number of incidents classified as breaches with notification to the Personal Data Protection Office (PDPO), (four internal); 846 – the number of incidents classified as breaches without notification to the PDPO

PGE Energia Ciepła	
Complaints received from external bodies and acknowledged by the organisation	**0**
Complaints received from the regulator	**0**
Total number of identified leaks, thefts or losses of customer data	**0**

PGE Dystrybucja	
Complaints received from external bodies and acknowledged by the organisation	**0**
Complaints received from the regulator	**0**
Total number of identified leaks, thefts or losses of customer data	**8**

In accordance with Article 33(1) of the GDPR: "In the case of a personal data breach, the controller shall without undue delay and, where feasible, not later than 72 hours after having become aware of it, notify the personal data breach to the supervisory authority competent in accordance with Article 55, unless the personal data breach is unlikely to result in a risk to the rights and freedoms of natural persons." Notification to the PDPO occurs when the analysis of a data breach notification indicates that the data that have been disclosed may be used by an unauthorised third party and may cause material or immaterial damage to the person whose data have been disclosed.

In order to minimise the risk of a data breach, companies take appropriate remedial measures adapted to the severity and scope of the incident or breach.

At PGE Dystrybucja, such countermeasures include the following:

- talks with employees to remind them of the data protection principles and the information security procedures in place,
- reminders about the data security principles in communications to employees via corporate mail and publications on the intranet. In them, the Data Protection Officer (DPO) provides, among other things, recommendations on the company's data protection principles and measures,
- refresher training activities,
- updates to the existing data protection procedures and regulations,
- regular contact with the Data Protection Officer, for both employees and the company's customers and business partners.

At PGE Obrót, such countermeasures include the following:

- encryption of documentation containing PESEL numbers and sent electronically,
- limitation of the scope of personal data sent in electronic and paper correspondence (electronic requests for payment, traditional correspondence related to a change in the billing method - prosumer),
- maximising the scope of correspondence sent to customers electronically, especially correspondence containing sensitive data (contracts),
- updating customer data,
- cooperation with the postal operator with respect to the exercise of due diligence in the performance of official tasks by the operator's employees,
- cyclical data protection training for company employees,
- taking measures aimed at regulating issues related to the monitoring of electronic mail in monitoring in the Work Regulations, in accordance with the Labour Code Act,

- development of the document entitled "Principles for the secure delivery of employment contracts and other personnel documentation" for the HR Department,
- recommending that all due diligence be exercised in the performance of official tasks by company employees, particularly with regard to verifying the correctness of address details and attachments prior to sending email/traditional correspondence.

3.5.5 ICT security

Aware of the importance of the PGE Group's infrastructure for the country's power system, PGE gives priority to ICT security issues. The company PGE Systemy is responsible for managing ICT infrastructure and ensuring ICT security within the PGE Group. Infrastructure security issues are the responsibility of the Cybersecurity Department, whose structure also includes a specialised PGE-CERT team. It is responsible for handling ICT security incidents and minimising the consequences of their possible occurrence. Counteracting cyber attacks takes place on many levels. PGE-CERT's responsibilities include:

- monitoring of threats to system security,
- responding to detected incidents and undertaking incident handling coordination activities,
- cooperation with similar teams in state institutions, the military and large private companies.

At PGE Systemy, the competencies and skills of the Cybersecurity Department's employees are continuously improved through training, participation in workshops and cybersecurity competitions. The PGE-CERT team is internationally accredited by the Trusted Introducer organisation and is also a member of FIRST org, the leading organisation for incident response teams. It has held the status of a certified CERT team since 2020. It has also undergone independent certification for compliance with ISO 22301 and 27001.

To secure the infrastructure, technical safeguards are in place to protect the PGE Group against malware, targeted attacks and denial of service attacks. Thanks to the implemented software, computers functioning in the PGE Group network are monitored on a continuous basis. Procedures regulating employees' rights and obligations with respect to IT security have been implemented in the entire Group. Among other things, it is prohibited to use company IT devices for private purposes, to use social media except when it is necessary (PGE Group profiles), to log into private email accounts and to use unsecured Wi-Fi networks.

Employees are equipped with PKI (Public Key Infrastructure) certificates, which are used to secure email messages and to sign documents electronically.

Access to corporate resources from the Internet is based on encrypted VPN connections. In order to enable PGE Group employees to work remotely, the VPN infrastructure as well as the group communication and teleconferencing environment have been developed. The disk content encryption function is enabled in all computer equipment used for remote work. Instructions and advice for employees on IT security rules for remote work have been developed and published on the PGE Group intranet.

It is very important to build IT security awareness among the employees of the PGE Group through education and ongoing provision of information on possible and existing threats, as well as the principles of safe use of computers, the Internet and company mobile phones. Articles and information on this topic are regularly published in the PGE Group's internal media.

SW

SSSW

4. INFORMATION ON CORPORATE GOVERNANCE

4.1 Conduct of business

| GRI 3-3 [compliance with laws and regulations] | GRI 2-23| GRI 2-24| GC-1 | GC-10 |

The PGE Group raises its employees' awareness of applicable laws, regulations and internal standards. Everyone is required to be aware of the current regulations and agreements governing their everyday duties at the workplace. Each employee is responsible for acting in accordance with the law, the internal regulations in force in PGE Group companies and the ethical standards described in the PGE Group Code of Ethics. The role of immediate superiors is to oversee the work of subordinate staff with respect to the above issues. Internal regulations applicable both in PGE S.A. and across the PGE Group are monitored on an ongoing basis to ensure compliance with the law. In the event of a change in the law that affects the content of an internal regulation, the owner is obliged to amend it. Ongoing communication and training activities aim to build and raise employees' awareness of the need to regularly update their knowledge of the applicable law.

4.2 Compliance Management System

There is ongoing communication within the PGE Group on issues relating to compliance with the law and ethical standards. The contents of the PGE Capital Group Code of Ethics, as well as other policies of the compliance area, are available to employees, business partners and other stakeholders – in both Polish and English – on the website www.gkpge.pl and on the websites of individual PGE Group companies. Information materials, including posters, are available at each company. They provide information on the PGE Group's values and rules of conduct, as well as channels to report non-compliances.

The full content of the following documents:

- The Code of Ethics of the PGE Capital Group,
- The Anti-Corruption Policy of the PGE Capital Group,
- The Code of Conduct for Business Partners of PGE Capital Group Companies,
- The Policy of Diversity in the PGE Capital Group,

is available at:

https://www.gkpge.pl/grupa-pge/o-grupie/compliance (in Polish)
https://www.gkpge.pl/en/pge-group/about-group/compliance (in English)

Besides codes and policies, the PGE Group has also adopted regulations defining how the compliance management system is organised. These are the following:

- The PGE Group's Compliance Management Regulations, which set out the PGE Group's compliance management rules and responsibilities,
- The General Procedure – Compliance Management in the PGE Capital Group,
- The General Procedure – Reporting and Handling of Non-Compliance Incidents in the PGE Group and Protection of Whistleblowers. The procedure defines in detail the principles for handling reports or information on suspected or factual non-compliance incidents that occur in the PGE Capital Group companies.

Communication of issues relating to compliance with the law and ethical standards

Communication activities are one tool for educating employees. Developing their awareness of the importance of acting with integrity to build the organisation's value and to achieve its business goals influences employees' subsequent choices. Thanks to their knowledge, in their daily activities and decisions, they take into account factors related to compliance with not only the law, but also ethical standards.

Extremely important in this context is the role of managers as leaders demonstrating, through their behaviour, decisions and attitudes, actions in line with the values and principles set out in the PGE Capital Group Code of Ethics and Anti-Corruption Policy, promoting them among their employees.

Communication activities related to the compliance area have been carried out in the PGE Capital Group since 2016, i.e. since the adoption of the PGE Capital Group Code of Ethics. In 2023, communication activities included such undertakings as providing information on the intranet, on, among other things, international celebrations of the World Integrity Day or the International Anti-Corruption Day, publishing articles in the corporate monthly "Under the Umbrella" addressed to employees of the PGE Capital Group, organising information campaigns using films, webinars or interviews.

In 2023, the communication activities carried out in the PGE Group focused on the following themes:
- compliance with the law (including the sanctions regime, as mentioned below),
- the manager's role in ensuring the organisation's compliance,
- building an organisational culture based on fairness and integrity,
- the role of the whistleblower and the need to respond to situations of inappropriate behaviour,
- avoidance of conflicts of interest,
- issues related to cooperation with business partners (examining business partners or the need to include compliance clauses in contracts).

A significant amount of attention was also given to further building an organisational culture fostering compliance, i.e. a culture based on honesty (integrity) and geared towards open communication and responsiveness (speak-up culture).

Due to the ongoing war in Ukraine, communication activities placed great emphasis on issues relating to sanctions imposed on Russia. Compliance with these sanctions constituted an important obligation of PGE Group companies.

The obligation to comply with laws and internal regulations is imposed on every employee, but in order to build awareness and mitigate the risk of possible non-compliance, the PGE Group has several tools in place to help employees exercise due diligence and comply with the law in their daily work.

One of them is the Legal Guide. Prepared in monthly cycles at PGE S.A., this circular is devoted to changes in the legal regulations applicable to the operations of PG Group companies. The Guide is distributed among selected PGE Group companies to ensure their access to information on changes in the law and to ensure their uninterrupted compliance with all regulations currently in force. A series of meetings on the most important developments in the area of national and international legal regulations are held on an ongoing basis; they also provide information on the various stages of the ongoing legislative process.

Ongoing activities in the area of compliance in the PGE Group

The objective of the compliance area is to support the management boards of PGE Capital Group companies in the implementation of uniform operating principles in the PGE Capital Group, as a result of which the organisational culture supports compliance with the law and ethical principles as well as activities in line with sustainable business principles.

This objective is pursued through the following:

- ensuring support in the implementation of the PGE Group strategy, taking into account the applicable laws and internal regulations;
- providing education through training and communication activities on issues related to compliance with the applicable laws and internal regulations on corporate governance and attitudes of integrity,
- supporting the implementation of transparent processes that ensure that non-compliances and rule violations can be identified, explained and remedied promptly, and actions can be taken to prevent them from occurring in the future,
- minimising the risk of non-compliance that may result in penalties, sanctions, or loss of reputation and credibility as a result of non-compliance with regulations and standards that are sanctioned by the law or constitute the best practices in the field.

In 2023, the Compliance Department of PGE S.A. continued and improved the existing practice of the compliance management process in the form of conducting cyclical training on the PGE Capital Group Code of Ethics, anti-corruption regulations and compliance communication, as well as executing the core tasks of the process, i.e. identification of laws and regulations, identification and assessment of compliance risks, compliance assessment and cyclical reporting.

Training provided by the Compliance area is a permanent and essential part of the compliance process. Among other things, it aims to duly inform employees and others about the regulations in force and practical examples

of their application. Training focuses on fostering an ethical culture within the organisation by identifying and promoting the right attitudes and behaviours in relation to the environment in which the company operates and the specifics of the organisation. It is conducted by designated staff, based on the content relevant for the entire PGE Group, including practical examples.

The effectiveness of these activities is evaluated regularly and improved as necessary. Ongoing monitoring of the implementation of follow-up measures recommended during compliance-related investigations continued in 2023.

Compliance assessments were carried out in individual PGE Group companies with regard to the following: implementation of the compliance management process, principles of fair business and ethics, respect-based activities (human and employee rights), personal data protection, anti-corruption, conflicts of interest, relations with business partners, anti-money laundering and countering the financing of terrorism (AML/CFT).

In selected PGE Group companies, a compliance assessment also covered the application of fair competition principles and consumer protection issues.

In 2023, in response to the Group's needs, the following new measures were also taken within the compliance area:

- implementation of the reporting of penalties and sanctions imposed on companies or members of company bodies and related follow-up monitoring,
- preparation of a report on the fulfilment of minimum guarantees in respect of human rights, employee rights and environmental protection,
- adoption of the Human Rights Policy,
- adjustment of the content of the PGE Capital Group Code of Ethics and the Code of Conduct for Business Partners of PGE Capital Group Companies to the ESG standards,
- confirmation of the training of project team members on the code of ethics and anti-corruption regulations,
- implementation of AML regulations required under the law, in connection with the extension of the scope of PGE's activities to include the provision of bookkeeping services.

As of 1 July 2023, as a result of the centralisation of accounting services in the PGE Group, PGE S.A. started to provide bookkeeping services and therefore obtained the status of an obliged institution as defined by the provisions of the AML/CFT Act of 1 March 2018. In order to ensure that PGE S.A.'s activities comply with the provisions of the Act and to implement an anti-money laundering and counter-terrorist financing (AML/CFT) system, an AML Office was established on 1 June 2023. Amongst other things, its task is to develop and update internal regulations and guidelines on anti-money laundering and countering the financing of terrorism. The Office also supervises their implementation by other PGE S.A. units responsible for the provision of bookkeeping services. The AML Office also conducts audits, monitors the implementation of audit and post-audit recommendations, develops and updates risk assessments, develops training materials and conducts AML and terrorist financing training at PGE S.A.

The compliance management system is being continuously improved. In 2023, the approach on how to implement this system in project companies was standardised and the Corporate Centre's (PGE S.A.) guidelines on compliance structures were updated, among others, with regard to the requirements for the competencies of compliance coordinators and the avoidance of conflicts of interest in connection with the fulfilment of coordination duties.

In 2023, PGE supported the organisation of the Compliance and Integrity Days event as a strategic partner. A PGE representative also gave a lecture in a plenary session on the best practices related to the conduct of compliance education activities in a capital group, and took part in a panel discussion on conducting investigations.

4.2.1 The Code of Ethics of the PGE Capital Group

Employees' values and key principles of conduct in their daily work are set out in the PGE Group Code of Ethics. The Vice President of the Management Board of PGE S.A. for Support and Development, as the officer responsible in the the Management Board for the Compliance area, is involved in promoting the provisions of the Code and implementing them into the everyday functioning of the organisation.

The PGE Group Code of Ethics promotes honesty, commitment to duty, attention to quality, innovation and professionalism, open communication, respect for others and cooperation regardless of position or diversity. It is a fundamental document in terms of ethics and compliance. It constitutes the overarching declaration and basis for other internal regulations. The Code of Ethics introduces a standard for relations within the company as well as between PGE and its stakeholders with a view to ensuring the PGE Group's transparent, honest and ethical operations. All employees and other persons, at every level, in every situation in which they act on behalf of the company, are required to act in accordance with the values and principles described in the Code of Ethics. The Code provides a benchmark for decision-making, as well as a set of standards and behaviours. It draws attention to human rights obligations by, among other things, emphasising openness to diversity, understood in terms of origin, gender, sexual orientation, culture, age and marital status, as well as religious or political beliefs, or membership or non-membership of social and professional organisations. The Code of Ethics emphasises that no forms of discrimination are tolerated in the PGE Group.

The role of the Code of Ethics is to support the achievement of the company's strategic objectives in line with its values. The purposes of applying the principles contained in the Code are the following:

- meeting the expectations of the organisation's stakeholders to operate in accordance with the law and to the highest ethical standards, building and nurturing their trust in the organisation, and creating a working environment based on ethical behaviour and integrity,
- providing information on values and practical action tips to facilitate choices and decision-making,
- promoting integrity and impact through a stated expectation of suppliers, subcontractors and business partners to adhere to the same standards of the rule of law and integrity, thereby supporting the protection of human rights throughout the supply chain.

Ensuring that employees and other persons performing work for and on behalf of PGE Group companies have access to information about the PGE Capital Group Code of Ethics, including the values and common principles contained therein, is an important element of the compliance system.

Values and principles of the PGE Group

The values of the PGE Group: Partnership, Development, Responsibility. The core ethical values presented and described in the Code of Ethics were selected by management representatives in 2016 and subsequently adopted at the top management level, together with the entire Code of Ethics, by resolutions of the management boards of the individual companies.

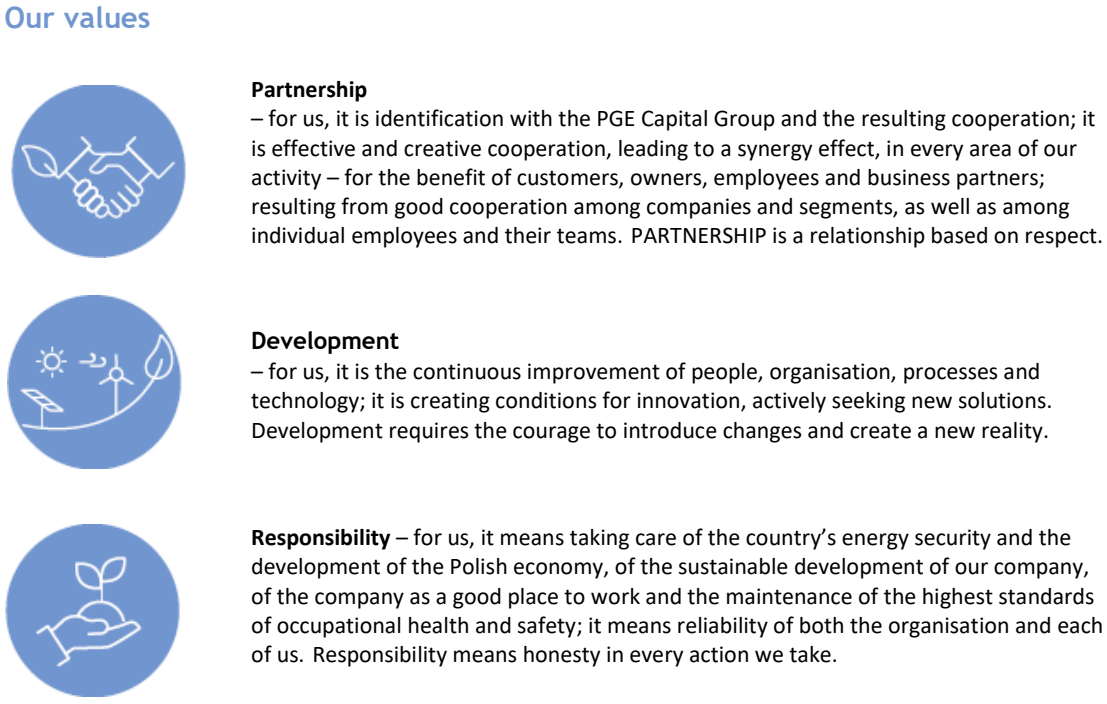


Fig. PGE Group values

Besides the values, the Code of Ethics describes – in the form of practical principles – the PGE Group's standards of conduct that the organisation declares to pursue and expects to be applied by all employees and other persons performing work for and on behalf of PGE Group companies.

The twelve principles of the Code of Ethics can be divided into four thematic blocks:

Our company

- We care about the sustainable and safe development of the PGE Capital Group
- We are there for our customers
- We care about the climate and the environment

Integrity in our company

- We compete fairly
- We do not tolerate corruption or dishonest behaviour
- We handle company information responsibly

People around us

- We care about human rights, including safe and friendly working conditions
- We develop continuously, are proactive and show initiative
- The safety and health of those working for the PGE Group are our priorities

Fair external relations

- We nurture good relations with business partners
- We care about relationships with local communities
- We build trust by providing reliable information about our activities

Fig. Twelve principles of the Code of Ethics

Translating the values and principles of the Code into the practical language of attitudes and behaviour in specific situations is one of the due diligence tools for the actual application of the Code of Ethics and other compliance policies in the organisation. Examples of appropriate behaviour and attitudes are systematically and consistently introduced into the records of internal regulations, training in operational areas, communications of the Management Board and executives with employees or internal messages.

Among the qualitative results of the introduction and application of the Code of Ethics are an increase in employees' and stakeholders' awareness of the benefits of acting with integrity and more attention paid to the relevance of ethical issues. Conducted in December 2022, a survey called "Knowledge of the Values and Principles of the PGE Group Code of Ethics", whose results were published in January 2023, showed that 93 percent of the Group's employees felt that the current values met the needs of the organisation and as many as 96 percent of them felt that the values and principles were in line with their personal code of ethical integrity. More than 85 percent of employees believe that the employee health and safety principles are a priority for the PGE Group, corruption and dishonest behaviour are not tolerated in PGE and it is most important for the organisation to take care of the sustainable and safe development of the PGE Capital Group. Another such survey is planned for early 2025.

Human rights

| GC-1 | GC-2 |

The Code of Ethics also addresses the requirement to respect human rights in the PGE Group. In doing so, it refers to the Universal Declaration of Human Rights and the standards of the International Labour Organisation, as well as the Ten Principles of the United Nations Global Compact.

PGE is a member of the United Nations Global Compact, the world's largest United Nations initiative for sustainable business, with more than 24,000 organisations actively engaged in working on the global implementation of the UNGC Ten Principles in the areas of environment, human rights and corporate governance.

Identified risks and management approaches in the area of human rights issues:

RESPECT FOR HUMAN RIGHTS IN THE PGE GROUP

Risk of bullying and harassment incidents

related to the possibility of material, personal or financial damage resulting from the actions of employees

Mitigating measures

Training for employees and managers
Whistleblower function – possibility to report irregularities observed in the organisation
Shaping a friendly working environment, appropriate rules of social coexistence and respecting the dignity and personal rights of employees

Risk of discriminatory actions against employees

resulting from possible commission of unlawful acts

Mitigating measures

Work regulations
Employee training
Internal standards for reporting irregularities and providing information

ISSUES OF RESPECT FOR HUMAN RIGHTS IN PGE S.A.
Risk of bullying and harassment incidents
related to the possibility of material, personal or financial damage resulting from the actions of employees
Mitigating measures
Training for employees and managers Whistleblower function – possibility to report irregularities observed in the organisation Impartial Advisor function – possibility to contact an external entity about mobbing incidents
Risk of discriminatory actions against employees
resulting from possible commission of unlawful acts
Mitigating measures
Work regulations Employee training Internal standards for reporting irregularities and providing information

The PGE Group communicates its approach to human rights issues to suppliers and other business partners already before a relationship is established. Furthermore, in accordance with the PGE Capital Group's Anti-Corruption Policy, contractual clauses are applied obliging Business Partners to observe at least the minimum ethical standards set out in the Code of Conduct for Business Partners of PGE Group Companies, explicitly citing the requirement to respect human rights.

The PGE Group's top management is responsible for human rights compliance issues, while the human capital management area is responsible for organisational coordination.

Employee training on the Code of Ethics, as well as policies and procedures for respecting human rights is mandatory and repeated periodically for all persons in companies where a compliance management system is implemented. The first training for new employees in companies, mainly in an online format, takes place within 3 months of starting work for or cooperation with a PGE Group company. It discusses in detail the PGE Group's values and principles, human rights, the whistleblowing system and the full range of protection, rights and reporting channels for whistleblowers. Once it has taken place, participants make declarations confirming that they have read the content provided and are committed to complying with it. The validity of the training is 3 years. After this period, it is repeated as refresher training. It is planned to increase the frequency of training on the Code of Ethics and on anti-corruption regulations and to introduce an annual cycle of training sessions.

On 19 December, the Management Board of PGE Polska Grupa Energetyczna S.A. passed a resolution concerning the adoption of an update of the Code of Ethics of the PGE Capital Group, setting its effective date for 1 February 2024 (in parallel to the changes to the Code of Ethics described below, the same resolution updated the Code of Conduct for Business Partners of PGE Capital Group Companies).

The introduction of changes to the content of the PGE Capital Group Code of Ethics and the Code of Conduct for Business Partners of PGE Capital Group companies is primarily related to regulatory (current and upcoming) requirements on ESG issues, which have an increasing impact on the assessment of PGE Polska Grupa Energetyczna S.A. and the PGE Capital Group by the external environment and the related needs:

- to pay more attention to the impact of our activities on the climate, the environment and human rights,
- to intensify and operationalise the activities of PGE S.A. and the PGE Capital Group in support of the sustainable development of the PGE Group,

- increasing the attentiveness and scope of value chain management, including supply chain management,
- to update information on the system in place in the PGE Capital Group for reporting and resolving potential non-conformities.

The changes made to the Codes take into account the following aspects:

- the diversity policy, human rights, including children's rights, and other PGE Group policies,
- the principles of sustainable development,
- the broader coverage of health and safety and environmental issues, including the circular economy,
- the information and consultation obligations towards employees,
- follow-up actions to be taken in the event of possible breaches of the Codes.

On this occasion, the content of both documents was also comprehensively reviewed by the organisational units of PGE S.A. and editorial changes were proposed.

MECHANISMS FOR SEEKING ADVICE AND RAISING CONCERNS

| GRI 2-25 | GRI 2-26 | GC-2 |

The structure of the compliance management system implemented in the PGE Group takes into account the functioning of units responsible for compliance issues in PGE S.A. and in PGE Group companies. One of their roles is to consult on ethical concerns related to compliance with internal regulations such as: the Code of Ethics, Code of Conduct for Business Partners or anti-corruption regulations (including, for example, those relating to the existence of a conflict of interest or a gift policy).

The Code of Ethics imposes a reporting obligation on any person acting for and on behalf of the PGE Group, who is aware of an irregularity resulting in a breach of the law, the internal regulations or the Code of Ethics of the PGE Group. Non-compliance can be reported anonymously.

Individuals who report non-compliance are granted the whistleblower status and are protected. A whistleblower may not face retaliation from employees, other persons or the employer for reporting a non-compliance event. A whistleblower can be anyone, in particular an employee, consultant, contractor, subcontractor, supplier. This is a person who reports non-compliance, information on suspicion or occurrence of a non-compliance incident the consequences of which may be detrimental to PGE Group companies. It is particularly important to report criminal and corrupt activities, violations of employee rights or conflicts of interest.

The system provides for several ways to report such incidents, including notifications sent to:

- the immediate superior,
- the relevant compliance unit,
- the email address: uczciwybiznespge@gkpge.pl,
- by calling +48 22 340 12 02, open 24/7. Additionally, employees of the compliance unit can be contacted from Monday to Friday from 9 a.m. to 5 p.m.,
- and by post, with mail sent to the Director of the Compliance Department at the following address: ul. Mysia 2, 00-496 Warsaw, with an envelope marked as "for the attention of Compliance Officer", including anonymously,
- by means of the staff notification form available at the intranet page under the "Compliance" tab and the form available at www.gkpge.pl,
- in special cases, the Supervisory Board of PGE S.A. can be contacted by email at: rada_nadzorcza.PGESA@gkpge.pl

The wide range of possible forms of whistleblowing and the possibility to report non-compliances, including anonymously, also facilitates communication for people who fall into a vulnerable group (e.g. people with disabilities), for whom it may be more difficult to take advantage of the opportunity to report in person. People who fall into vulnerable groups can make reports without fear of being stigmatised due to the disclosure of non-compliances. Reports are reviewed, among others, by the Compliance Department Director. The system allows for the reporting of both the risk of a non-compliance (alert system) and actual non-compliances that have already occurred. The designated channels for reporting problems or violations of the law or the corporate values and principles are also available for questions in the area of compliance.

In addition, a separate email address for questions or concerns is indicated on the corporate website: OpiniaCompliance.pgesa@gkpge.pl. This address can be used by both employees and all external stakeholders of the PGE Group, including contractors and subcontractors.

4.2.2 The anti-corruption regulations of the PGE Capital Group

GC-10| GRI 3-3 [transparency of operations in accordance with corporate governance principles of the PGE Capital Group]

Since 2017, the PGE Group has had anti-corruption regulations in place, which are subject to ongoing updating. These regulations constitute the operationalisation of the PGE Capital Group's Code of Ethics, which is the superior document.

Identified risks and management options in the area of corruption prevention:

ISSUES RELATED TO FRAUD AND CORRUPTION IN THE PGE GROUP
Risk of fraud and corruption
resulting from possible commission of unlawful acts
Mitigating measures
The Code of Ethics of the PGE Capital Group The anti-corruption policy of the PGE Capital Group Employee training Monitoring of business activities to identify and explain incidents that are unusual for a reasonably run business An implemented fraud reporting system ensuring confidentiality of persons reporting irregularities Internal monitoring (compliance control) of the company's processes and internal regulations Easy access to regulations concerning the functioning of the company (codes, rules, principles) Employees' declarations of the absence of conflicts of interests
Purchase risk
resulting from possible errors in the process of purchasing materials and services
Mitigating measures
The purchase policy of the PGE Capital Group and the General Purchase Procedure of the PGE Capital Group The Code of Conduct for Business Partners of the Companies in the PGE Capital Group Obligation to comply with the provisions of the Good Purchase Practices and the Code of Ethics Analysis of the provisions of the Terms of Reference before their approval, in particular the conditions for participation and the General Purchase Procedure Communication and employee training Application of the system for the assessment and qualification of contractors Additional random verification of individual purchase procedures and the purchasing plan Exemption declarations by participants in procedures Documentation of the course of purchase procedures

ISSUES RELATED TO FRAUD AND CORRUPTION IN PGE S.A.
Risk of fraud and corruption
resulting from possible commission of unlawful acts
Mitigating measures
The Code of Ethics of the PGE Capital Group The anti-corruption policy of the PGE Capital Group Easy access to regulations concerning the functioning of the company (codes, rules, principles) Cyclical review of internal regulations Initial and periodic training of employees Employees' declarations of the absence of conflicts of interests Monitoring of business activities to identify and explain incidents that are unusual for a reasonably run business Monitoring of actions related to the issue of powers of attorney Ongoing supervision of tasks assigned to employees and monitoring of compliance of such tasks with allocated scopes of duties An implemented fraud reporting system ensuring confidentiality of persons reporting irregularities Internal monitoring (compliance control) of the company's processes and internal regulations
Purchase risk
resulting from possible errors in the process of purchasing materials and services
Mitigating measures
The purchase policy of the PGE Capital Group and the General Purchase Procedure of the PGE Capital Group The Code of Conduct for Business Partners of the Companies in the PGE Capital Group Obligation to comply with the provisions of Good Purchase Practices and the Code of Ethics Analysis of the provisions of the Terms of Reference before their approval, in particular the conditions of participation and the Description of the Object of the Contract Communication and employee training Application of the system for the assessment and qualification of contractors Additional random verification of individual purchase procedures and the purchasing plan Exemption declarations by participants in procedures Documentation of the course of purchase procedures

THE ANTI-CORRUPTION POLICY OF THE PGE CAPITAL GROUP

The PGE Capital Group's anti-corruption policy is a declaration addressed to all internal and external stakeholders. It represents a strong and unequivocal commitment to zero tolerance of corruption in the PGE Group. It sets out key principles and responsibilities for anti-corruption, including:

- responsibility for corruption prevention in the PGE Capital Group,
- anti-corruption rules, including in particular zero tolerance of corruption and any dishonest behaviour, avoidance of conflicts of interest, relations with external partners, business gifts,
- channels for reporting irregularities and/or suspected irregularities,
- consequences of non-compliance with the policy.

The anti-corruption policy refers to the "Recommended standards for a compliance management system with respect to counteracting corruption and a whistleblower protection system in companies listed on the markets organised by the Warsaw Stock Exchange". It is available on external sites, which constitutes implementation of one of the Stock Exchange's guidelines.

The purpose of the anti-corruption policy is to meet these standards, as well as to unequivocally declare and communicate the PGE Capital Group's approach to corruption within and outside the organisation.

The PGE Group commits:

- to comply with anti-corruption legislation,
- to follow the Warsaw Stock Exchange's anti-corruption standards,
- to meet and promote the highest standards of ethics and transparency in the conduct of business,
- to continuously improve anti-corruption activities.

Results of the application of the anti-corruption policy

The policy constitutes a specific extension of the provisions of the PGE Capital Group Code of Ethics, in particular the principle "We do not tolerate corruption or dishonest behaviours". Specific activities, responsibilities and solutions implemented in the area of corruption prevention are included in the General Procedure - Counteracting Corruption in the PGE Capital Group, which is an internal document implemented in PGE Group companies.

As part of a survey conducted in PGE Group companies in 2022 on employees' awareness of the values and principles described in the PGE Capital Group Code of Ethics, the results of which were published in 2023, respondents indicated that the principle "We do not tolerate corruption or dishonest behaviour" was the second most important principle of the PGE Capital Group Code of Ethics for both employees and the organisation as a whole.

Qualitative results of the anti-corruption policy include building an authentic internal and external image of PGE Capital Group companies as honest business entities, as well as raising employees' awareness of corruption risks and corruption prevention.

GENERAL PROCEDURE – CORRUPTION PREVENTION IN THE PGE GROUP

The prevention procedure defines the responsibilities and activities to be carried out as corruption prevention in the PGE Capital Group, including in particular the principles concerning the exchange of business gifts, transparent cooperation with business partners and the avoidance of conflicts of interest. The document also indicates the process of reporting suspected violations of the rules and legal regulations related to corruption and bribery.

The procedure refers to the following:

- the guidelines included in the "Recommended standards for a compliance management system with respect to counteracting corruption and a whistleblower protection system in companies listed on the markets organised by the Warsaw Stock Exchange" of 2018,
- "The Good Practices for Companies Listed on the WSE" of 2021, according to which the company and its group should have transparent procedures for managing conflicts of interest and for entering into transactions with related parties under conditions where conflicts of interest may arise,
- the Code of Commercial Companies – in accordance with its provisions, the content of a statement of the absence of any conflict of interest concerning management board members of joint stock companies is implemented,
- the tenth principle of the UN Global Compact.

All persons employed in PGE Capital Group companies, regardless of their employment basis and position, acting for and on behalf of the PGE Group, are obliged to comply with the anti-corruption principles listed in the anti-corruption regulations.

Implementation of the procedure includes the following:

- implementing the process for avoiding conflicts of interest:
  - in relation to employees, as well as in relation to other persons who act for and on behalf of PGE Group companies on a basis other than an employment contract,
  - additionally, in relation to business partners, for certain types of services assessed as being at a particular risk of a conflict of interest (i.e. consultancy and legal services contracts),
- implementing the principles of transparent cooperation with business partners, in particular regarding contractual clauses and good practices in relations with business partners,
- implementing the rules for the exchange and recording of business gifts,
- applying additional measures in the areas particularly vulnerable to corruption,
  - e.g. reviewing project management and sponsorship regulations to mitigate the risk of fraud in the process, verifying employees' participation in training on the Code of Ethics and anti-corruption regulations as well as project team members' submission of statements of the absence of conflicts of interest,

- implementing the process for reporting concerns and suspected cases of corruption and conflicts of interest,
- implementing mandatory cyclical anti-corruption training – basic level,
- implementing additional training for those at a particular risk of corruption – dedicated training.

The qualitative results of the procedure are employees' increased awareness of the risk of corruption as well as the shaping and promotion of compliance with the highest anti-corruption standards in the course of conducting business activities.

Identifying possible occurrences of corruption

| GRI 205-1 |

Monitoring business activities to identify and explain events that are unusual for the entity, as well as analysing the presence of fraud drivers and introducing formal system solutions (by-laws, procedures, policies) lead to an increasingly better corporate governance performance of the organisation.

The number of operations (events) to be analysed in a given year results from the permanent monitoring plan, which is approved by the President of the Management Board of PGE S.A., and from the implementation of the provisions of the internal supervision regulations, according to which all operations monitored by the internal supervision area are analysed for the occurrence of possible corruption events.

In 2023, all operations planned for the year were analysed. No cases of corruption were identified as a result of the review.

Based on the analysis of the internal environment (processes, regulations, events) and the external environment, the following risks were defined:

- employees' ignorance of or intentional non-compliance with the applicable regulations, in particular the anti-corruption policy and related documents,
- conflicts of interest,
- insufficient knowledge of regulations preventing corruption on the part of employees,
- inadequate response to a suspicion of corruption or to identified instances of corruption on the part of employees or the employer,
- excessive or inadequate range of authorisation, employees' exceeding their range of authorisation resulting from their powers of attorney,
- use of a false power of attorney and other identification documents,
- unspecified responsibilities of employees for the performance of assigned tasks,
- nepotism and cronyism,
- failure to intervene when corruption is suspected or has occurred on the part of an immediate superior or person with knowledge of such corruption,
- skipping a piece of a supervision process or task in sensitive business areas such as communication, purchasing, wholesale, retail, administration, investor relations, mergers and acquisitions.

Training on anti-corruption regulations

Employees' awareness of corruption as a complex phenomenon in the context of both their duties and competencies is constantly being raised. This is mainly done through training, both general and dedicated to specific groups of employees who are particularly exposed to the risk of corruption, due, for example, to their position or work in a specific area. Training disseminates ethical patterns of behaviour and gives a clear message of non-acceptance of any forms of corruption in the PGE Capital Group environment. Training on the PGE Group's anti-corruption regulations, e.g. training on the issues of the PGE Capital Group Code of Ethics, is compulsory and repeated periodically for all persons in companies where a compliance management system has been implemented.

Training for all new people in companies takes place within 3 months of starting work or cooperation with a PGE Group company. Anti-corruption rules, standards set by the Warsaw Stock Exchange, types of corruption, definitions, anti-corruption regulations in the PGE Group are all discussed in detail. The validity of this training, as with the Code of Ethics training, is 3 years. After this period, it is repeated as refresher training. After the first training, participants make declarations confirming that they have read the content provided and are committed to complying with it. In addition, anti-corruption knowledge is supplemented on an as-needed basis within the framework of dedicated, in-depth anti-corruption training, taking into account

the specifics of a given business area and position. Such training is aimed in particular at executives, managers and others working in areas particularly vulnerable to corruption.

In 2023, PGE Capital Group companies continued to conduct regular mandatory anti-corruption training for employees and other persons acting for and on behalf of PGE Capital Group companies on a basis other than an employment contract. Taking into account the areas that are particularly vulnerable to the risk of corruption, dedicated additional training courses were also held on anti-corruption prevention. This approach will continue to an even broader extent in 2024. Besides dedicated in-house training, special anti-corruption training, conducted by Central Anti-corruption Bureau officers, also took place in PGE Group companies. In 2023, these training events were organised at PGE S.A., PGE Systemy and PGE Energia Ciepła. The training was additionally supplemented by communication activities. As part of the initiative to improve the anti-corruption system, the internal regulation concerning the application of contractual clauses and referring to the Code of Conduct for Business Partners of PGE Capital Group Companies was amended in 2023. The changes included, among other things, an addition of the explicit requirement to respect human rights to the wording of clauses, as well as a description of the process in such a way as to make it easier to understand and, therefore, easier to comply with. The compliance units provide support and recommendations on an ongoing basis for any questions or concerns regarding business gifts or conflicts of interest.

4.2.3 Improving the process of avoiding conflicts of interest

| GRI 2-15 |

A significant factor that raises the risk of adverse events is a conflict of interest. The PGE Group's internal regulations define what it is and who can be in this type of conflict. Each employee or any other person acting for and on behalf of PGE Group companies makes a declaration of the absence of any conflicts of interest and undertakes to provide information if such a conflict should arise in the course of fulfilling their official duties.

The prevention of conflicts of interest serves to ensure that decisions in PGE Group companies are made on the basis of objective criteria, in a transparent manner and in accordance with the best interests of a particular PGE Group company. The principle of avoiding conflicts of interest is implemented in a comprehensive manner. It covers employees and other persons who act for and on behalf of PGE Group companies on a basis other than an employment contract up to the level of top management. Employees submit declarations of the absence of any conflict of interest as soon as they start working for PGE. With regard to other persons, an appropriately dedicated part of the declaration is applied or, alternatively, appropriate contractual provisions are used, which are incorporated in the templates of contracts of mandate or contracts for specific work. By signing their declarations, all signatories simultaneously undertake not to engage in activities leading to a conflict of interest, and to inform their supervisor and the company's compliance function in writing of any concerns in this respect or of the occurrence of such a situation. They also confirm their acceptance of the instruction as to liability that attaches to any failure to comply with the obligations arising from the declaration made. Enquiries regarding conflicts of interest, including, for example, concerns about the existence of conflicts of interest, are recorded by the companies' compliance function in order to ensure transparency in the analyses, recommendations and monitoring of eventual measures taken in individual reported cases. For contracts relating to services that PGE S.A. has assessed as most exposed to the risk of conflicts of interest, additional dedicated contractual clauses are used. In 2023, the risks of conflicts of interest for compliance coordinators combining their function with other tasks in PGE Group companies were additionally analysed and guidelines were issued in this respect.

5. About this statement

This non-financial information statement of PGE Polska Grupa Energetyczna S.A. (hereinafter: PGE S.A.) and the PGE Capital Group (hereinafter: PGE Group) as a public interest entity, has been prepared in accordance with the requirements of the amendment to the Accounting Act, implementing Directive 2014/95/EU into Polish law. The presentation of the content of the statement is based on the guidelines of the Corporate Sustainability Reporting Directive (CSRD), which will be included in the amendment of the Accounting Act in 2024.

The PGE Capital Group is also obliged to disclose the extent to which its business activities can be considered environmentally sustainable. This requirement stems from Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on establishing a framework to facilitate sustainable investment, amending Regulation (EU) 2019/2088 and the Delegated Regulations on establishing a framework to facilitate sustainable investment (hereinafter: EU Environmental Taxonomy, Taxonomy). In accordance with Commission Delegated Regulation (EU) 2021/2178, the first annual reporting period covered 2021, for which eligibility indicators were reported. In the second and third reporting years, i.e. the years 2022 and 2023, indicators are reported for both eligibility for and compliance with the Taxonomy.

| GRI 2-2 | GRI 2-3 |

The statement is prepared on an annual basis and presents non-financial information for the period from 1 January to 31 December 2023 and includes consolidated data for the PGE Capital Group and for the parent company – PGE Polska Grupa Energetyczna S.A.

As at 31 December 2023, the PGE Group consisted of the following entities:

- the parent company, i.e. PGE Polska Grupa Energetyczna S.A.,
- 80 fully consolidated subsidiaries,
- 2 entities constituting so-called joint operations,
- 6 associates and jointly controlled entities.

Entities included in the reporting of sustainability issues:

For employee issues, 33 entities and their employment data for 2023 are included in the non-financial information statement.

These are the following entities:

1. PGE Polska Grupa Energetyczna S.A. (PGE S.A.)
2. PGE Górnictwo i Energetyka Konwencjonalna (PGE GiEK)
3. PGE Energia Odnawialna S.A. (PGE EO)
4. PGE Dystrybucja S.A.
5. PGE Obrót S.A.
6. GOZ (Circular Economy)
7. PGE Energetyka Kolejowa S.A. (PGE EKO S.A.)
8. PGE Energia Ciepła S.A. (PGE EC)
9. PGE Paliwa sp. z o.o.
10. PGE Toruń S.A.
11. Zielona Góra CHP
12. KOGENERACJA S.A.
13. PGE Synergia sp. z o.o
14. PGE Systemy S.A.
15. PGE Dom Maklerski S.A.
16. PGE Nowa Energia sp. z o.o.
17. PGE Baltica sp. z o.o.
18. PGE Ventures sp. z o.o.
19. PTS BETRANS sp. z o.o.
20. BESTGUM sp. z o.o.
21. Elbis sp. z o.o.
22. ELTUR-SERWIS sp. z o.o.
23. MegaSerwis sp. z o.o.
24. RAMB sp. z o.o.

25. ENESTA sp. z o.o.
26. ELMEN sp. z o.o.
27. Energoserwis - Kleszczów sp. z o.o.
28. MEGAZEC sp. z o.o.
29. ELBEST Security sp. z o.o.
30. Energetyczne Systemy Pomiarowe sp. z o.o.
31. PGE Gryfino 2050 sp. z o.o.
32. PGE Asekuracja S.A.
33. Rybnik 2050 sp. z o.o.

In the case of environmental issues, an annotation is included next to each GRI indicator from this area, showing the scope of data. The list of companies included in the calculation of the carbon footprint for the PGE Group is given in the chapter "PGE Group's carbon footprint".

The financial data presented in the PGE Group's 2023 statement of non-financial information are consistent with the information contained in the PGE Group's consolidated financial statements for the year ended 31 December 2023, which have been prepared in accordance with the requirements of the International Financial Reporting Standards ("IFRS") as adopted by the European Union.

The information on the application of the corporate governance principles is based on the recommendations and principles contained in "The Good Practices of Companies Listed on the Warsaw Stock Exchange 2021".

The 2023 statement of non-Financial information has been prepared taking into account the current Global Reporting Initiative standards, including:

- GRI 1: Foundation (2021)
- GRI 2: General Disclosures (2021)
- GRI 3: Material Topics (2021)

In addition, the statement includes PGE's own indicators, as well as references to the 10 Global Compact Principles and the Sustainable Development Goals (SDGs).

Identification of key impact areas

| GRI 3-1 |

The identification of key impact areas was the basis for determining the material topics to be presented in the PGE Group's non-financial information statement. This was done through internal and external consultations conducted in the form of workshops and panel discussions in 2022.

The needs and expectations related to information and resulting from the identification of actual and potential, negative and positive economic, environmental and human impacts necessary to be included in the non-financial information statement were expressed by almost 80 key PGE stakeholder representatives during dialogue sessions held in mid-June 2022. They were conducted in accordance with the AA1000 SES standard, with the support of an independent external facilitator. Meetings with stakeholders, in workshop format, are organised every other year.

As a result of the dialogue, the PGE Group's key stakeholders indicated the following most relevant topics to be discussed in the PGE Group's non-financial information statement:

1. Strategy and its implementation
2. Preventing the emergence of non-compliance with laws and regulations (including those relating to the supply and use of products and services), as well as ensuring compliance with environmental regulations, preventing abuses, violations of environmental laws and regulations
3. The company's climate impact, including greenhouse gas emissions and methods of their reduction
4. The company's impact on the environment and its preventive measures
5. Managing energy consumption in the organisation
6. Water management in the organisation
7. Waste management

The key topics were defined in relation to two dimensions:

- impact – what influence the PGE Group's activities have on the issue under consideration
- materiality – the extent to which the topic is relevant to the PGE Group's activities

At the same time, between September 2023 and January 2024, as part of the PGE Group's preparation for reporting in line with the new EU directive, the CSRD, the PGE Group conducted an in-depth materiality analysis of the organisation's impact on the environment and began the process of preparing for a financial materiality analysis. In order to adapt PGE's reporting to the new sustainability reporting requirements under the CSRD, which will apply to PGE from the beginning of 2025 (a statement for the financial year 2024), the following preparatory activities were undertaken:
- the list of entities subject to reporting in the PGE Group was revised,
- a value chain analysis was carried out,
- an initial list of topics relevant to the dual materiality process was identified.

These processes were carried out based on the Directive's guidelines, with the involvement of an external consulting firm. The project involved key executives responsible for selected management areas at PGE.
The result of the analysis of the dual materiality assessment and the development of a list of material topics is the identification of a set of European Sustainability Reporting Standards (ESRS) indicators to be reported by PGE from 2024 onwards. At the same time, the list of these themes identified as material was compared with the list of indicators reported so far (in line with the principles of the GRI standards). This analysis has shown that all indicators reported to date in accordance with the GRI are relevant to the future implementation of this process under the ESRS. The 2023 non-financial information statement covers the thematic areas that will also be present in the 2024 ESRS-compliant statement.

With regard to the management of material topics, in accordance with GRI 3-3, the PGE Group addresses the following aspects to which the indicated GRI indicators are assigned.

| GRI 3-2 |

Material topics	GRI aspects	Indicator
1. Strategy and its implementation	Economic performance	• Own indicator • GRI 201-1 • GRI 201-2
2. Compliance with laws and regulations, including compliance with environmental regulations	Not applicable	• GRI 2-47 • Own indicator – environmental penalties
3. Company's climate impact - greenhouse gas emissions and methods of their reduction	Emissions	• GRI 305-1 • GRI 305-2 • GRI 305-3 • GRI 305-4 • GRI 305-5 • GRI 305-6 • GRI 305-7 • GRI 201-2
4. The company's impact on the environment and its preventive measures	Resources Biodiversity	• GRI 301-1 • GRI 301-2 • GRI 301-3 • GRI 304-1 • GRI 304-2 • GRI 304-3 • GRI 304-4
5. Managing energy consumption in the organisation	Energy	• GRI 302-1 • GRI 302-2 • GRI 302-3 • GRI 302-4 • GRI 302-5

6. Water management in the organisation	Water and wastewater	• GRI 303-1 • GRI 303-2 • GRI 303-3 • GRI 303-4 • GRI 303-5
7. Waste management	Waste	• GRI 306-1 • GRI 306-2 • GRI 306-3 • GRI 306-4 • GRI 306-5
8. Employee issues with a particular focus on the energy transition	Employment Health and safety Training and education Diversity and equal treatment Total number of cases of discrimination	• GRI 401-1 • GRI 401-2 • GRI 401-3 • GRI 403-1 • GRI 403-2 • GRI 403-3 • GRI 403-4 • GRI 403-5 • GRI 403-6 • GRI 403-7 • GRI 403-8 • GRI 403-9 • GRI 404-1 • GRI 404-2 • GRI 404-3 • GRI 405-1 • GRI 405-2 • GRI 406-1
9. Transparency of operations in accordance with corporate governance principles of the PGE Capital Group	Preventing corruption Child labour Forced labour Customer privacy	• GRI 205-1 • GRI 205-2 • GRI 205-3 • GRI 408-1 • GRI 409-1 • GRI 418-1

Restatement of information

| GRI 2-4 |

Due to the availability of data of a higher quality already after the publication of the non-financial information statement on the activities of PGE Polska Grupa Energetyczna S.A. and the PGE Capital Group for 2022, corrections were made to the current report with regard to environmental data as follows:

Details of the corrections made

	Entry in the statement for the year 2022	**Changes made and their scope in the statement for the year 2023**	**Page number**
1.	GRI 302-1, PGE Energia Odnawialna reported information based on a different entity than the other companies.	Data were revised due to change of unit [MWh] to [GJ]	211-212
2.	GRI 303-3, PGE Dystrybucja did not report water abstracted from the water supply network.	Based on the new metering data received, the company reported data for both 2023 and 2022.	220-221
3.	GRI 306-5, Incorrect data were reported in PGE GiEK and a few entries were made in incorrect lines in a table in the statement for 2022.	The entries were corrected after re-verification of the data and the total weight of waste sent for	259

		disposal, including non-hazardous waste, was changed.	

Statement verification

| GRI 2-5 |

The non-financial information statement of PGE S.A. and the PGE Group for the year 2023 was not externally verified in its entirety. By the time of publication of this statement, the financial and CO_2 emissions data had been fully externally verified. Other verifications take place each year at different dates, including later than the publication of the non-financial information statement. The data listed below were verified by an external entity:

- the financial data consistent with the financial statements and/or consistent with the 2023 management report. The audit was carried out by PKF Consult spółka z ograniczoną odpowiedzialnością sp.k., in accordance with the National Auditing Standards ("NAS") in the wording of the International Auditing Standards adopted by the National Council of Statutory Auditors and pursuant to the Statutory Auditors, Audit Firms and Public Supervision Act of 11 May 2017 ("Statutory Auditors Act" – Journal of Laws of 2022, item 1302, as amended) and Regulation (EU) no. 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities ("EU Regulation" – OJ EU L158, as amended).
- data on CO_2 emissions from PGE Group installations participating in the EU ETS system – the CO_2 emissions were verified by an authorised and independent accredited verifier, from the list of accredited verifiers published on the KOBiZE website. The volume of CO_2 emissions is calculated on the basis of and in accordance with the legal regulations applicable to the ETS system, in particular with decisions of competent authorities allowing the emission of greenhouse gases from installations. Facility operators are responsible for preparing and submitting reports on their annual greenhouse gas emissions in accordance with the rules and the approved monitoring plan.
- Sustainability Criterion certification for biomass combustion – applies to PGE Energia Ciepła S.A. for the following locations: Branch in Szczecin and the Kielce CHP Plant Branch, a subsidiary of Zespół Elektrociepłowni Wrocławskich KOGENERACJA S.A. The Czechnica CHP Plant of the Dolna Odra Power Plant Branch of PGE Górnictwo i Energetyka Konwencjonalna S.A. and PGE Paliwa, where the Sustainability Criterion System (SCS) was implemented and certified. Current certificates are available on the website of the Oil and Gas Institute (OGI).Participants of the SCS and OGI are required to certify the entire life cycle of biofuels, bioliquids and biomass fuels. Registration in the scheme signifies that the organisation meets the requirements of the sustainability criteria as required by the European Commission (RED II Directive).
- EMAS verification – it concerns the full range of environmental data for two branches of PGE Górnictwo i Energetyka Konwencjonalna, i.e. the Opole Power Plant and the Dolna Odra Power Plant, and a branch of PGE Energia Ciepła, i.e. the Wybrzeże CHP Plant. The Eco-Management and Audit Scheme (EMAS PI:2999), together with the prepared environmental statement, is subject to annual verification by an independent accredited verifier. Registration in the EMAS system means meeting the highest standards in environmental management and audit.

5.1 Significant indexes regarding the PGE Capital Group and the company PGE S.A.

SELECTED INDEXES RELATING TO ENVIRONMENTAL ISSUES IN THE PGE GROUP:

Resources

Materials by weight and volume

| GRI 301-1 |

PGE Górnictwo i Energetyka Konwencjonalna	2023	2022
Total weight used to produce key products and services in the reporting broken by:		
Non-renewable materials, including:		
raw materials:	44,826,919.1	58,194,628
hard coal [Mg]	6,513,470.5	7,355,732
lignite [Mg]	38,253,704.9	50,784,793
light oil [Mg]	10,453.7	7,004
heavy oil [Mg]	49,290	47,099
materials used in the production process but which are not part of the final product (e.g. lubricants for production machinery) [kg]	1,917,921.5	2,668,623
intermediate products	not applicable	not applicable
packaging materials	not applicable	not applicable
Renewable materials, including:		
raw materials (Biomass) [Mg]	12,916	1,517
materials used in the production process but which are not part of the final product (e.g. lubricants for production machinery)	not applicable	not applicable
intermediate products	not applicable	not applicable
packaging materials	not applicable	not applicable

| GRI 301-1 |

PGE Energia Ciepła and subsidiaries	2023	2022
Total weight used to produce key products and services in the reporting broken by:		
Non-renewable materials, including:		
raw materials:		
hard coal [Mg]	2,903,474	3,380,144
lignite [Mg]	90,835	172,673
natural gas [m^3]	1,142,204,495	832,945,291
light oil [Mg]	20,377	14,246
heavy oil (mazout) [Mg]	3,035	4,412
municipal waste [Mg]	91,341	86,747
materials used in the production process but which are not part of the final product (e.g. lubricants for production machinery) [kg]	76,694	137,143
intermediate products	not applicable	not applicable
packaging materials	not applicable	not applicable
Renewable materials, including:		
raw materials (Biomass) [Mg]	762,693	479,607
materials used in the production process but which are not part of the final product (e.g. lubricants for production machinery)	not applicable	not applicable
intermediate products	not applicable	not applicable
packaging materials	not applicable	not applicable

| GRI 301-1 |

PGE Energia Odnawialna	2023	2022
Total weight used to produce key products and services in the reporting broken by:		
Non-renewable materials, including:		
raw materials:	not applicable	not applicable
materials used in the production process but which are not part of the final product (e.g. lubricants for production machinery):		
production oils [litres]	17,708	13,489
production lubricants [kg]	6,039	15,412
intermediate products	not applicable	not applicable
packaging materials	not applicable	not applicable
Renewable materials	not applicable	not applicable

Use of recycled materials

| GRI 301-2 |

PGE Górnictwo i Energetyka Konwencjonalna, PGE Energia Ciepła and subsidiaries, PGE Energia Odnawialna, PGE Dystrybucja	2023
Percentage of recycled materials used to produce the organisation's core products and services	Not applicable

recycled material - material that replaces virgin materials, purchased or sourced internally or externally and that is not a by-product and non-product output (NPO) produced by the organisation

Recovered products and packaging

| GRI 301-3 |

PGE Górnictwo i Energetyka Konwencjonalna, PGE Energia Ciepła and subsidiaries, PGE Energia Odnawialna, PGE Dystrybucja	2023
Percentage of recovered products per product category	Not applicable

Energy

Energy consumption in the organisation

| GRI 302-1 |

PGE Górnictwo i Energetyka Konwencjonalna	2023	2022
Total consumption of energy from non-renewable sources, in joules or multiples thereof, broken down by raw material from which it was produced		
lignite [GJ]	310,425,906.1	409,644,339
hard coal [GJ]	145,942,657.8	160,305,001
heavy oil (mazout) [GJ]	1,995,426.5	1,918,943.5
light oil [GJ]	449,499.0	301,345
Total consumption of energy from renewable sources, in joules or multiples thereof, broken down by raw material from which it was produced		
biomass [GJ]	212,417.7	23,709
Total consumption of:		
electricity [MWh]	6,215,785.9	7,126,720.5
thermal energy [GJ]	1,170,917.1	1,465,382
cold	not applicable	not applicable
steam	not applicable	not applicable
Volume of total sales of:		
electricity [MWh]	43,748,484.7	54,725,758

thermal energy [GJ]	2,363,209.3	2,518,553
cold	not applicable	not applicable
steam [GJ]	680,773.3	702,326
Total consumption of energy in the organisation in joules or multiples [GJ]	298,775,986.9	372,140,346
Source of conversion factors used	1 MWh = 3.6 GJ	1 MWh = 3.6 GJ

| GRI 302-1 |

PGE Energia Ciepła and subsidiaries	2023	2022
Total consumption of energy from non-renewable sources, in joules or multiples thereof, broken down by raw material from which it was produced		
hard coal [GJ]	64,188,297	74,484,245
lignite [GJ]	726,519	1,425,960
natural gas [GJ]	34,437,453	23,811,843
municipal waste [GJ]	855,069	743,808
heavy oil (mazout) [GJ]	128,482	184,734
light oil [GJ]	356,673	610,902
Total consumption of energy from renewable sources, in joules or multiples thereof, broken down by raw material from which it was produced		
biomass [GJ]	6,917,496	4,250,885
Total consumption of:		
electricity [MWh]	1,024,109	1,017,713
thermal energy [GJ]	1,111,714	1,101,563
cold	not applicable	not applicable
steam	not applicable	not applicable
Volume of total sales of:		
electricity [MWh]	8,513,418	7,398,207
thermal energy [GJ]	47,153,499	49,509,094
cold	not applicable	not applicable
steam [GJ]	not applicable	not applicable
Total consumption of energy in the organisation in joules or multiples [GJ]	34,607,498	57,081,877
Standards, methodologies, assumptions or tools used	weights, fuel analyses, EE and HE meters	weights, fuel analyses, EE and HE meters
Source of conversion factors used	1 MWh = 3.6 GJ	1 MWh = 3.6 GJ

| GRI 302-1 |

PGE Energia Odnawialna	2023	2022*
Total consumption of energy from non-renewable sources, in joules or multiples thereof, broken down by raw material from which it was produced		
no data on raw material GJ	62,897	53,878
Total consumption of energy from renewable sources, in joules or multiples thereof, broken down by raw material from which it was produced		
wind GJ	335,848	344,701
water GJ	25,255	23,392
solar radiation GJ	38	85
Total consumption of:		
electricity [MWh]	117789	117238
thermal energy [GJ]	2,404	2,577
cold		
steam		
Volume of total sales of:		
electricity [MWh]	4,051,391	3,006,552
thermal energy [GJ]	not applicable	not applicable
cold		
steam		

Total consumption of energy in the organisation in joules or multiples	424,038	422,056
Standards, methodologies, assumptions or tools used	Quantities in GJ based on the difference (gross-net)*3.6 GJ between the amount of electricity produced by the generating units (gross) as measured at the terminals of the generators and the amount of electricity injected into the DSO/OSP grid	Quantities in GJ based on the difference (gross-net)*3.6 GJ between the amount of electricity produced by the generating units (gross) as measured at the terminals of the generators and the amount of electricity injected into the DSO/OSP grid
Source of conversion factors used	not applicable	not applicable

* A necessary adjustment has been made to the data for 2022 due to improvements in the data collection process. As a result, data are presented in uniform, comparative units.

| GRI 302-1 |

PGE Energetyka Kolejowa	2023
Total consumption of energy from non-renewable sources, in joules or multiples thereof, broken down by raw material from which it was produced	
hard coal [GJ]	400
high-methane natural gas [GJ]	5,049.09
motor gasoline [GJ]	7,910.59
diesel [GJ]	114,612.04
light oil [GJ]	1,302.02
Total consumption of energy from renewable sources, in joules or multiples thereof, broken down by raw material from which it was produced	
solar radiation	4,384.243 GJ (1,217.845 MWh)
Total consumption of:	
electricity [MWh]	147,308.285 MWh
thermal energy [GJ]	3,999.140 GJ
cold	0
steam	0
Volume of total sales of:	
electricity [MWh]	0
thermal energy [GJ]	0
cold	0
steam [GJ]	0
Total consumption of energy in the organisation in joules or multiples [GJ]	667,966.951 GJ
Standards, methodologies, assumptions or tools used	weights, fuel analyses, EE and HE meters
Source of conversion factors used	1 MWh = 3.6 GJ

Total energy consumption within the organisation =

Used non-renewable raw materials
+
Used renewable raw materials
+
Electricity, heat, cold and steam purchased for the organisation
+
Self-generated and not consumed electricity, heat, cold and steam
-
Sold electricity, heat, cold and steam

Energy consumption outside of the organisation

| GRI 302-2 |

PGE Górnictwo i Energetyka Konwencjonalna, PGE Energia Ciepła and subsidiaries, PGE Energia Odnawialna, PGE Dystrybucja, PGE Energetyka Kolejowa

No data from external contractors

Energy intensity

| GRI 302-3 |

PGE Górnictwo i Energetyka Konwencjonalna	2023	2022
Energy intensity index for the organisation	10.3	10.3
Selected denominator for the calculation of the index (organisation-specific)	Sales of electricity and heat expressed in MWh	Sales of electricity and heat expressed in MWh
Energy types included in the energy efficiency index		
Fuels	YES	YES
electricity	YES	YES
heat	YES	YES
cold	NO	NO
steam	YES	YES
all	NO	NO
Index broken down by branch:		
Bełchatów Power Plant (ELB) [GJ/MWh]	10.8	10.7
Turów Power Plant (ELT) [GJ/MWh]	10.24	10
Opole Power Plant (ELO) [GJ/MWh]	9.1	9.2
Rybnik Power Plant (ELR) [GJ/MWh]	11.0	10.8
Dolna Odra Power Plant (ELDO) [GJ/MWh]	10.7	10.6
The index covers energy consumption:	within the organisation	within the organisation

| GRI 302-3 |

PGE Energia Ciepła and subsidiaries	2023	2022
Energy intensity index for the organisation [GJ/MWh]	4.7	4.7
Selected denominator for the calculation of the index (organisation-specific)	production volume	production volume
Energy types included in the energy efficiency index:		
fuels	YES	YES
electricity	YES	YES
heat	YES	YES
cold	NO	NO
steam	YES	YES
all	NO	NO
Index broken down by branch:		
Zespół Elektrociepłowni Wrocławskich KOGENERACJA S.A. [GJ/MWh]	4.2	4.4
Branch no. 1 in Cracow [GJ/MWh]	4.8	4.8
PGE Toruń S.A. [GJ/MWh]	4.0	3.9
Wybrzeże Branch in Gdańsk [GJ/MWh]	4.2	4.2
Elektrociepłownia "Zielona Góra" S.A. [GJ/MWh]	5.6	5.5
CHP Bydgoszcz Branch [GJ/MWh]	4.6	4.7
CHP Gorzów Wielkopolski Branch [GJ/MWh]	5.1	5.1
CHP Kielce Branch [GJ/MWh]	4.8	4.9
CHP Lublin Wrotków Branch [GJ/MWh]	4.5	4.7
CHP Rzeszów Branch [GJ/MWh]	4.9	4.5
CHP Zgierz Branch [GJ/MWh]	5.4	6.5
CHP Pomorzany Branch in Szczecin [GJ/MWh]	6.0	6.3
CHP Szczecin Branch in Szczecin [GJ/MWh]	7.0	5.6
The index covers energy consumption:		within the organisation

| GRI 302-3 |

PGE Energetyka Kolejowa	2023

Energy intensity index for the organisation [GJ/MWh]	0.05
Selected denominator for the calculation of the index (organisation-specific)	energy sold (electricity, diesel) [MWh]
Energy types included in the energy efficiency index:	
fuels	YES
electricity	YES
heat	YES
cold	NO
steam	NO
all	NO
The index covers energy consumption:	within the organisation

| GRI 302-3 |

PGE Energia Odnawialna	2023	2022
Energy intensity index for the organisation [GJ/MWh]	0.52	0.65
Selected denominator for the calculation of the index (organisation-specific)	3,529,234	2,829,068
The energy intensity index was calculated as electricity consumption (total energy purchases from sellers and purchases from other energy markets for the pumped storage cycle - SAP data source) to net energy produced.		
Energy types included in the energy efficiency index:		
Fuels	NO	NO
electricity	YES	YES
heat	NO	NO
cold	NO	NO
steam	NO	NO
all	NO	NO
The index covers energy consumption:	within the organisation	within the organisation

Reduced energy consumption

| GRI 302-4 |

PGE Górnictwo i Energetyka Konwencjonalna	2023	2022
The volume of the achieved reduction in energy consumption as a direct result of maintenance (retrofitting) measures or efficiency increasing initiatives, in joules or multiples	1,294.8 GJ	1,857.5 GJ
Types of energy included in the indicated energy consumption reduction:		
fuels	NO	NO
electricity	YES	YES
heat	NO	NO
cold	NO	NO
steam	NO	NO
all	NO	NO
Basis for calculating reductions in energy consumption, including		
Base year or baseline	2022	2022
Justification for the choice of the year or baseline	Start of reporting in 2022	Start of reporting in 2022
Standards, methodologies, assumptions or tools used	THE REGULATION OF THE MINISTER OF ENERGY of 5 October 2017 on the specific scope and method for drawing up an energy efficiency audit and the	THE REGULATION OF THE MINISTER OF ENERGY of 5 October 2017 on the specific scope and method for drawing up an energy efficiency audit and the

	methods of calculating energy savings.	methods of calculating energy savings.

| GRI 302-4 |

PGE Energia Ciepła and subsidiaries	2023	2022
The volume of the achieved reduction in energy consumption as a direct result of maintenance (retrofitting) measures or efficiency increasing initiatives, in joules or multiples	14,934 GJ	23,148 GJ
Types of energy included in the indicated energy consumption reduction:		
fuels	NO	NO
electricity	YES	YES
heat	YES	YES
cold	NO	NO
steam	NO	NO
all	NO	NO
Basis for calculating reductions in energy consumption, including		
Base year or baseline	2021	2021
Justification for the choice of the year or baseline		
Standards, methodologies, assumptions or tools used	Methodology the same as for white certificates	

| GRI 302-4 |

PGE Energetyka Kolejowa	2023
The volume of the achieved reduction in energy consumption as a direct result of maintenance (retrofitting) measures or efficiency increasing initiatives, in joules or multiples	8,263.5 GJ
Types of energy included in the indicated energy consumption reduction:	
fuels	NO
electricity	YES
heat	NO
cold	NO
steam	NO
all	NO
Basis for calculating reductions in energy consumption, including	
Base year or baseline	2021
Justification for the choice of the year or baseline	before the beginning of retroffiting works
Standards, methodologies, assumptions or tools used	Energy audit report in accordance with EN-16247; 2017

Reduction of energy consumption within products and services

| GRI 302-5 |

PGE Energia Ciepła and subsidiaries	2023	2022
Achieved reduction in energy demand relating to products sold during the reporting period, in joules or multiples [GJ]	14,934	23,148
Achieved reduction in energy demand relating to services sold during the reporting period, in joules or multiples	not applicable	not applicable
Basis for calculating reductions in demand for energy, including		

base year or baseline	2021	2021
Justification for the choice of the year or baseline	Methodology the same as for white certificates	Methodology the same as for white certificates
Standards, methodologies, assumptions or tools used	Methodology the same as for white certificates	Methodology the same as for white certificates

| GRI 302-5 |

PGE Górnictwo i Energetyka Konwencjonalna, PGE Energia Odnawialna, PGE Dystrybucja, PGE Energetyka Kolejowa

	2023	2022
Achieved reduction in energy demand relating to products sold during the reporting period	not applicable	not applicable

Water management

	2023	2022
Total water abstraction in megalitres*:	27,250,808	23,343,193
Total water discharged (sum of wastewater, used water and unused water) in megalitres*	26,925,880	23,200,358
Total water consumption from all areas in megalitres	127,743***	155,735**

*The data relates to key companies influencing PGE Capital Group's water and wastewater management, i.e.: PGE Górnictwo i Energetyka Konwencjonalna, PGE Energia Ciepła with subsidiaries and PGE Energia Odnawialna.
** In 2022, the volume of 12,901 megalitres does not balance. The difference relates to the company PGE Górnictwo i Energetyka Konwencjonalna and is due to the fact that the company discharges more water than it abstracts. The additional discharge volume is accounted for by the amount of water from outside the organisation treated at PGE GiEK's treatment plants, as well as rainwater and snowmelt, which also needs to be accounted for in terms of discharge.
*** In 2023, the volume of 197,185 megalitres does not balance. The difference concerns the companies PGE Górnictwo i Energetyka Konwencjonalna and PGE Energia Odnawialna. PGE Górnictwo i Energetyka Konwencjonalna discharges more water than it abstracts. The additional discharge volume is accounted for by the amount of water from outside the organisation treated at PGE GiEK's treatment plants, as well as rainwater and snowmelt, which also needs to be accounted for in terms of discharge.
At PGE Energia Odnawialna, the balance difference between abstraction and discharge of 208,178 megalitres is due to technological considerations and dependence on the current demand for electricity in the NPS.

Water abstraction

| GRI 303-3 |

PGE Górnictwo i Energetyka Konwencjonalna	2023	2022
Total water abstraction by the organisation at all sites, in megalitres, broken down by source:		
surface water	738,839.56	804,740
groundwater	2,162.4	2,187
marine water	not applicable	not applicable
production water (obtained as a result of abstraction, processing or use of any other raw material)	192,453.00	194,062
water obtained from an indirect source (e.g. local water network)	218.6	501.5
Total water abstraction by the organisation at locations with water shortages, in megalitres, by source:		
surface water	not applicable	not applicable
groundwater	not applicable	not applicable
marine water	not applicable	not applicable
production water (obtained as a result of abstraction, processing or use of any other raw material)	not applicable	not applicable
water obtained from an indirect source (e.g. local water network)	not applicable	not applicable

Breakdown of the total water abstraction from each source in megalitres, by the following categories:		
All locations		
fresh water (<1000mg/L of total dissolved substances (TDS))	899,805.61	966,779
surface water	717,824.5	782,871
groundwater	2,162.4	2,187
marine water	not applicable	not applicable
production water (obtained as a result of abstraction, processing or use of any other raw material)	179,657	181,266
water obtained from an indirect source (e.g. local water network)	161.7	455
other water (> 1000mg/L of total dissolved substances (TDS))	33,867.9	34,711
surface water	21,015	21,869
groundwater	not applicable	not applicable
marine water	not applicable	not applicable
production water (obtained as a result of abstraction, processing or use of any other raw material)	12,796	12,796
water obtained from an indirect source (e.g. local water network)	56.9	46
Locations with water shortages		
fresh water (<1000mg/L of total dissolved substances (TDS))		
surface water	not applicable	not applicable
groundwater	not applicable	not applicable
marine water	not applicable	not applicable
production water (obtained as a result of abstraction, processing or use of any other raw material)	not applicable	not applicable
water obtained from an indirect source (e.g. local water network)	not applicable	not applicable
other water (> 1000mg/L of total dissolved substances (TDS))		
surface water	not applicable	not applicable
groundwater	not applicable	not applicable
marine water	not applicable	not applicable
production water (obtained as a result of abstraction, processing or use of any other raw material)	not applicable	not applicable
water obtained from an indirect source (e.g. local water network)	not applicable	not applicable
Contextual information allowing the understanding of how the data have been collected and calculated, such as adopted standards, methodologies and assumptions	The Regulation of the Minister of Infrastructure of 13 July 2021 on the form and manner of monitoring of surface water bodies and groundwater bodies, Journal of Laws of 2021, item 1576	The Regulation of the Minister of Infrastructure of 13 July 2021 on the form and manner of monitoring of surface water bodies and groundwater bodies, Journal of Laws of 2021, item 1576

| GRI 303-3 |

PGE Energia Ciepła and subsidiaries	2023	2022
Total water abstraction by the organisation at all sites, in megalitres, broken down by source:		
surface water	112,499.5	119,564
groundwater	1,810.4	1,979
marine water	77,101.5	44,287
production water (obtained as a result of abstraction, processing or use of any other raw material)	not applicable	0
water obtained from an indirect source (e.g. local water network)	1,669.5	1,233
Total water abstraction by the organisation at locations with water shortages, in megalitres, by source:		
surface water	not applicable	not applicable
groundwater	not applicable	not applicable
marine water	not applicable	not applicable

production water (obtained as a result of abstraction, processing or use of any other raw material)	not applicable	not applicable
water obtained from an indirect source (e.g. local water network)	not applicable	not applicable
Breakdown of the total water abstraction from each source listed in sections 303-3.1 and 303-3.2, in megalitres, by the following categories:		
All locations		
fresh water (<1000mg/L of total dissolved substances (TDS))	183,769.6	
surface water	112,499.5	119,564
groundwater	1,810.4	1,979
marine water	67,790.1	30,210
production water (obtained as a result of abstraction, processing or use of any other raw material)	not applicable	0
water obtained from an indirect source (e.g. local water network)	1,669.5	1,233
other water (> 1000mg/L of total dissolved substances (TDS))	9,311.4	
surface water	not applicable	not applicable
groundwater	not applicable	not applicable
marine water	9,311.4	14,078
production water (obtained as a result of abstraction, processing or use of any other raw material)	not applicable	not applicable
water obtained from an indirect source (e.g. local water supply network)	not applicable	not applicable
Locations with water shortages		
fresh water (<1000mg/L of total dissolved substances (TDS))		
surface water	not applicable	not applicable
groundwater	not applicable	not applicable
marine water	not applicable	not applicable
production water (obtained as a result of abstraction, processing or use of any other raw material)	not applicable	not applicable
water obtained from an indirect source (e.g. local water network)	not applicable	not applicable
other water (> 1000mg/L of total dissolved substances (TDS))		
surface water	not applicable	not applicable
groundwater	not applicable	not applicable
marine water	not applicable	not applicable
production water (obtained as a result of abstraction, processing or use of any other raw material)	not applicable	not applicable
water obtained from an indirect source (e.g. local water network)	not applicable	not applicable
Contextual information allowing the understanding of how the data have been collected and calculated, such as adopted standards, methodologies and assumptions	The data were collected according to the specific operation of the selected installation. In the case of water abstracted from the municipal water supply system, the quantities of water abstracted were converted on the basis of meter readings including contracts. For surface waters, abstracted quantities presented on the basis of current reporting and water abstraction records, and other reporting resulting from the legal regulations.	The data were collected according to the specific operation of the selected installation. In the case of water abstracted from the municipal water supply system, the quantities of water abstracted were converted on the basis of meter readings including contracts. For surface waters, abstracted quantities presented on the basis of current reporting and water abstraction records, and other reporting resulting from the legal regulations.

| GRI 303-3 |

PGE Energia Odnawialna	2023	2022

Total water abstraction by the organisation at all sites, in megalitres, broken down by source:		
surface water	26,124,037.3	22,174,638
groundwater	5.8	5
marine water	not applicable	not applicable
production water (obtained as a result of abstraction, processing or use of any other raw material)	not applicable	not applicable
water obtained from an indirect source (e.g. local water supply network)	10.5	7
Total water abstraction by the organisation at locations with water shortages, in megalitres by source:		
surface water	not applicable	not applicable
groundwater	not applicable	not applicable
marine water	not applicable	not applicable
production water (obtained as a result of abstraction, processing or use of any other raw material)	not applicable	not applicable
water obtained from an indirect source (e.g. local water supply network)	not applicable	not applicable
Breakdown of the total water abstraction from each source listed in sections 303-3.1 and 303-3.2, in megalitres, by the following categories:		
fresh water (<1000mg/L of total dissolved substances (TDS))	26,124,053.6	
surface water	26,124,037.4	22,174,637
groundwater	5.8	5
marine water	not applicable	not applicable
production water (obtained as a result of abstraction, processing or use of any other raw material)	not applicable	not applicable
water obtained from an indirect source (e.g. local water supply network)	10.5	7
other water (> 1000mg/L of total dissolved substances (TDS))		
surface water	not applicable	not applicable
groundwater	not applicable	not applicable
marine water	not applicable	not applicable
production water (obtained as a result of abstraction, processing or use of any other raw material)	not applicable	not applicable
water obtained from an indirect source (e.g. local water supply network)	not applicable	not applicable
Locations with water shortages		
fresh water (<1000mg/L of total dissolved substances (TDS))		
surface water	not applicable	not applicable
groundwater	not applicable	not applicable
marine water	not applicable	not applicable
production water (obtained as a result of abstraction, processing or use of any other raw material)	not applicable	not applicable
water obtained from an indirect source (e.g. local water supply network)	not applicable	not applicable
other water (> 1000mg/L of total dissolved substances (TDS))		
surface water	not applicable	not applicable
groundwater	not applicable	not applicable
marine water	not applicable	not applicable
production water (obtained as a result of abstraction, processing or use of any other raw material)	not applicable	not applicable
water obtained from an indirect source (e.g. local water supply network)	not applicable	not applicable
Contextual information allowing the understanding of how the data have been	Surface water consumed for electricity production calculated from average daily	Surface water consumed for electricity production calculated from average daily

collected and calculated, such as adopted standards, methodologies and assumptions	flows resulting from daily production + approximate data from manually maintained water flow reports based on flow tables. The amount of water for cooling turbine bearings is determined by measuring the water flow through the coolers times the hydrogenerator's hours worked. Water abstracted for domestic and social purposes according to the water meter installed.	flows resulting from daily production + approximate data from manually maintained water flow reports based on flow tables. The amount of water for cooling turbine bearings is determined by measuring the water flow through the coolers times the hydrogenerator's hours worked. Water abstracted for domestic and social purposes according to the water meter installed.

| GRI 303-3 |

PGE Dystrybucja	2023	2022
Total water abstraction by the organisation at all sites, in megalitres, broken down by source:		
surface water	not applicable	not applicable
groundwater	not applicable	not applicable
marine water	not applicable	not applicable
production water (obtained as a result of abstraction, processing or use of any other raw material)	not applicable	not applicable
water obtained from an indirect source (e.g. local water network)	96	106
Total water abstraction by the organisation at locations with water shortages, in megalitres, by source:		
surface water	not applicable	not applicable
groundwater	not applicable	not applicable
marine water	not applicable	not applicable
production water (obtained as a result of abstraction, processing or use of any other raw material)	not applicable	not applicable
water obtained from an indirect source (e.g. local water network)	not applicable	not applicable
Contextual information allowing the understanding of how the data have been collected and calculated, such as adopted standards, methodologies and assumptions	PGE Dystrybucja S.A. uses external water supply networks. Data collected from site-specific invoices.	PGE Dystrybucja S.A. uses external water supply networks. Data collected from site-specific invoices.

* The data for 2022 were corrected; the data collection process was streamlined; water abstracted from the water supply network was included.

| GRI 303-3 |

PGE Energetyka Kolejowa	2023
Total water abstraction by the organisation at all sites, in megalitres, broken down by source:	
surface water	not applicable
groundwater	0.99
marine water	not applicable
production water (obtained as a result of abstraction, processing or use of any other raw material)	not applicable
water obtained from an indirect source (e.g. local water network)	88.49
Total water abstraction by the organisation at locations with water shortages, in megalitres, by source:	
surface water	not applicable
groundwater	not applicable
marine water	not applicable
production water (obtained as a result of abstraction, processing or use of any other raw material)	not applicable

water obtained from an indirect source (e.g. local water supply network)	not applicable
Contextual information allowing the understanding of how the data have been collected and calculated, such as adopted standards, methodologies and assumptions	PGE EK obtains considerable volumes of water from local water supply networks.

Water discharge

| GRI 303-4 |

PGE Górnictwo i Energetyka Konwencjonalna	2023	2022
Total water discharged (sum of wastewater, used water and unused water) in megalitres, at all locations, by discharge destination, if applicable:		
surface water	837,373.8	879,467
groundwater	0	0
marine water	0	0
water obtained from an indirect source (e.g. local water supply network) and an indication of what proportion of this value has been transferred to other organisations (if applicable)	73.4	31
Total water discharged (sum of wastewater, used water and unused water) in megalitres, divided into:		
fresh water (<1000mg/L of total dissolved substances (TDS))		
surface water	825,272.6	867,439.5
groundwater	0	0
marine water	0	0
water obtained from an indirect source (e.g. local water supply network)	73.4	31
other water (> 1000mg/L of total dissolved substances (TDS))		
surface water	12,101.1	12,026.5
groundwater	0	0
marine water	0	0
water obtained from an indirect source (e.g. local water supply network)	0	0
Total water discharged (sum of wastewater, used water and unused water) in megalitres, at locations with water shortages, by discharge destination, if applicable:		
fresh water (<1000mg/L of total dissolved substances (TDS))	545,389	575,212
other water (> 1000mg/L of total dissolved substances (TDS))	0	0
Discharged substances that may present a hazard,		
How substances constituting potential hazard are defined	Hazardous substances are defined on the basis of Annex 1 to the Regulation of the Minister of Maritime Affairs and Inland Navigation of 12 July 2019 on substances particularly harmful to the aquatic environment and conditions to be met when discharging wastewater into waters or into the ground, as well as when discharging rainwater or snowmelt into waters or into water facilities, and on balances taking into account the quality of abstracted water. Characteristic substances	Hazardous substances are defined on the basis of Annex 1 to the Regulation of the Minister of Maritime Affairs and Inland Navigation of 12 July 2019 on substances particularly harmful to the aquatic environment and conditions to be met when discharging wastewater into waters or into the ground, as well as when discharging rainwater or snowmelt into waters or into water facilities, and on balances taking into account the quality of abstracted water. Characteristic substances

	with higher values at discharge than at abstraction were identified and discharge limits were set for them. The environmental objectives set out in the current aPGW were taken into account when setting the aforementioned limits. The characteristic substances vary, are location-dependent and are included in the permits. These are mainly sulphates, chlorides, suspended solids, petroleum hydrocarbons and heavy metals.	with higher values at discharge than at abstraction were identified and discharge limits were set for them. The environmental objectives set out in the current aPGW were taken into account when setting the aforementioned limits. The characteristic substances vary, are location-dependent and are included in the permits. These are mainly sulphates, chlorides, suspended solids, petroleum hydrocarbons and heavy metals.
The approach adopted regarding the limit on the disposal /discharge of substances constituting potential hazard	Assessments of discharges are carried out in accordance with the Wastewater Discharge Regulation and current permits.	Assessments of discharges are carried out in accordance with the Wastewater Discharge Regulation and current permits.
Number of cases of non-compliances with disposal/discharge limits for substances constituting potential hazard	0	0
Contextual information allowing the understanding of how the data have been collected and calculated, such as adopted standards, methodologies and assumptions	Data are collected and reported in accordance with the applicable regulations. The testing methodology is consistent with the PW and the Wastewater Discharge Regulation.	Data are collected and reported in accordance with the applicable regulations. The testing methodology is consistent with the PW and the Wastewater Discharge Regulation.

| GRI 303-4 |

PGE Energia Ciepła and subsidiaries	2023	2022
Total water discharged (sum of wastewater, used water and unused water) in megalitres, at all locations, by discharge destination, if applicable:		
surface water	106,621.6	114,057
groundwater	0	0
marine water	77,586.2	44,776
water obtained from an indirect source (e.g. local water supply network) and an indication of what proportion of this value has been transferred to other organisations (if applicable)	1,061.2	961
Total water discharged (sum of wastewater, used water and unused water) in megalitres, divided into:		
fresh water (<1000mg/L of total dissolved substances (TDS))		
surface water	106,621.6	114,057
groundwater	0	0
marine water	67,804.9	30,409
water obtained from an indirect source (e.g. local water supply network)	825	715
other water (> 1000mg/L of total dissolved substances (TDS))		
surface water	0	0
groundwater	0	0
marine water	9,781.3	14,367
water obtained from an indirect source (e.g. local water supply network)	236.2	245
Total water discharged (sum of wastewater, used water and unused water) in megalitres, at locations with water shortages, by discharge destination, if applicable:		

fresh water (<1000mg/L of total dissolved substances (TDS))	not applicable	not applicable
other water (> 1000mg/L of total dissolved substances (TDS))	not applicable	not applicable
Discharged substances that may present a hazard,		
How substances constituting potential hazard are defined	Substances constituting potential hazard are identified in the required administrative decisions (water permits, integrated permit) specifying the concentration limits and the range of tested substances on the basis of the applicable legislation. In some cases, substances that constitute potential hazard are additionally specified in contracts with water sector suppliers.	Substances constituting potential hazard are identified in the required administrative decisions (water permits, integrated permit) specifying the concentration limits and the range of tested substances on the basis of the applicable legislation. In some cases, substances that constitute potential hazard are additionally specified in contracts with water sector suppliers.
The approach adopted regarding the limit on the disposal /discharge of substances constituting potential hazard	Rational management, reduction of consumption, quantitative and qualitative limits in accordance with administrative decisions, values resulting from legal regulations and applicable standards.	Rational management, reduction of consumption, quantitative and qualitative limits in accordance with administrative decisions, values resulting from legal regulations and applicable standards.
Number of cases of non-compliances with disposal/discharge limits for substances constituting potential hazard	There were very few events associated with an increase in selected parameters of discharged wastewater. The violations that occurred were so insignificant that they did not result in any administrative procedures or criminal sanctions.	There were very few events associated with an increase in selected parameters of discharged wastewater. There were breakdowns of wastewater treatment plants during a commissioning process after a maintenance shutdown. The violations that occurred were so insignificant that they did not result in any administrative procedures or criminal sanctions.
Contextual information allowing the understanding of how the data have been collected and calculated, such as adopted standards, methodologies and assumptions	The aggregated data were compiled from reports and statements required by the applicable regulations. The total discharge of water, including the discharge of wastewater into third-party sewers was given on the basis of the maintained records. Wastewater condition and composition - based on the results of analyses performed by accredited bodies. Wastewater discharge by amount of dissolved substances is given in relation to the receiver.	The aggregated data were compiled from reports and statements required by the applicable regulations. The total discharge of water, including the discharge of wastewater into third-party sewers was given on the basis of the maintained records. Wastewater condition and composition - based on the results of analyses performed by accredited bodies.

| GRI 303-4 |

PGE Energia Odnawialna	2023	2022
Total water discharged (sum of wastewater, used water and unused water) in megalitres, at all locations, by discharge destination, if applicable:		
surface water	25,903,151	22,161,067
groundwater	not applicable	not applicable

marine water	not applicable	not applicable
water obtained from an indirect source (e.g. local water supply network) and an indication of what proportion of this value has been transferred to other organisations (if applicable)	12.7	9.5
Total water discharged (sum of wastewater, used water and unused water) in megalitres, divided into:		
fresh water (<1000mg/L of total dissolved substances (TDS))		
surface water	not applicable	not applicable
groundwater	not applicable	not applicable
marine water	not applicable	not applicable
water obtained from an indirect source (e.g. local water supply network)	not applicable	not applicable
other water (> 1000mg/L of total dissolved substances (TDS))		
surface water	not applicable	not applicable
groundwater	not applicable	not applicable
marine water	not applicable	not applicable
water obtained from an indirect source (e.g. local water supply network)	not applicable	not applicable
Total water discharged (sum of wastewater, used water and unused water) in megalitres, at locations with water shortages, by discharge destination, if applicable:		
fresh water (<1000mg/L of total dissolved substances (TDS))	not applicable	not applicable
other water (> 1000mg/L of total dissolved substances (TDS))	not applicable	not applicable
Discharged substances that may present a hazard,	not applicable	not applicable
How substances constituting potential hazard are defined	Substances that may constitute a hazard are defined in water permits in accordance with the provisions of the Water Law Act of 20 July 2017 (c.t. Journal of Laws of 2021, item 2233, as amended) and the Regulation of 12 July 2019 on substances particularly harmful to the aquatic environment and conditions to be met when discharging wastewater into waters or into the ground, as well as when discharging rainwater or snowmelt into waters or into water facilities.	Substances that may constitute a hazard are defined in water permits in accordance with the provisions of the Water Law Act of 20 July 2017 (c.t. Journal of Laws of 2021, item 2233, as amended) and the Regulation of 12 July 2019 on substances particularly harmful to the aquatic environment and conditions to be met when discharging wastewater into waters or into the ground, as well as when discharging rainwater or snowmelt into waters or into water facilities.
The approach adopted regarding the limit on the disposal /discharge of substances constituting potential hazard	The company takes into account the risk of harmful substances entering the environment during the course of its operations. Mainly preventive measures are taken, for example: 1. Installation of oil separators in areas with a risk of oil substances entering the water; 2. Prevention of breakdowns or failures by means of continuous monitoring of the operation of the equipment by the power plant staff, regular maintenance, repair and modernisation work, 3. Adherence to the provisions of the equipment operating instructions; 4. Provision of facilities with environmental first-aid kits for	The company takes into account the risk of harmful substances entering the environment during the course of its operations. Mainly preventive measures are taken, for example: 1. Installation of oil separators in areas with a risk of oil substances entering the water, 2. Prevention of breakdowns or failures by means of continuous monitoring of the operation of the equipment by the power plant staff, regular maintenance, repair and modernisation work, 3. Adherence to the provisions of the equipment operating instructions, 4. Provision of facilities with environmental first-aid kits for

	dealing with the effects of possible oil spills and installation of oil separators.	dealing with the effects of possible oil spills and installation of oil separators.
Number of cases of non-compliances with disposal/discharge limits for substances constituting potential hazard	not applicable	not applicable
Contextual information allowing the understanding of how the data have been collected and calculated, such as adopted standards, methodologies and assumptions	The calculations include water returned in the electricity generation process, leakage water and industrial wastewater. The calculations indicate the annual volume resulting from the legal water decisions held and in the case of water used for electricity generation, the amount of water was calculated on the basis of the operation time of the hydro- and turbine-sets (data from the metering system) and their throughput.	The calculations include water returned in the electricity generation process, leakage water and industrial wastewater. The calculations indicate the annual volume resulting from the legal water decisions held and in the case of water used for electricity generation, the amount of water was calculated on the basis of the operation time of the hydro- and turbine-sets (data from the metering system) and their throughput.

| GRI 303-4 |

PGE Energetyka Kolejowa	2023
Total water discharged (sum of wastewater, used water and unused water) in megalitres, at all locations, by discharge destination, if applicable:	
surface water	not applicable
groundwater	not applicable
marine water	not applicable
water obtained from an indirect source (e.g. local water supply network) and an indication of what proportion of this value has been transferred to other organisations (if applicable)	37.15
Total water discharged (sum of wastewater, used water and unused water) in megalitres, divided into:	
fresh water (<1000mg/L of total dissolved substances (TDS))	
surface water	not applicable
groundwater	not applicable
marine water	not applicable
water obtained from an indirect source (e.g. local water supply network)	not applicable
other water (> 1000mg/L of total dissolved substances (TDS))	
surface water	not applicable
groundwater	not applicable
marine water	not applicable
water obtained from an indirect source (e.g. local water supply network)	37.15
Total water discharged (sum of wastewater, used water and unused water) in megalitres, at locations with water shortages, by discharge destination, if applicable:	
fresh water (<1000mg/L of total dissolved substances (TDS))	not applicable
other water (> 1000mg/L of total dissolved substances (TDS))	not applicable
Discharged substances that may present a hazard,	not applicable
How substances constituting potential hazard are defined	not applicable
The approach adopted regarding the limit on the disposal /discharge of substances constituting potential hazard	not applicable
Number of cases of non-compliances with disposal/discharge limits for substances constituting potential hazard	not applicable

Contextual information allowing the understanding of how the data have been collected and calculated, such as adopted standards, methodologies and assumptions	data from wastewater collection invoices

Water consumption*

| GRI 303-5 |

PGE Górnictwo i Energetyka Konwencjonalna	2023	2022
Total water consumption from all areas in megalitres (ML)	107,219.3	134,894
Total water consumption from areas with water shortages in megalitres (ML)	0	0
Change in the level of water storage in megalitres (ML) if water storage was identified as having a significant impact on water-related issues	0	0
Any contextual information necessary to understand how the data were collected and calculated, such as: the standards, methodologies and assumptions used, including: whether the data were calculated, estimated, modelled, derived from other sources and the approach taken to do so, for example the use of sector-specific factors	Data are collected and reported in accordance with the applicable regulations. The testing methodology is consistent with the PW and the Wastewater Discharge Regulation.	Data are collected and reported in accordance with the applicable regulations. The testing methodology is consistent with the PW and the Wastewater Discharge Regulation.

Water consumption* = Water abstracted - Water discharged

Water shortages – a situation where the demand for water exceeds the amount of water available at any given time, or poor water quality limits the consumption of water.

Change in water storage levels = Water stored at the end of the reporting period - Water stored at the beginning of the reporting period

| GRI 303-5 |

PGE Energia Ciepła and subsidiaries	2023	2022
Total water consumption from all areas in megalitres (ML)	7,812	7,270
Total water consumption from areas with water shortages in megalitres (ML)	not applicable	not applicable
Change in the level of water storage in megalitres (ML) if water storage was identified as having a significant impact on water-related issues	not applicable	not applicable
Any contextual information necessary to understand how the data were collected and calculated, such as: the standards, methodologies and assumptions used, including: whether the data were calculated, estimated, modelled, derived from other sources and the approach taken to do so, for example the use of sector-specific factors	Consumption calculated on the basis of the presented formula, taking into account abstracted water and discharged water. The aggregated data were compiled from reports and statements required by the applicable regulations. Abstraction of water and total discharge of water, including the discharge of wastewater into third-party sewers was given on the basis of the maintained records.	Consumption calculated on the basis of the presented formula, taking into account abstracted water and discharged water. The aggregated data were compiled from reports and statements required by the applicable regulations. Abstraction of water and total discharge of water, including the discharge of wastewater into third-party sewers was given on the basis of the maintained records.

| GRI 303-5 |

PGE Energia Odnawialna	2023	2022
Total water consumption from all areas in megalitres (ML)	12,712	13,571
Total water consumption from areas with water shortages in megalitres (ML)	not applicable	not applicable
Change in the level of water storage in megalitres (ML) if water storage was identified as having a significant impact on water-related issues	not applicable	not applicable
Any contextual information necessary to understand how the data were collected and calculated, such as: the standards, methodologies and assumptions used, including: whether the data were calculated, estimated, modelled, derived from other sources and the approach taken to do so, for example the use of sector-specific factors		Consumption calculated on the basis of the presented formula, taking into account abstracted water and discharged water. The aggregated data were compiled from reports and statements required by the applicable regulations. Abstraction of water and total discharge of water, including the discharge of wastewater into third-party sewers was given on the basis of the maintained records.

| GRI 303-5 |

PGE Energetyka Kolejowa	2023
Total water consumption from all areas in megalitres (ML)	89.5
Total water consumption from areas with water shortages in megalitres (ML)	No data
Change in the level of water storage in megalitres (ML) if water storage was identified as having a significant impact on water-related issues	not applicable
Any contextual information necessary to understand how the data were collected and calculated, such as: the standards, methodologies and assumptions used, including: whether the data were calculated, estimated, modelled, derived from other sources and the approach taken to do so, for example the use of sector-specific factors	The data sources are the Ekostrateg data management platform and SAP. Water consumption was taken as total water abstracted from the waterworks plus water abstracted from the company's own intakes. No water is used for technological processes, therefore, water consumption equals water abstraction.

CO_2 emissions

CO_2 emissions from the Group's main plants and allocation of free CO_2 emission allowances

| own indicator |

	CO_2 emissions in 2023	Allocation of allowances for CO_2 emissions in 2023	CO_2 emissions in 2022*	Allocation of allowances for CO_2 emissions in 2022	CO_2 emissions in 2021	CO_2 emissions in 2020	CO_2 emissions in 2019
Total for power plants and CHP plants of PGE Capital Group	**56,950,618**	**641,296**	**70,010,418**	**638,546**	**70,746,383**	**59,518,765**	**60,663,255**

*The volume of CO_2 emissions indicated above relates to all installations of the PGE Group that operate under the EU ETS system. The volume of CO_2 emissions is calculated on the basis of and in accordance with the legal regulations applicable to the ETS system, in particular with decisions of competent authorities allowing the emission of greenhouse gases from installations.

Direct greenhouse gas emissions (scope 1)

| GRI 305-1 |

PGE Górnictwo i Energetyka Konwencjonalna	2023	2022
Gross greenhouse gas emissions in tonnes (t) of CO_2 equivalent		
Scope 1 emissions come from the following sources owned or controlled by the organisation: generation of electricity, heat, cold, steam; chemical or physical processing; transportation of materials, products, waste, employees, passengers; fugitive emissions (from escaping refrigerants)	49,079,081	61,700,646
Country	Poland	Poland
Branches: Bełchatów Power Plant, Opole Power Plant, Turów Power Plant, Dolna Odra Power Plant Rybnik Power Plant, Bełchatów Lignite Mine, Turów Lignite Mine, Head Office		
Type of emission source		
combustion in stationary sources (a)	48,311,961	60,690,662
combustion in mobile sources (c)	38,472	38,506
process (b)	635,446	822,460
volatile (d)	93,203	148,971
Type of activity		
type of activity	generation of electricity and heat	generation of electricity and heat
type of activity	mining of lignite	mining of lignite
Results for individual gases included in the calculations		
CO_2	48,987,099	61,551,627
CH_4	1,394	175
N_2O	90,482	147,444
HFC	1,327	1,400
PFC	not applicable	not applicable
SF_6	not applicable	not applicable
NF_3	not applicable	not applicable
all		
Biogenic CO_2 emissions in tonnes (t) of CO_2 equivalent	625	69
Base year adopted for calculations	2021	2021
justification for the choice of a given year as the base year	2021 is the first year in which the PGE Group's carbon	2021 is the first year in which the PGE Group's carbon

	footprint was calculated and made public	footprint was calculated and made public
base year emissions	61,502,916	61,502,916
context of significant changes in emissions that resulted in a recalculation of the emission base for the base year	not applicable	not applicable
Source of the emission and Global Warming Potential (GWP) factors used, or reference to the source of the GWP	GHG Protocol, KOBIZE, DERFA, IPCC, verified CO_2 emissions from installations covered by the EU ETS	GHG Protocol, KOBIZE, DERFA, IPCC, verified CO_2 emissions from installations covered by the EU ETS
Approach to emission consolidation: equity participation, financial control or operational control.		
Criterion used to consolidate emission levels within the organisation	operational control	operational control
Standards, methodologies, assumptions and/or calculation tools used	GHG Protocol, ISO 14064-1:2018 standard, a system tool for carbon footprint calculation	GHG Protocol, ISO 14064-1:2018 standard, a system tool for carbon footprint calculation

| GRI 305-1 |

PGE Energia Ciepła and subsidiaries	2023	2022
Gross greenhouse gas emissions in tonnes (t) of CO_2 equivalent		
Scope 1 emissions come from the following sources owned or controlled by the organisation: generation of electricity, heat, cold, steam; chemical or physical processing; transportation of materials, products, waste, employees, passengers; fugitive emissions (from escaping refrigerants)	8,189,483	8,602,879
Country	Poland	Poland
Branches/companies: CHP Plant in Bydgoszcz Branch, CHP Plant in Gorzów Wielkopolski Branch, Wybrzeże Branch in Gdańsk, CHP Plant in Kielce Branch, Branch no. 1 in Cracow, CHP Plant in Lublin Wrotków Branch, CHP Plant in Rzeszów Branch, CHP Plant in Zgierz Branch, "Zielona Góra" S.A. CHP Plant, Zespół Elektrociepłowni Wrocławskich KOGENERACJA S.A., PGE Toruń S.A., Branch in Szczecin – Pomorzany CHP Plant, Branch in Szczecin – Szczecin CHP Plant, Head Office		
Type of emission source		
combustion in stationary sources (a)	8,133,553	8,553,063
combustion in mobile sources (c)	35,456	26,654
process (b)	19,658	22,464
volatile (d)	816	698
Type of activity	Generation of electricity and heat	Generation of electricity and heat
Results for individual gases included in the calculations		
CO_2	8,188,668	8,602,181
CH_4	307	272
N_2O	113	112
HFC	396	314
PFC	not applicable	not applicable
SF_6	not applicable	not applicable
NF_3	not applicable	not applicable
Biogenic CO_2 emissions in tonnes (t) of CO_2 equivalent	35,749	20,916
Base year adopted for calculations	2021	2021
justification for the choice of a given year as the base year	2021 is the first year in which the PGE Group's carbon footprint was calculated and made public	2021 is the first year in which the PGE Group's carbon footprint was calculated and made public
base year emissions	9,434,875	9,434,875

context of significant changes in emissions that resulted in a recalculation of the emission base for the base year	Investment plan to switch to less carbon-intensive sources.	Reduction in direct emissions from fuel combustion, which resulted from reduced production.
Source of the emission and Global Warming Potential (GWP) factors used, or reference to the source of the GWP	GHG Protocol, KOBIZE, DERFA, IPCC, verified CO_2 emissions from installations covered by the EU ETS	GHG Protocol, KOBIZE, DERFA, IPCC, verified CO_2 emissions from installations covered by the EU ETS
Approach to emission consolidation: equity participation, financial control or operational control.		
Criterion used to consolidate emission levels within the organisation	operational control	operational control
Standards, methodologies, assumptions and/or calculation tools used	GHG Protocol, ISO 14064-1:2018 standard, a system tool for carbon footprint calculation	GHG Protocol, ISO 14064-1:2018 standard, a system tool for carbon footprint calculation

| GRI 305-1 |

PGE Energia Odnawialna	2023	2022
Gross greenhouse gas emissions in tonnes (t) of CO_2 equivalent or equivalent unit		
Scope 1 emissions come from the following sources owned or controlled by the organisation: generation of electricity, heat, cold, steam; chemical or physical processing; transportation of materials, products, waste, employees, passengers; fugitive emissions (from escaping refrigerants)	75,928	61,175
Country	Poland	Poland
Branches: ZEW Porąbka- Żar, ZEW Dychów, ZEW Solina - Myczkowce, EW Żarnowiec, Head Office		
Type of emission source		
combustion in stationary sources (a)	115	85
combustion in mobile sources (c)	907	838
process (b)	1,022	not applicable
volatile (d)	74,906	60,252
Type of activity	generation of electricity	generation of electricity
Results for individual gases included in the calculations		
CO_2	1,022	924
CH_4	74,906	60,175
N_2O	not applicable	not applicable
HFC	not applicable	77
PFC	not applicable	not applicable
SF_6	not applicable	not applicable
NF_3	not applicable	not applicable
Biogenic CO_2 emissions in tonnes (t) of CO_2 equivalent	not applicable	not applicable
Base year adopted for calculations	2021	2021
justification for the choice of a given year as the base year	2021 is the first year in which the PGE Group's carbon footprint was calculated and made public	2021 is the first year in which the PGE Group's carbon footprint was calculated and made public
base year emissions	23,631.3	23,631.3
context of significant changes in emissions that resulted in a recalculation of the emission base for the base year	not applicable	not applicable
Source of the emission and Global Warming Potential (GWP) factors used, or reference to the source of the GWP	GHG Protocol, KOBIZE, DERFA, IPCC	GHG Protocol, KOBIZE, DERFA, IPCC
Approach to emission consolidation: equity participation, financial control or operational control		
Criterion used to consolidate emission levels within the organisation	operational control	operational control

Standards, methodologies, assumptions and/or calculation tools used	GHG Protocol, ISO 14064-1:2018 standard, a system tool for carbon footprint calculation	GHG Protocol, ISO 14064-1:2018 standard, a system tool for carbon footprint calculation

| GRI 305-1 |

PGE Energetyka Kolejowa	2023
Gross greenhouse gas emissions in tonnes (t) of CO_2 equivalent	
Scope 1 emissions come from the following sources owned or controlled by the organisation: generation of electricity, heat, cold, steam; chemical or physical processing; transportation of materials, products, waste, employees, passengers; fugitive emissions (from escaping refrigerants)	9710*
Country	Poland
Branches: PGE Energetyka Kolejowa S.A., PGE Energetyka Kolejowa Obsługa sp. z o.o., PGE Energetyka Kolejowa Holding sp. z o.o., PGE Energetyka Kolejowa Centrum Usług Wspólnych sp. z o.o.	
Type of emission source	
combustion in stationary sources (a)	431
combustion in mobile sources (c)	9,041
process (b)	0
volatile (d)	238
Type of activity	
	electricity distribution, fuel wholesale, repair and maintenance of electrical equipment
Results for individual gases included in the calculations	
CO_2	9,472
CH_4	not applicable
N_2O	not applicable
HFC	213
PFC	not applicable
SF_6	25
NF_3	
Biogenic CO_2 emissions in tonnes (t) of CO_2 equivalent or equivalent unit	not applicable
Base year adopted for calculations	not applicable**
justification for the choice of a given year as the base year	not applicable
base year emissions	not applicable
context of significant changes in emissions that resulted in a recalculation of the emission base for the base year	not applicable
Source of the emission and Global Warming Potential (GWP) factors used, or reference to the source of the GWP	GHG Protocol, KOBIZE, DERFA, IPCC
Approach to emission consolidation: equity participation, financial control or operational control.	
Criterion used to consolidate emission levels within the organisation	Operational control
Standards, methodologies, assumptions and/or calculation tools used	GHG Protocol, ISO 14064-1:2018 standard, a system tool for carbon footprint calculation

*The report covers the period from the acquisition of PGE Energetyka Kolejowa by the PGE Group, i.e. April to December 2023.

**The shortened settlement period does not allow the results to be compared to data from earlier years calculated on an annual basis.

| GRI 305-1 |

PGE Dystrybucja	2023	2022
Gross greenhouse gas emissions in tonnes (t) of CO_2 equivalent		
Scope 1 emissions come from the following sources owned or controlled by the organisation: generation of electricity, heat, cold, steam; chemical or physical processing; transportation of materials, products, waste, employees, passengers; fugitive emissions (from escaping refrigerants)	16,650	16,983
Country	Poland	Poland
Branches: Skarżysko-Kamienna Branch, Warsaw Branch, Rzeszów Branch, Zamość Branch, Lublin Branch, Białystok Branch, Łódź Branch, Head Office		
Type of emission source		
combustion in stationary sources (a)	1,339	1,482
combustion in mobile sources (c)	14,798	14,721
process (b)	not applicable	not applicable
volatile (d)	513	780
Type of activity		
Electricity transmission and distribution		
Results for individual gases included in the calculations		
CO_2	16,137	16,203
CH_4	not applicable	not applicable
N_2O	not applicable	not applicable
HFC	286	334
PFC	not applicable	not applicable
SF_6	227	447
NF_3	not applicable	not applicable
Biogenic CO_2 emissions in tonnes (t) of CO_2 equivalent or equivalent unit	not applicable	not applicable
Base year adopted for calculations	2021	2021
justification for the choice of a given year as the base year	2021 is the first year in which the PGE Group's carbon footprint was calculated and made public	2021 is the first year in which the PGE Group's carbon footprint was calculated and made public
base year emissions	18,769	18,769
context of significant changes in emissions that resulted in a recalculation of the emission base for the base year		not applicable
Source of the emission and Global Warming Potential (GWP) factors used, or reference to the source of the GWP	GHG Protocol, KOBIZE, DERFA, IPCC	GHG Protocol, KOBIZE, DERFA, IPCC
Approach to emission consolidation: equity participation, financial control or operational control		
Criterion used to consolidate emission levels within the organisation	operational control	operational control
Standards, methodologies, assumptions and/or calculation tools used	GHG Protocol, ISO 14064-1:2018 standard, a system tool for carbon footprint calculation	GHG Protocol, ISO 14064-1:2018 standard, a system tool for carbon footprint calculation

Indirect greenhouse gas emissions (scope 2)

| GRI 305-2 |

PGE Górnictwo i Energetyka Konwencjonalna	2023	2022
Gross indirect emissions (Scope 2) divided by location in tonnes (t) of CO_2 equivalent or equivalent unit, including (where this would allow	779,605	776,071

greater transparency or comparability over time) divided by		
Country	Poland	Poland
Branches: Bełchatów Power Plant, Opole Power Plant, Turów Power Plant, Dolna Odra Power Plant Rybnik Power Plant, Bełchatów Lignite Mine, Turów Lignite Mine, Head Office		
Type of energy		
electricity	744,811	742,068
heat	34,794	34,004
cold	not applicable	not applicable
steam	not applicable	not applicable
Type of activity		
generation of electricity and heat		
mining of lignite		
If applicable: gross indirect emissions (scope 2) in market terms, in tonnes (t) of CO_2 equivalent	not applicable	no information from counterparties for scope 2 market-based calculation
Gases included in the calculations:		
CO_2	YES	YES
CH_4	NO	NO
N_2O	NO	NO
HFC	NO	NO
PFC	NO	NO
SF_6	NO	NO
NF_3	NO	NO
Adopted base year for the calculations, together with an indication of	2021	2021
why a particular year was chosen	2021 is the first year in which the PGE Group's carbon footprint was calculated and made public	2021 is the first year in which the PGE Group's carbon footprint was calculated and made public
base year emissions	688,395	688,395
context of all significant changes in emissions that resulted in a recalculation of the emission base for the base year		
Source of the emission and Global Warming Potential (GWP) factors used, or reference to the source of the GWP	GHG Protocol, KOBIZE, DERFA, IPCC	GHG Protocol, KOBIZE, DERFA, IPCC
Approach to emission consolidation: equity participation, financial control or operational control	operational control	operational control
Standards, methodologies, assumptions and/or calculation tools used	GHG Protocol, ISO 14064-1:2018 standard, a system tool for carbon footprint calculation	GHG Protocol, ISO 14064-1:2018 standard, a system tool for carbon footprint calculation

| GRI 305-2 |

PGE Energia Ciepła and subsidiaries	2023	2022
Gross indirect emissions (Scope 2) divided by location in tonnes (t) of CO_2 equivalent or equivalent unit, including (where this would allow greater transparency or comparability over time) divided by	11,138	19,223
Country	Poland	Poland
Branches/companies: CHP Plant in Bydgoszcz Branch, CHP Plant in Gorzów Wielkopolski Branch, Wybrzeże Branch in Gdańsk, CHP Plant in Kielce Branch, Branch no. 1 in Cracow, CHP Plant in Lublin Wrotków Branch, CHP Plant in Rzeszów Branch, CHP Plant in Zgierz Branch, "Zielona Góra" S.A. CHP Plant, Zespół Elektrociepłowni Wrocławskich KOGENERACJA S.A., PGE Toruń S.A., Branch in Szczecin – Pomorzany CHP Plant, Branch in Szczecin – Szczecin CHP Plant, Head Office		
Type of energy		
electricity	10,956	19,016
heat	181	208
cold	not applicable	not applicable
steam	not applicable	not applicable
Type of activity		
generation of electricity and heat		
Gross indirect emissions (scope 2) in market terms, in tonnes (t) of CO_2 equivalent	11,138	no information from counterparties for scope 2 market-based calculation
Gases included in the calculations:		
CO_2	YES	YES
CH_4	NO	NO
N_2O	NO	NO
HFC	NO	NO
PFC	NO	NO
SF_6	NO	NO
NF_3	NO	NO
Adopted base year for the calculations, together with an indication of	2021	2021
why a particular year was chosen	2021 is the first year in which the PGE Group's carbon footprint was calculated and made public	2021 is the first year in which the PGE Group's carbon footprint was calculated and made public
base year emissions	10,514	10,514
context of all significant changes in emissions that resulted in a recalculation of the emission base for the base year	Increased energy purchases	Increased energy purchases
Source of the emission and Global Warming Potential (GWP) factors used, or reference to the source of the GWP	GHG Protocol, KOBIZE, DERFA, IPCC	GHG Protocol, KOBIZE, DERFA, IPCC
Approach to emission consolidation: equity participation, financial control or operational control	operational control	operational control
Standards, methodologies, assumptions and/or calculation tools used	GHG Protocol, ISO 14064-1:2018 standard, a system tool for carbon footprint calculation	GHG Protocol, ISO 14064-1:2018 standard, a system tool for carbon footprint calculation

| GRI 305-2 |

PGE Energia Odnawialna	2023	2022

Gross indirect emissions (scope 2) divided by location in tonnes (t) of CO_2 equivalent	7,041	15,430
Country	Poland	Poland
Branches: ZEW Porąbka- Żar, ZEW Dychów, ZEW Solina - Myczkowce, EW Żarnowiec, Head Office		
ZEW Porąbka-Żar Branch		
ZEW Dychów Branch		
ZEW Solina - Myczkowce Branch		
EW Żarnowiec Branch		
PGE Energia Odnawialna S.A.		
Type of energy		
electricity	6800	14,762
heat	242	263
cold	not applicable	not applicable
steam	not applicable	not applicable
Type of activity		
generation of electricity		
Gross indirect emissions (scope 2) in market terms, in tonnes (t) of CO_2 equivalent	7041	15,025
Gases included in the calculations:		
CO_2	YES	YES
CH_4	NO	NO
N_2O	NO	NO
HFC	NO	NO
PFC	NO	NO
SF_6	NO	NO
NF_3	NO	NO
Adopted base year for the calculations, together with an indication of	2021	2021
why a particular year was chosen	2021 is the first year in which the PGE Group's carbon footprint was calculated and made public	2021 is the first year in which the PGE Group's carbon footprint was calculated and made public
base year emissions	10,372	10,372*
context of all significant changes in emissions that resulted in a recalculation of the emission base for the base year	not applicable	not applicable
Source of the emission and Global Warming Potential (GWP) factors used, or reference to the source of the GWP	GHG Protocol, KOBIZE, DERFA, IPCC	GHG Protocol, KOBIZE, DERFA, IPCC
Approach to emission consolidation: equity participation, financial control or operational control.	operational control	operational control
Standards, methodologies, assumptions and/or calculation tools used	GHG Protocol, ISO 14064-1:2018 standard, a system tool for carbon footprint calculation	GHG Protocol, ISO 14064-1:2018 standard, a system tool for carbon footprint calculation

* adjusted to Scope 2 to market-based

| GRI 305-2 |

PGE Dystrybucja	2023	2022
Gross indirect emissions (scope 2) in tonnes (t) of CO_2 equivalent	1,249,932	1,381,213
Country	Poland	Poland
Branches: Skarżysko-Kamienna Branch, Warsaw Branch, Rzeszów Branch, Zamość Branch, Lublin Branch, Białystok Branch, Łódź Branch, Head Office		
Type of energy		
electricity	48,883	49,228
heat	9,025	9,393
cold	not applicable	not applicable
steam	not applicable	not applicable
Type of activity		

distribution of electricity		
Gross indirect emissions (scope 2) in market terms, in tonnes (t) of CO_2 equivalent or equivalent unit	not applicable	no information from counterparties for scope 2 market-based calculation
Gases included in the calculations:		
CO_2	YES	YES
CH_4	NO	NO
N_2O	NO	NO
HFC	NO	NO
PFC	NO	NO
SF_6	NO	NO
NF_3	NO	NO
Adopted base year for the calculations, together with an indication of	2021	2021
why a particular year was chosen	2021 is the first year in which the PGE Group's carbon footprint was calculated and made public	2021 is the first year in which the PGE Group's carbon footprint was calculated and made public
base year emissions	1,428,506	1,428,506
context of all significant changes in emissions that resulted in a recalculation of the emission base for the base year	not applicable	none
Source of the emission and Global Warming Potential (GWP) factors used, or reference to the source of the GWP	GHG Protocol, KOBIZE, DERFA, IPCC	GHG Protocol, KOBIZE, DERFA, IPCC
Approach to emission consolidation: equity participation, financial control or operational control	operational control	operational control
Standards, methodologies, assumptions and/or calculation tools used	GHG Protocol, ISO 14064-1:2018 standard, a system tool for carbon footprint calculation	GHG Protocol, ISO 14064-1:2018 standard, a system tool for carbon footprint calculation

| GRI 305-2 |

PGE Energetyka Kolejowa	2023
Gross indirect emissions (scope 2) in tonnes (t) of CO_2 equivalent	192,139*
Country	Poland
Branches: PGE Energetyka Kolejowa S.A., PGE Energetyka Kolejowa Obsługa sp. z o.o., PGE Energetyka Kolejowa Holding sp. z o.o., PGE Energetyka Kolejowa Centrum Usług Wspólnych sp. z o.o.	
Type of energy	
electricity	191,737
heat	3,999
cold	not applicable
steam	not applicable
Type of activity	
electricity distribution, fuel wholesale, repair and maintenance of electrical equipment	
Gross indirect emissions (scope 2) in market terms, in tonnes (t) of CO_2 equivalent or equivalent unit	not applicable
Gases included in the calculations:	
CO_2	YES
CH_4	NO
N_2O	NO
HFC	NO
PFC	NO
SF_6	NO
NF_3	NO

Adopted base year for the calculations, together with an indication of	not applicable**
why a particular year was chosen	not applicable
base year emissions	not applicable
context of all significant changes in emissions that resulted in a recalculation of the emission base for the base year	not applicable
Source of the emission and Global Warming Potential (GWP) factors used, or reference to the source of the GWP	GHG Protocol, KOBIZE, DERFA, IPCC
Approach to emission consolidation: equity participation, financial control or operational control	Operational control
Standards, methodologies, assumptions and/or calculation tools used	GHG Protocol, ISO 14064-1:2018 standard, a system tool for carbon footprint calculation

*The report covers the period from the acquisition of PGE Energetyka Kolejowa by the PGE Group, i.e. April to December 2023.
** The report covers the period from the acquisition of PGE Energetyka Kolejowa by the PGE Group, i.e. April to December 2023. The shortened settlement period does not allow the results to be compared to data from earlier years calculated on an annual basis.

Other indirect greenhouse gas emissions (scope 3)

| GRI 305-3 |

PGE Górnictwo i Energetyka Konwencjonalna	2023	2022
Other gross indirect emissions (scope 2) in tonnes (t) of CO_2 equivalent	18,539,875	22,296,274
Country	Poland	Poland
Branches: Bełchatów Power Plant, Opole Power Plant, Turów Power Plant, Dolna Odra Power Plant Rybnik Power Plant, Bełchatów Lignite Mine, Turów Lignite Mine, Head Office		
Type of energy		
electricity	not applicable	not applicable
heat	not applicable	not applicable
cold	not applicable	not applicable
steam	not applicable	not applicable
Type of activity		
generation of electricity and heat		
mining of lignite		
Gases included in the calculations:		
CO_2	YES	YES
CH_4	NO	NO
N_2O	NO	NO
HFC	NO	NO
PFC	NO	NO
SF_6	NO	NO
NF_3	NO	NO
Biogenic CO_2 emissions in tonnes (t) of CO_2 equivalent	1060	124.5
Other categories of Scope 3 indirect emissions and activities included in the calculations	18,538,815	22,296,150
Adopted base year for the calculations, together with an indication of	2021	2021
why a particular year was chosen	2021 is the first year in which the PGE Group's carbon footprint was calculated and made public	2021 is the first year in which the PGE Group's carbon footprint was calculated and made public
base year emissions	21,523,351	21,523,351

context of all significant changes in emissions that resulted in a recalculation of the emission base for the base year	not applicable	none
Source of the emission and Global Warming Potential (GWP) factors used, or reference to the source of the GWP	GHG Protocol, KOBIZE, DERFA, IPCC	GHG Protocol, KOBIZE, DERFA, IPCC
Approach to emission consolidation: equity participation, financial control or operational control.	operational control	operational control
Standards, methodologies, assumptions and/or calculation tools used	GHG Protocol, ISO 14064-1:2018 standard, a system tool for carbon footprint calculation	GHG Protocol, ISO 14064-1:2018 standard, a system tool for carbon footprint calculation

| GRI 305-3 |

PGE Energia Ciepła and subsidiaries	2023	2022
Other gross indirect emissions (scope 3) divided by location in tonnes (t) of CO_2 equivalent	1,893,224	1,937,297
Country	Poland	Poland
Branches/companies: CHP Plant in Bydgoszcz Branch, CHP Plant in Gorzów Wielkopolski Branch, Wybrzeże Branch in Gdańsk, CHP Plant in Kielce Branch, Branch no. 1 in Cracow, CHP Plant in Lublin Wrotków Branch, CHP Plant in Rzeszów Branch, CHP Plant in Zgierz Branch, "Zielona Góra" S.A. CHP Plant, Zespół Elektrociepłowni Wrocławskich KOGENERACJA S.A., PGE Toruń S.A., Branch in Szczecin – Pomorzany CHP Plant, Branch in Szczecin – Szczecin CHP Plant, Head Office		
Type of energy		
electricity	786,979	724,549
heat	1,106,246	1,212,748
cold	not applicable	not applicable
steam	not applicable	not applicable
Type of activity		
generation of electricity and heat		
Gases included in the calculations:		
CO_2	YES	YES
CH_4	NO	NO
N_2O	NO	NO
HFC	NO	NO
PFC	NO	NO
SF_6	NO	NO
NF_3	NO	NO
all	NO	NO
Biogenic CO_2 emissions in tonnes (t) of CO_2 equivalent or equivalent unit	60,581	37,835
Other categories of Scope 3 indirect emissions and activities included in the calculations	1,832,643	1,899,462
Adopted base year for the calculations, together with an indication of	2021	2021
why a particular year was chosen	2021 is the first year in which the PGE Group's carbon footprint was calculated and made public	2021 is the first year in which the PGE Group's carbon footprint was calculated and made public
base year emissions	1,973,654	1,973,654
context of all significant changes in emissions that resulted in a recalculation of the emission base for the base year	Emission savings	none
Source of the emission and Global Warming Potential (GWP) factors	GHG Protocol, KOBIZE, DERFA, IPCC	GHG Protocol, KOBIZE, DERFA, IPCC

used, or reference to the source of the GWP		
Approach to emission consolidation: equity participation, financial control or operational control	operational control	operational control
Standards, methodologies, assumptions and/or calculation tools used	GHG Protocol, ISO 14064-1:2018 standard, a system tool for carbon footprint calculation	GHG Protocol, ISO 14064-1:2018 standard, a system tool for carbon footprint calculation

| GRI 305-3 |

PGE Energia Odnawialna	2023	2022
Other gross indirect emissions (scope 2) in tonnes (t) of CO_2 equivalent	22,752	12,188
Country	Poland	Poland
Branches: ZEW Porąbka- Żar, ZEW Dychów, ZEW Solina - Myczkowce, EW Żarnowiec, Head Office		
Type of energy		
electricity	not applicable	not applicable
heat	not applicable	not applicable
cold	not applicable	not applicable
steam	not applicable	not applicable
Type of activity		
generation of electricity		
Gases included in the calculations:		
CO_2	YES	YES
CH_4	NO	NO
N_2O	NO	NO
HFC	NO	NO
PFC	NO	NO
SF_6	NO	NO
NF_3	NO	NO
Biogenic CO_2 emissions in tonnes (t) of CO_2 equivalent	not applicable	not applicable
Other categories of Scope 3 indirect emissions and activities included in the calculations	not applicable	not applicable
Adopted base year for the calculations, together with an indication of	2021	2021
why a particular year was chosen	2021 is the first year in which the PGE Group's carbon footprint was calculated and made public	2021 is the first year in which the PGE Group's carbon footprint was calculated and made public
base year emissions	10,110	10,110
context of all significant changes in emissions that resulted in a recalculation of the emission base for the base year	The increase in Scope 3 emissions is due to the commissioning of new PV facilities	none
Source of the emission and Global Warming Potential (GWP) factors used, or reference to the source of the GWP	GHG Protocol, KOBIZE, DERFA, IPCC	GHG Protocol, KOBIZE, DERFA, IPCC
Approach to emission consolidation: equity participation, financial control or operational control	operational control	operational control
Standards, methodologies, assumptions and/or calculation tools used	GHG Protocol, ISO 14064-1:2018 standard, a system tool for carbon footprint calculation	GHG Protocol, ISO 14064-1:2018 standard, a system tool for carbon footprint calculation

| GRI 305-3 |

PGE Dystrybucja	2023	2022

Other gross indirect emissions (scope 2) in tonnes (t) of CO_2 equivalent	385,381	416,890
Country	Poland	Poland
Branches: Skarżysko-Kamienna Branch, Warsaw Branch, Rzeszów Branch, Zamość Branch, Lublin Branch, Białystok Branch, Łódź Branch, Head Office		
Type of energy		
electricity	not applicable	not applicable
heat	not applicable	not applicable
cold	not applicable	not applicable
steam	not applicable	not applicable
Type of activity		
electricity transmission		
Gases included in the calculations:		
CO_2	YES	YES
CH_4	NO	NO
N_2O	NO	NO
HFC	NO	NO
PFC	NO	NO
SF_6	NO	NO
NF_3	NO	NO
all	NO	NO
Biogenic CO_2 emissions in tonnes (t) of CO_2 equivalent or equivalent unit	not applicable	not applicable
Other categories of Scope 3 indirect emissions and activities included in the calculations	not applicable	not applicable
Adopted base year for the calculations, together with an indication of	2021	2021
why a particular year was chosen	2021 is the first year in which the PGE Group's carbon footprint was calculated and made public	2021 is the first year in which the PGE Group's carbon footprint was calculated and made public
base year emissions	437,974	437,974
context of all significant changes in emissions that resulted in a recalculation of the emission base for the base year	There have been no such changes	none
Source of the emission and Global Warming Potential (GWP) factors used, or reference to the source of the GWP	GHG Protocol, KOBIZE, DERFA, IPCC	GHG Protocol, KOBIZE, DERFA, IPCC
Approach to emission consolidation: equity participation, financial control or operational control	operational control	operational control
Standards, methodologies, assumptions and/or calculation tools used	GHG Protocol, ISO 14064-1:2018 standard, a system tool for carbon footprint calculation	GHG Protocol, ISO 14064-1:2018 standard, a system tool for carbon footprint calculation

| GRI 305-3 |

PGE Energetyka Kolejowa	2023
Other gross indirect emissions (scope 2) in tonnes (t) of CO_2 equivalent	2,740,940*
Country	Poland
Branches: PGE Energetyka Kolejowa S.A., PGE Energetyka Kolejowa Obsługa sp. z o.o., PGE Energetyka Kolejowa Holding sp. z o.o., PGE Energetyka Kolejowa Centrum Usług Wspólnych sp. z o.o.	
Type of energy	
electricity	2,610,494

heat	37
cold	0
steam	0
Type of activity	
Electricity distribution, fuel wholesale, repair and maintenance of electrical equipment	
Gases included in the calculations:	
CO_2	YES
CH_4	NO
N_2O	NO
HFC	NO
PFC	NO
SF_6	NO
NF_3	NO
all	NO
Biogenic CO_2 emissions in tonnes (t) of CO_2 equivalent or equivalent unit	no data available
Other categories of Scope 3 indirect emissions and activities included in the calculations	not applicable
Adopted base year for the calculations, together with an indication of	not applicable**
why a particular year was chosen	not applicable
base year emissions	not applicable
context of all significant changes in emissions that resulted in a recalculation of the emission base for the base year	not applicable
Source of the emission and Global Warming Potential (GWP) factors used, or reference to the source of the GWP	GHG Protocol, KOBIZE, DERFA, IPCC
Approach to emission consolidation: equity participation, financial control or operational control	operational control
Standards, methodologies, assumptions and/or calculation tools used	GHG Protocol, ISO 14064-1:2018 standard, a system tool for carbon footprint calculation

*The report covers the period from the acquisition of PGE Energetyka Kolejowa by the PGE Group, i.e. April to December 2023.
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Greenhouse gas emission intensity

| GRI 305-4 |

PGE Górnictwo i Energetyka Konwencjonalna	2023	2022
Greenhouse gas emission intensity factor for the organisation	0.9688	0.9788
Selected denominator for the calculation of the index (organisation-specific) [MWh]	50,738,959	63,033,322 (gross sum of electricity and heat production)
Index broken down by:		
Country	Poland	Poland
Branches: Bełchatów Power Plant, Opole Power Plant, Turów Power Plant, Dolna Odra Power Plant Rybnik Power Plant, Bełchatów Lignite Mine, Turów Lignite Mine, Head Office		
Type of emission source		
combustion in stationary sources (a)	0.951433	0.962835
combustion in mobile sources (c)	0.000026	0.000612
process (b)	0.012523	0.013048
volatile (d)	0.001794	0.002363
Type of activity		
generation of electricity and heat		

mining of lignite		
Types of greenhouse gas emissions used in the factor		
Scope 1	YES	YES
Scope 2	YES	YES
Scope 3	NO	NO
Gases included in the calculations:		
CO_2	YES	YES
CH_4	YES	YES
N_2O	YES	YES
HFC	YES	YES
PFC	NO	NO
SF_6	NO	NO
NF_3	NO	NO

Greenhouse gas emission savings factor

$$\frac{\text{Total greenhouse gas emissions}}{\text{Organisation-specific factor}}$$

| GRI 305-4 |

PGE Energia Ciepła and subsidiaries	2023	2022
Greenhouse gas emission intensity factor for the organisation	0.357	0.384
Selected denominator for the calculation of the factor (organisation-specific) [MWh]	22,944,306	22,474,431 (gross sum of electricity and heat production)
Index broken down by:		
Country	Poland	Poland
Branches/companies: CHP Plant in Bydgoszcz Branch, CHP Plant in Gorzów Wielkopolski Branch, Wybrzeże Branch in Gdańsk, CHP Plant in Kielce Branch, Branch no. 1 in Cracow, CHP Plant in Lublin Wrotków Branch, CHP Plant in Rzeszów Branch, CHP Plant in Zgierz Branch, "Zielona Góra" S.A. CHP Plant, Zespół Elektrociepłowni Wrocławskich KOGENERACJA S.A., PGE Toruń S.A., Branch in Szczecin – Pomorzany CHP Plant, Branch in Szczecin – Szczecin CHP Plant, Head Office		
Type of emission source		
combustion in stationary sources (a)	0.35449	0.38057
combustion in mobile sources (c)	0.00155	0.00119
process (b)	0.00086	0.00100
volatile (d)	0.00004	0.00100
Type of activity		
generation of electricity and heat		
Types of greenhouse gas emissions used in the factor		
Scope 1	YES	YES
Scope 2	YES	YES
Scope 3	NO	NO
Gases included in the calculations:		
CO_2	YES	YES
CH_4	YES	YES
N_2O	YES	YES
HFC	YES	YES
PFC	NO	NO
SF_6	NO	NO
NF_3	NO	NO

| GRI 305-4 |

PGE Energia Odnawialna	2023	2022
Greenhouse gas emission intensity factor for the organisation	0.0232	0.0261

Selected denominator for the calculation of the factor (organisation-specific) [MWh]	3,589,119 (gross electricity production)	2,923,717 (gross electricity production)
Index broken down by:		
Country	Poland	Poland
Branches: ZEW Porąbka- Żar, ZEW Dychów, ZEW Solina - Myczkowce, EW Żarnowiec, Head Office		
Type of emission source		
combustion in stationary sources (a)	0.000032	0.000039
combustion in mobile sources (c)	0.000253	0.000276
process (b)	0.000285	NO
volatile (d)	0.020870	0.020600
type of activity		
electricity production		
Types of greenhouse gas emissions used in the factor		
Scope 1	YES	YES
Scope 2	YES	YES
Scope 3	NO	NO
Gases included in the calculations:		
CO_2	YES	YES
CH_4	YES	YES
N_2O	NO	NO
HFC	NO	YES
PFC	NO	NO
SF_6	NO	NO
NF_3	NO	NO
all	NO	NO

| GRI 305-4 |

PGE Energia Odnawialna	2023
Greenhouse gas emission intensity factor for the organisation	0.059
Selected denominator for the calculation of the factor (organisation-specific) [MWh]	3,435,157 (electricity, diesel)
Index broken down by:	
Country	Poland
Branches:	
Type of emission source	
combustion in stationary sources (a)	The factor applies to the entire Railway Power Engineering segment as the most representative
combustion in mobile sources (c)	not applicable
process (b)	not applicable
volatile (d)	not applicable
type of activity	
Types of greenhouse gas emissions used in the factor	
Scope 1	YES
Scope 2	YES
Scope 3	YES
Gases included in the calculations:	
CO_2	YES
CH_4	NO
N_2O	NO
HFC	YES
PFC	NO
SF_6	YES
NF_3	NO
all	

*The report covers the period from the acquisition of PGE Energetyka Kolejowa by the PGE Group, i.e. April to December 2023.

Reducing greenhouse gas emissions

| GRI 305-5 |

PGE Górnictwo i Energetyka Konwencjonalna	2023	2022
Greenhouse gas emission savings achieved as a result of the measures taken (in tonnes (t) of CO_2 equivalent)	15,316,100	none - the increase in CO_2 emissions in 2022 compared to 2021 was due to an increase in the load on generating units and an increase in generation, and therefore an increase in fuel and raw material consumption.
Gases included in the calculations		
CO_2	YES	YES
CH_4	YES	YES
N_2O	YES	YES
HFC	YES	YES
PFC	NO	NO
SF_6	NO	NO
NF_3	NO	NO
all		
Adopted base year for the calculations, together with an indication of	2021	2021
why a particular year was chosen	2021 is the first year in which the PGE Group's carbon footprint was calculated and made public	2021 is the first year in which the PGE Group's carbon footprint was calculated and made public
base year emissions	83,714,662	83,714,662
Scopes within which emission savings were achieved		
Scope 1	YES	NO
level of savings	12,423,835	
Scope 2	NO	NO
level of savings		
Scope 3	YES	NO
level of savings	2,983,476	
Standards, methodologies, assumptions and/or calculation tools used	GHG Protocol, ISO 14064-1:2018 standard, a system tool for carbon footprint calculation	GHG Protocol, ISO 14064-1:2018 standard, a system tool for carbon footprint calculation

| GRI 305-5 |

PGE Energia Ciepła and subsidiaries	2023	2022
Greenhouse gas emission savings achieved as a result of the measures taken (in tonnes (t) of CO_2 equivalent)	725,197	859,644
Gases included in the calculations		
CO_2	YES	YES
CH_4	YES	YES
N_2O	YES	YES
HFC	YES	YES
PFC	NO	NO
SF_6	NO	NO
NF_3	NO	NO
all	NO	NO
Adopted base year for the calculations, together with an indication of	2021	2021
why a particular year was chosen	2021 is the first year in which the PGE Group's carbon footprint was calculated and made public	2021 is the first year in which the PGE Group's carbon footprint was calculated and made public
base year emissions	11,419,043	11,419,043
Scopes within which emission savings were achieved		
Scope 1	YES	YES

level of savings	1,245,391	831,996
Scope 2	NO	NO
level of savings		
Scope 3	YES	YES
level of savings	80,430	36,358
Standards, methodologies, assumptions and/or calculation tools used	GHG Protocol, ISO 14064-1:2018 standard, a system tool for carbon footprint calculation	GHG Protocol, ISO 14064-1:2018 standard, a system tool for carbon footprint calculation

| GRI 305-5 |

PGE Energia Odnawialna	2023	2022
Greenhouse gas emission savings achieved as a result of the measures taken (in tonnes (t) of CO_2 equivalent)	none	none
Gases included in the calculations		
CO_2	YES	YES
CH_4	YES	YES
N_2O	NO	NO
HFC	NO	YES
PFC	NO	NO
SF_6	NO	NO
NF_3	NO	NO
Adopted base year for the calculations, together with an indication of	2021	2021
why a particular year was chosen	2021 is the first year in which the PGE Group's carbon footprint was calculated and made public	2021 is the first year in which the PGE Group's carbon footprint was calculated and made public
base year emissions	44,113	44,113
Scopes within which emission savings were achieved		
Scope 1	NO	NO
level of savings		
Scope 2	NO	NO
level of savings		
Scope 3	NO	NO
level of savings		
Standards, methodologies, assumptions and/or calculation tools used	GHG Protocol, ISO 14064-1:2018 standard, a system tool for carbon footprint calculation	GHG Protocol, ISO 14064-1:2018 standard, a system tool for carbon footprint calculation

| GRI 305-5 |

PGE Dystrybucja	2023	2022
Greenhouse gas emission savings achieved as a result of the measures taken (in tonnes (t) of CO_2 equivalent)	233,287	70,162.5
Gases included in the calculations		
CO_2	YES	YES
CH_4	NO	NO
N_2O	NO	NO
HFC	YES	YES
PFC	NO	NO
SF_6	YES	YES
NF_3	NO	NO
Adopted base year for the calculations, together with an indication of	2021	2021
why a particular year was chosen	2021 is the first year in which the PGE Group's carbon footprint was calculated and made public	2021 is the first year in which the PGE Group's carbon footprint was calculated and made public
base year emissions	1,885,249	1,885,249
Scopes within which emission savings were achieved		

Scope 1	YES	YES
level of savings	2,119	1,785.5
Scope 2	YES	YES
level of savings	178,575	47,293
Scope 3	YES	YES
level of savings	52,594	21,084
Standards, methodologies, assumptions and/or calculation tools used	GHG Protocol, ISO 14064-1:2018 standard, a system tool for carbon footprint calculation	GHG Protocol, ISO 14064-1:2018 standard, a system tool for carbon footprint calculation

| GRI 305-5 |

PGE Energetyka Kolejowa

The report covers the period from the acquisition of PGE Energetyka Kolejowa by the PGE Group, i.e. April to December 2023. The shortened settlement period does not allow the results to be compared to data from earlier years calculated on an annual basis nor greenhouse gas emissions savings to be calculated for the reporting year.

Emissions of ozone-depleting substances (ODS)

| GRI 305-6 |

PGE Górnictwo i Energetyka Konwencjonalna, PGE Energia Ciepła, PGE Energia Odnawialna, PGE Dystrybucja, PGE Energetyka Kolejowa	2023	2022
Production of ozone-depleting substances (ODS) in metric tonnes of CFC-11 (trichlorofluoromethane) equivalent	not applicable	not applicable
Imports of ozone-depleting substances (ODS) in metric tonnes of CFC-11 (trichlorofluoromethane) equivalent	not applicable	not applicable
Exports of ozone-depleting substances (ODS) in metric tonnes of CFC-11 (trichlorofluoromethane) equivalent	not applicable	not applicable

Emissions of NO_x, SO_x and other significant emissions

| GRI 305-7 |

2023	PGE Górnictwo i Energetyka Konwencjonalna	PGE Energia Ciepła	PGE Energia Odnawialna	PGE Dystrybucja	PGE Energetyka Kolejowa*
Please provide data on significant emissions (in kg or multiples) for each of the following:					
SO_x	36,189,785	4,903,680	not applicable	not applicable	1,055
NO_x	33,264,659	6,062,960	not applicable	not applicable	1,181
Persistent organic pollutants (POP)			not applicable	not applicable	
Volatile organic compounds (VOC)			not applicable	not applicable	33,179
Hazardous air pollutants (HAP)			not applicable	not applicable	6,400
Particulate matter (PM)	1,019,126	350,788	not applicable	not applicable	265
Other standard categories of emissions as defined in applicable legislation			not applicable	not applicable	
Please indicate the source of the emission factors used	Factors determined on the basis of measurements carried out by accredited bodies				EMEP/EEA (2019), own findings based on process balances

Standards, methodologies, assumptions and/or calculation tools used	Emission standards set in accordance with applicable legislation and administrative decisions. Emission values given on the basis of indications from continuous monitoring systems and periodic measurements.			"1. Results do not include transport 2. The amount of VOC includes also the amount of HAP"

*The report covers the period from the acquisition of PGE Energetyka Kolejowa by the PGE Group, i.e. April to December 2023.

Biodiversity

Significant impact of activities, products, services on biodiversity.

| GRI 304-2 |

PGE Górnictwo i Energetyka Konwencjonalna

The nature of significant direct impact on biodiversity in relation to one or more of the following factors:	
Construction or use of production facilities, mines and transport infrastructure	ELR: Rybnik Reservoir - surface water used for technological purposes.
Contamination (introduction of substances that do not naturally occur in the habitat)	Discharge of treated industrial wastewater and mine drainage water.
Introduction of invasive species, pests and pathogens	The activity does not lead to the introduction of invasive species, pests or pathogens.
Species extinction	The activity does not lead to species extinction.
Habitat destruction	The activity does not lead to habitat destruction.
Changes in ecological processes outside the natural range of variability (such as salinity or changes in groundwater levels)	Groundwater abstraction takes place for drinking water purposes and process water top-up. This abstraction is carried out in accordance with the hydrogeological documentation, in an amount not exceeding the exploitable resources of intakes.
The nature of significant indirect impact on biodiversity in relation to one or more of the following factors: *(please describe)*	
Construction or use of production facilities, mines and transport infrastructure	No impact
Contamination (introduction of substances that do not naturally occur in the habitat)	Emissions of gaseous pollutants and CO_2.
Introduction of invasive species, pests and pathogens	The activity does not lead to the indirect introduction of invasive species, pests or pathogens.
Species extinction	The activity does not lead to indirect species extinction.
Habitat destruction	The activity does not lead to indirect habitat destruction.
Changes in ecological processes outside the natural range of variability (such as salinity or changes in groundwater levels)	The activity does not lead to changes in ecological processes outside the natural range of variability.
Significant direct positive or negative impact in relation to the following factors:	
species affected	The company discharges only treated wastewater that is safe for the aquatic environment and does not adversely affect aquatic species and the ecosystem. The company carries out quantitative and qualitative monitoring of wastewater discharged. The quantity of substances released in the treated effluent is in accordance with the permits held, as well as with the applicable legislation. ELR: The Rybnik Reservoir has a positive impact on fauna and flora. The most important role is played by the Rybnik Reservoir in winter, when it becomes one of the wintering sites for wetland birds in Silesia. The elevated water temperature attracts not only birds associated with aquatic environments, but also raptors and passerines. Besides rare species such as the white-tailed godwit, grey-headed gull, partridge, white-tailed godwit, pintail, swallow, common species such as the black-headed gull, grey-headed gull, white-headed gull, cormorant, mallard or coot appear,

	and the concentration of a single species can reach up to 5,000 individuals. During the breeding season, the side ponds, which have a narrow strip of riparian vegetation and are surrounded by pine forests and fields and meadows, are attractive to birds. It is then possible to observe the grebe, water rail or little bittern listed in the Polish Red Book of Animals. A total of 74 wetland bird species were identified, of which 22 were breeding.
extent of the area affected	The extent of the impact of water consumption in terms of deep water abstraction corresponds to the extent of the cone of depression of the intake. Groundwater pumping does not adversely affect surface water. ELR: The area of the Rybnik Reservoir together with the surrounding green areas. Around the Rybnik Reservoir, there are natural protected areas in the form of the Cistercian Rudy Wielkie Landscape Compositions Park.
duration of impact	The time of impact on groundwater and water courses into which wastewater is discharged is related to the term of individual permits, as well as the possibility to exploit resources. ELR: The Rybnik Reservoir - the duration of positive impact is assessed to be continuous.
reversibility or irreversibility of effects	Groundwater and surface water abstraction is carried out in accordance with the hydrogeological documentation and permits. The utilisation of resources is conducted rationally to ensure their renewability. Where required, binding protection zones have been established which establish prohibitions, obligations and restrictions relating to land use and water use. The activity does not cause harm to the aquatic environment or terrestrial ecosystems. The discharge of wastewater into receiving water bodies is also carried out in accordance with the valid permits and has no irreversible effects.
Significant indirect positive or negative impact in relation to the following factors:	No indirect impact.

| GRI 304-2 |

PGE Energia Ciepła and subsidiaries

The nature of significant direct impact on biodiversity in relation to one or more of the following factors:	
Construction or use of production facilities, mines and transport infrastructure	PGE Capital Group sites are not located in the immediate vicinity of the existing forms of nature conservation. It is therefore difficult to prove significant direct impact on biologically valuable areas.
Contamination (introduction of substances that do not naturally occur in the habitat)	PGE Capital Group plants hold, among other documents, integrated permits and sectoral decisions. Conducting activities in accordance with the conditions set out in the decisions ensures that the legally prescribed environmental parameters are met and activities have no significant direct impact on biodiversity.
Introduction of invasive species, pests and pathogens	not applicable
Species extinction	not applicable
Habitat destruction	not applicable
Changes in ecological processes outside the natural range of variability (such as salinity or changes in groundwater levels)	not applicable
The nature of significant indirect impact on biodiversity in relation to one or more of the following factors:	
Construction or use of production facilities, mines and transport infrastructure	The activity of the PGE Capital Group does not have any significant indirect impact on biodiversity.
Contamination (introduction of substances that do not naturally occur in the habitat)	PGE Capital Group plants hold, among other documents, integrated permits and sectoral decisions. Conducting activities in accordance with the conditions set out in the decisions ensures that the legally prescribed environmental parameters are met and activities have no significant direct impact on biodiversity.
Introduction of invasive species, pests and pathogens	not applicable
Species extinction	not applicable
Habitat destruction	not applicable
Changes in ecological processes outside the natural range of variability (such as salinity or changes in groundwater levels)	not applicable

Significant direct positive or negative impact in relation to the following factors:	not applicable
Significant indirect positive or negative impact in relation to the following factors:	

| GRI 304-2 |

PGE Energia Odnawialna

The nature of significant direct impact on biodiversity in relation to one or more of the following factors: *(please describe)*	
Construction or use of production facilities, mines and transport infrastructure	The Solina hydro power plant with a pumping unit is located at the base of a concrete dam. The plant consists of an underwater section and a machine building with an auxiliary building. The hydro power plant is equipped with machinery used to generate electricity. The power plant is equipped with 4 vertical turbine sets, including 2 turbine sets with classic Francis turbines and 2 turbine sets with reversible Francis turbines. Water is supplied to the turbines from the Solina reservoir through water intakes constituting steel pipelines concreted in the body of the Solina dam. Processed water is discharged through the outlets of these pipelines to the Myczkowce reservoir. The Myczkowce barrage consists of a reservoir, an earth dam with a concrete overflow section, a pressure tunnel supplying water to the power plant, an impact chamber, the Myczkowce hydro power plant and the SHPP Myczkowce. The Myczkowce hydro power plant is equipped with two vertical turbine units with Kaplan-type turbines. Water for the turbines is abstracted from the Myczkowce reservoir via a pressure drift, while processed water is discharged into the San River. The SHPP Myczkowce was built in 2006. Water for the power plant is supplied from the Myczkowce reservoir. Processed water is discharged into the San River below the Myczkowce dam. The small hydro power plant operates throughout the year as a run-of-river power plant, thus ensuring the continuity of the biological flow below the Myczkowce dam. The power plant operates based on an automated, unmanned system equipped with a remote control visualisation sub-system. The operation of the equipment of the Solina - Myczkowce hydro power plant does not generate any particulate or greenhouse gas emissions. For wind farms, there are no data with such a high level of detail, and in 2022 no assessment procedure was conducted for a planned investment project located in a high biodiversity area, such as a Natura 2000 site. Any direct or indirect impact should in fact be examined within the framework of the environmental indexes in relation to completed projects and not those which have received an environmental decision. This is due to the fact that obtaining an environmental decision cannot be equated with the execution of a particular investment project, which requires further permits and decisions.
Contamination (introduction of substances that do not naturally occur in the habitat)	Waste waster is discharged in accordance with the water permits held.
Introduction of invasive species, pests and pathogens	not applicable
Species extinction	not applicable
Habitat destruction	not applicable
Changes in ecological processes outside the natural range of variability (such as salinity or changes in groundwater levels)	not applicable
The nature of significant indirect impact on biodiversity in relation to one or more of the following factors: *(please describe)*	
Construction or use of production facilities, mines and transport infrastructure	see above
Contamination (introduction of substances that do not naturally occur in the habitat)	see above

Introduction of invasive species, pests and pathogens	not applicable
Species extinction	not applicable
Habitat destruction	not applicable
Changes in ecological processes outside the natural range of variability (such as salinity or changes in groundwater levels)	not applicable
Significant direct positive or negative impact in relation to the following factors:	There is a Natura 2000 (Upper San River Basin) area on the San River upstream the Solina Reservoir and downstream the Myczkowce dam. The individual river sections located in the Natura 2000 area are directly adjacent to or part of the East Beskidy Mountains Protected Landscape Area and the East Carpathian International Biosphere Reserve. The area borders with the Słonne Mountains special habitat and bird protection area as well as the Bieszczady special habitat and bird protection area. There are 3 nature reserves in the area: at Myczkowieckie Lake, the San River Ravine near Mokre and the San River Ravine near Grodzisko. The Branch's technological processes, operation of equipment and ongoing investments do not cause interference with the biodiversity of the protected areas.
Significant indirect positive or negative impact in relation to the following factors:	

Protected or restored habitats.

| GRI 304-3 |

PGE Górnictwo i Energetyka Konwencjonalna

Size of all habitat areas protected or restored	• ELT: 485 ha • ELR: Rybnik Reservoir area: approx. 464 ha The area of the Rybnik Power Plant and Reservoir, excluded from the "Cistercian Landscape Compositions of Rudy Wielkie": approx. 1,083 ha (2.2 percent of the present surface area of the Park) • KWB: 68.6 ha
Location of all habitat areas protected or restored	ELT: 1. Protected habitat areas within the Natura 2000 area PLH02006 Lusatian Neisse River Ravine Valley - within 20 km from the ELT Branch: 3150 Natural eutrophic lakes 32 patches - 14.07 ha; 3260 Water courses of plain to montane levels with rare buttercup communities - 38 ha; 6410 Molinia meadows - 8 ha; 6430 Hydrophilous tall herb fringe communities of plains and of the montane to alpine levels - 10 patches below 500 m2; 6510 Lowland hay meadows - 31 patches - 121 ha; 9130 Asperulo-Fagetum beech forests - 6 patches - 52.75 ha; 9170 Galio-Carpinetum oak-hornbeam forests - 45 patches - 144 ha; 9180 Maple and lime forest - 1 habitat - 0.2 ha; 91E0 Alluvial forests with Alnus glutinosa and Fraxinus excelsior (Alno-Padion, Alnion incanae, Salicion albae) - 26 patches - 16 ha. 2. Natural areas outside the Natura 2000 site in the Bogatynia Commune: within 7.5 km from the ELT Branch: 6510 Lowland hay meadows - 9 patches - 13.4 ha; 9130 Asperulo-Fagetum beech forests - 6 patches - 52.75 ha; 9170 Galio-Carpinetum oak-hornbeam forests - 22 patches - 62.5 ha; 91E0 Alluvial forests with Alnus glutinosa and Fraxinus excelsior (Alno-Padion, Alnion incanae, Salicion albae) - 2 patches - 14.5 ha. ELR: Pursuant to regulation no. 181/93 of the Katowickie Province Governor of 23 November 1993 (Official Journal of the Katowickie Province no. 15*, item 130), highly urbanised areas were excluded from the Cistercian Rudy Wielkie Landscape Compositions Park, including the Rybnik Power Plant "together with the reservoir of water used for technological purposes, the so-called "Rybnik Reservoir". The site of the Rybnik Power Plant is anthropogenically transformed and constantly influenced by human activity. There is no vegetation of any kind except grass. The mammalian fauna is poor, made up of species habitually associated with the area. The nearest Natura 2000 sites are located at a much greater distance than the analysed 50-fold height of the highest point of gas or particulate emissions, i.e. within 6.5 km from the Rybnik Power Plant. There are no protected habitats on the premises of the Rybnik Power Plant. While the Rybnik Reservoir and the surrounding area are a habitat for animals, including those under species protection, the area itself is not a location of protected habitats.

	KWB: rehabilitation of the external dump P/Sz and internal dump P/B.
Has the target effect of habitat restoration been approved by independent external experts?	YES
Are there partnerships with other organisations for habitat protection or restoration, other than where the organisation has overseen and implemented conservation or restoration activities?	NO
Please indicate the status of each area, based on their state at the end of the reporting period	Mines: land rehabilitated / under rehabilitation Power plants: areas under monitoring
Please indicate the standards, methodologies and assumptions used	Identification conducted in accordance with the guidelines included in Interpretation Manual ver. 27 (2007) Technical documents

| GRI 304-3 |

PGE Energia Ciepła and subsidiaries, PGE Energetyka Kolejowa - no data available

| GRI 304-3 |

PGE Energia Odnawialna

Size of all habitat areas protected or restored	Farms: The regulation on establishing a protection tasks plan for the Natura 2000 PLB320009 Szczeciński Lagoon is currently under preparation (Regional Environmental Protection Directorate Szczecin, Maritime Office Szczecin). The protection tasks plan for the Natura 2000 area will include, among others, a list of protection activities with entities responsible for their performance and the areas of their implementation, including in particular activities concerning active protection of natural habitats, plant and animal species and their habitats; monitoring of the condition of the objects of protection and monitoring of the implementation of the objectives; increasing the knowledge of the objects of protection and the conditions of their protection. At this point, the development of interim conservation objectives has been prepared for the subjects, which results from the necessity to ensure the conditions for the maintenance and restoration of their favourable conservation status. These objectives, once adopted, should be taken into account by the entities supervising the different parts of the Natura 2000 site and when carrying out assessments of the impact of programmes and projects on the Natura 2000 site. No negative changes to the white-tailed eagle habitat are expected if existing conditions are maintained. Maintaining existing conditions is understood to mean, for example, not allocating new land for wind farms or overhead power lines. The size of the species' habitat is sufficiently large and its quality is sufficiently good for the long-term survival of the species; there are no significant negative impacts and no major threats are anticipated in the future; currently no significant negative changes are observed that could threaten the sustainability of the species' population and habitat. The preservation of the species in a 10-20 year timescale is almost certain. The area of occurrence and the assessment of the habitat determined on the basis of materials for the conservation plan for the area of the Szczeciński Lagoon PLB320009. PGE EO has not been identified as an entity responsible for the implementation of specific conservation measures and their implementation areas.

	Porąbka: 7186.16 ha
Location of all habitat areas protected or restored	Porąbka - Area code PLH240023, as above
Has the target effect of habitat restoration been approved by independent external experts?	NO
Are there partnerships with other organisations for habitat protection or restoration, other than where the organisation has overseen and implemented conservation or restoration activities?	NO
Status of each area, based on their state at the end of the reporting period	not applicable
Please indicate the standards, methodologies and assumptions used	PORĄBKA - Information acquired from the website of the General Directorate for Environmental Protection

IUCN Red List or National List species under protection located in the company's areas of operation.

| GRI 304-4 |

PGE Górnictwo i Energetyka Konwencjonalna

Total number of IUCN Red List and National Conservation List species with habitats in the areas affected by the organisation's activities by extinction risk level:	
Critically endangered	not identified
Endangered	not identified
Vulnerable	ELR: grebe, KWT: corncrake
Near threatened	KWT: Scarce large blue, dusky large blue
Least concern	• ELT: Plants - 15 protected species on 107 sites according to the Regulation of the Minister of the Environment of 9 October 2014 on the protection of plant species; Lichenobiota (lichens) - 8 species protected according to the Regulation of the Minister of the Environment of 9 October 2014 on the protection of species of fungi; Invertebrates - 4 strictly protected species listed in Annex II to the Habitats Directive and 11 species protected according to the Regulation of Minister of the Environment of 6 October 2014 on the protection of species of fungi; Ichthyofauna - 1 species protected according to the Regulation of the Minister of the Environment of 6 October 2014 on the protection of species of fungi; Amphibians and Reptiles - 16 species under strict and partial protection listed in Annexes II and IV to the Habitats Directive; Birds - 17 species under protection (a total of 93 species were identified in the area under study; Mammals - 24 species under species protection in Poland. • ELR: water rail, little bittern

| GRI 304-4 |

PGE Energia Ciepła

Only in the Lublin Branch one species was identified as vulnerable – peregrine falcon.

| GRI 304-4 |

PGE Energetyka Kolejowa, PGE Dystrybucja - no data available

| GRI 304-4 |

PGE Energia Odnawialna	2023	2022
Total number of IUCN Red List and National Conservation List species with habitats in the areas affected by the organisation's activities by extinction risk level:		
Critically endangered	not identified	not identified
Endangered	not identified	not identified

Vulnerable	1	1
Near threatened	1	1
Least concern	29	29

At least 25 bird species from Annex I to the Birds Directive, 9 species from the Polish Red Book occur in PLB320009 Szczeciński Lagoon area. It should be emphasised that the species mentioned occur in the entire area of Natura 2000 PLB320009 Szczeciński Lagoon, thus also within inland waters or in ecosystems appropriate for them (e.g. forests, rushes), which does not have to mean that they occur in the area where PGE EO conducts its operations on land - in the area of arable fields. 7. The company's area of operation, the operation of facilities and investment projects under execution do not cause interference with the biodiversity of protected areas as well as land outside protected areas. Water management activities carried out on the reservoirs, in particular the operation of the power plant, do not pose any significant threats to the ichthyofauna.

Waste management

Waste generation and significant waste-related impacts.

| GRI 306-1 |

PGE Górnictwo i Energetyka Konwencjonalna

Significant actual impacts of the organisation related to waste, including:	
Inputs, activities and outputs that lead to these impacts	Being fully aware of the obligations resulting from its role as a producer of classic ash, fluidised bed ash and calcium sulphate (gypsum from FGD), PGE Górnictwo i Energetyka Konwencjonalna S.A. carried out the relevant registrations of these substances with the European Chemicals Agency (ECHA) - pre-registration (2008) and registration proper (2010) in the largest tonnage range, i.e. above 1,000 tonnes/year. Such a tonnage range, i.e. produced volume/turnover, required the preparation of registration documentation in the broadest scope. Substances that were not pre-registered or registered could not actually be manufactured, imported or placed on the market (the aforementioned principle of "no registration, no turnover") and would therefore be unavailable to downstream users.
Do these impacts relate to waste generated within the organisation's own operations or to waste generated upstream or downstream in its value chain?	The primary purpose of the production processes taking place in power plants is to generate electricity and heat, which are traded on the market. The process of producing electricity boils down to the conversion of the chemical energy of a fuel into heat; heat into mechanical energy and then mechanical energy into electrical energy. The basic process of converting the chemical energy of a fuel into heat takes place in boiler plants, through the process of oxidation. The combustion of fuels releases substances contained in the fuel into the atmosphere, including sulphur dioxide, which adversely affects the environment through further reactions. An accompanying production process alongside the main one is flue gas desulphurisation using wet technology. Applied to the flue gas desulphurisation process and classified as BAT, this technology is the most proven in the world energy industry.

| GRI 306-1 |

PGE Energia Ciepła and subsidiaries

Significant actual impacts of the organisation related to waste, including:	
Inputs, activities and outputs that lead to these impacts	The input to the production process is fuels (coal, biomass, municipal waste), while the output is by-products of combustion such as ash, slag and gypsum from flue gas cleaning. Most of the post-processing output is transferred to external customers either as waste or as a by-product. Periodically, there are situations where the amount of the post-processing output transferred to recipients is greater than the amount of the currently generated output, due to the transfer of waste to external customers from previous periods' storage inventories. If waste has no economic use, it is transferred to the landfill. In

	view of the regulatory context and the power supply transformation processes, a gradual reduction in the volume of post-processing waste output should be expected in the coming years.
Do these impacts relate to waste generated within the organisation's own operations or to waste generated upstream or downstream in its value chain?	As a general rule, the raw materials (fuels) and substances used for the production of electricity and heat come from outside the organisation (the exception being municipal waste, which is already waste to begin with and is recovered at thermal waste processing with energy recovery installation).

| GRI 306-1 |

PGE Energia Odnawialna

Significant actual impacts of the organisation related to waste, including:	
Inputs, activities and outputs that lead to these impacts	In the normal operation of the facilities, waste classified as hazardous and non-hazardous is generated. Generated waste is handed over to a specialist company, which holds the legally required waste management permits. Transport is outsourced to a specialist company, which collects waste for further disposal. Also, river clean-up is carried out at water facilities.
Do these impacts relate to waste generated within the organisation's own operations or to waste generated upstream or downstream in its value chain?	Waste generation occurs at the facilities during operations, servicing, repair and maintenance work.

In the case of PGE Dystrybucja, there is no significant impact on waste generation from the currently ongoing investment projects.

At PGE Energetyka Kolejowa, impacts relate to waste generated within the range of its own operations. In the course of upgrading network substations, typical construction waste is generated, such as rubble, waste ceramic materials and used equipment. The company does not handle waste generated by third parties. PGE EK follows its own formalised waste management standards and applies its customers' procedures where necessary.

Waste generated.

| GRI 306-3 |

PGE Górnictwo i Energetyka Konwencjonalna	2023	2022
Total weight of waste generated (in metric tonnes)	**4,304,228.01**	**6,530,571**
Non-hazardous waste	4,302,158.02	6,529,619.5
Hazardous waste	2,070	951.5

| GRI 306-3 |

PGE Energia Ciepła and subsidiaries

PGE Energia Ciepła and subsidiaries	2023	2022
Total weight of waste generated (in metric tonnes)	**480,206**	**500,643**
Non-hazardous waste	475,605	495,783
Hazardous waste	4,601	4,860

| GRI 306-3 |

PGE Energia Odnawialna	2023	2022
Total weight of waste generated (in metric tonnes)	**771**	**940**
Non-hazardous waste	687.6	906
Hazardous waste	83.2	34

| GRI 306-3 |

PGE Dystrybucja	2023	2022
Total weight of waste generated (in metric tonnes)	**3122**	**3,698**
Non-hazardous waste	2717.6	2,527
Hazardous waste	404.9	1,171

| GRI 306-3 |

PGE Energetyka Kolejowa	2023
Total weight of waste generated (in metric tonnes)	**1544.1**
Non-hazardous waste	1078
Hazardous waste	466

Recovered waste

| GRI 306-4 |

PGE Górnictwo i Energetyka Konwencjonalna	2023	2022
Total weight of waste recovered (in metric tonnes)	**2,918,556.5**	**3,913,364.5**
Total weight of recovered waste by waste category		
Non-hazardous waste	2913666.4	3,912,899
Hazardous waste	1,347.4	465
Total weight of hazardous waste recovered (in metric tonnes)	1,639.7	465
Total weight of hazardous waste recovered by recovery method	1,639.7	
Preparation for re-use	0	total, t
within the organisation	0	0
outside the organisation	0	0
Recycling	330.98	129
within the organisation	0	0
outside the organisation	330.98	129
Other ways of waste recovery	1308.68	336
within the organisation	0	0
outside the organisation	1308.68	336
Total weight of recovered waste not regarded as hazardous (in metric tonnes)		
Total weight of recovered waste not regarded as hazardous by method of recovery (in metric tonnes)	2,916,916.81	3,912,899
Preparation for re-use	0	total, t
within the organisation	0	0
outside the organisation	0	0
Recycling	9082.19	5,056.5 total, t
within the organisation	0	0
outside the organisation	9082.2	5,056.5
Other ways of waste recovery	2907834.6	3,907,843 total, t
within the organisation	2900294.9	3,903,991
outside the organisation	7539.7	3,852
Determining which waste handling method to use		

Other contextual information necessary to understand the data and how they were collated.	Quantitative data based on waste database records. Information on waste management is obtained from recipients, contracts with individuals and administrative decisions held by waste collectors.	Quantitative data based on waste database records. Information on waste management is obtained from recipients, contracts with individuals and administrative decisions held by waste collectors.

| GRI 306-4 |

PGE Energia Ciepła and subsidiaries	2023	2022
Total weight of waste recovered (in metric tonnes)	**495,863**	**527,648**
Total weight of recovered waste by waste category		
Non-hazardous waste	491,292	522,805
Hazardous waste	4,571	4,843
Total weight of hazardous waste recovered (in metric tonnes)	4,571	4,843
Total weight of hazardous waste recovered by recovery method		
Preparation for re-use	total, t	total, t
within the organisation		
outside the organisation		
Recycling	total, t	total, t
within the organisation		
outside the organisation		
Other ways of waste recovery	total, t	total, t
within the organisation		
outside the organisation	4,571	4,843
Total weight of recovered waste not regarded as hazardous (in metric tonnes)	491,292	522,805
Total weight of recovered waste not regarded as hazardous by method of recovery (in metric tonnes)		
Preparation for re-use	total, t	total, t
within the organisation		
outside the organisation		
Recycling	total, t	total, t
within the organisation		
outside the organisation	500.96	
Other ways of waste recovery	total, t	total, t
within the organisation	91,342	86,865
outside the organisation	399,449	435,941
Determining which waste handling method to use		
Other contextual information necessary to understand the data and how they were collated.	Quantitative data based on waste database records. Information on waste management is obtained from recipients, contracts with individuals and administrative decisions held by waste collectors.	Quantitative data based on waste database records. Information on waste management is obtained from recipients, contracts with individuals and administrative decisions held by waste collectors.

| GRI 306-4 |

PGE Energia Odnawialna and PGE Dystrybucja and PGE Energetyka Kolejowa - the index does not apply to these companies

Waste handed over for disposal

| GRI 306-5|

PGE Górnictwo i Energetyka Konwencjonalna	2023	2022*
Total weight of waste handed over for disposal (in metric tonnes)	**2,800,616**	**4,579,795.5**
Non-hazardous waste	2,800,469	4,579,395
Hazardous waste	147	400.45
Total weight of hazardous waste handed over for disposal (in metric tonnes)	147	400.45
Total weight of recovered hazardous waste handed over for disposal by handling method		
Incineration (with energy recovery)	0	0
within the organisation	0	0
outside the organisation	0	0
Incineration (without energy recovery)	1.44	0
within the organisation	0	0
outside the organisation	1.44	0
Landfill	0	0
within the organisation	0	0
outside the organisation	0	0
Other means of disposal	145.50	400.45
within the organisation	0	0
outside the organisation	145.50	400.45
Total weight of waste not regarded as hazardous and handed over for disposal (in metric tonnes)	2,800,469	4,579,395
Total weight of recovered waste nor regarded as hazardous handed over for disposal by handling method		
Incineration (with energy recovery)	0	0
within the organisation	0	0
outside the organisation	0	0
Incineration (without energy recovery)	0	0
within the organisation	0	0
outside the organisation	0	0
Storage of waste	76,391	292,578
within the organisation	75,354.5	168,520
outside the organisation	1,036.5	124,058
Other means of disposal	2,724,078	4,286,817
within the organisation	2,637,586	4,269,182
outside the organisation	86,492	17,635

* Data for the year 2022 were corrected to improve the data collection process, faulty entries were corrected. In 2022, power generation from lignite deposits increased significantly due to geopolitical turmoil, including the war in Ukraine. In 2023, the situation stabilised and, furthermore, the decrease in the total weight of waste in 2023 compared to 2022 was due to, among other things, an increase in the amount of combustion by-products returned to the economy as a by-product by PGE Ekoserwis as part of the implementation of the Circular Economy project.

| GRI 306-5|

PGE Energia Ciepła and subsidiaries	2023	2022
Total weight of waste handed over for disposal (in metric tonnes)	**61,942**	**73,345**
Non-hazardous waste	61,942	73,344.5
Hazardous waste	0.44	0.82
Total weight of hazardous waste handed over for disposal (in metric tonnes)		
Total weight of recovered hazardous waste handed over for disposal by handling method	0.44	0.82
Incineration (with energy recovery)	total, t	total, t
within the organisation	not applicable	not applicable
outside the organisation	not applicable	not applicable
Incineration (without energy recovery)	total, t	total, t

within the organisation	not applicable	not applicable
outside the organisation	not applicable	not applicable
Landfill	total, t	total, t
within the organisation	not applicable	not applicable
outside the organisation	not applicable	not applicable
Other means of disposal	total, t	total, t
within the organisation	not applicable	not applicable
outside the organisation	0.44	0.82
Total weight of waste not regarded as hazardous and handed over for disposal (in metric tonnes)		not applicable
Total weight of recovered waste nor regarded as hazardous handed over for disposal by handling method	61,942	73,344
Incineration (with energy recovery)	total, t	total, t
within the organisation	not applicable	not applicable
outside the organisation	not applicable	not applicable
Incineration (without energy recovery)	total, t	total, t
within the organisation	not applicable	not applicable
outside the organisation	not applicable	not applicable
Storage of waste	total, t	total, t
within the organisation	55,393	48,133
outside the organisation	77	25,210
Other means of disposal	total, t	total, t
within the organisation	not applicable	not applicable
outside the organisation	6,470	not applicable

| GRI 306-5|

PGE Energia Odnawialna	2023	2022
Total weight of waste handed over for disposal (in metric tonnes)	**106**	**920**
Non-hazardous waste	22	886
Hazardous waste	84	34
Total weight of hazardous waste handed over for disposal (in metric tonnes)	84	34
Total weight of recovered hazardous waste handed over for disposal by handling method		
Incineration (with energy recovery)	total, t	total, t
within the organisation	not applicable	not applicable
outside the organisation	not applicable	not applicable
Incineration (without energy recovery)	total, t	total, t
within the organisation	not applicable	not applicable
outside the organisation	not applicable	not applicable
Landfill	total, t	total, t
within the organisation	not applicable	not applicable
outside the organisation	not applicable	not applicable
Other means of disposal	total, t	total, t
within the organisation	not applicable	not applicable
outside the organisation	84	34
Total weight of waste not regarded as hazardous and handed over for disposal (in metric tonnes)	22	886
Total weight of recovered waste nor regarded as hazardous handed over for disposal by handling method	not applicable	not applicable
Incineration (with energy recovery)	total, t	total, t
within the organisation	not applicable	not applicable
outside the organisation	not applicable	not applicable
Incineration (without energy recovery)	total, t	total, t
within the organisation	not applicable	not applicable
outside the organisation	not applicable	not applicable
Storage of waste	not applicable	not applicable
within the organisation	total, t	total, t
outside the organisation	not applicable	not applicable
Other means of disposal	total, t	total, t
within the organisation	not applicable	not applicable
outside the organisation	22	886

Determining which waste handling method to use	On the basis of the Waste Act and waste generation permits.	On the basis of the Waste Act and waste generation permits.

| GRI 306-5|

PGE Dystrybucja	2023	2022
Total weight of waste handed over for disposal (in metric tonnes)	**3122.5**	**3698**
Non-hazardous waste	2,718	2,527
Hazardous waste	405	1171

Waste management in PGE Dystrybucja is carried out in accordance with the standardised "Instruction for waste management in PGE Dystrybucja S.A." On the basis of agreements signed with subcontractors, waste generators are subcontractors who hand over waste entered in the waste database to authorised operators. The same applies to waste generated by PGE Dystrybucja, where waste is also handed over in the waste database to authorised operators.

| GRI 306-5|

PGE Energetyka Kolejowa	2023
Total weight of waste handed over for disposal (in metric tonnes)	**1544**
Non-hazardous waste	1078
Hazardous waste	467

Monetary value of penalties and total number of non-financial sanctions for non-compliance with environmental laws and regulations in companies with the highest environmental impact [PLN].

| own indicator |

PGE GiEK	2023	comment
Value of fines imposed in a given year for non-compliance with environmental laws and regulations	PLN 29,621.00	KWB An administrative fine of PLN 29,621 was imposed by the decision of the Inspector of Environmental Protection in Łódź of 16 February 2023 for exceeding, in the period from 1 January 2018 to 23 July 2018, the permissible noise level specified in the decision of the Marshal of the Łódzkie Province on the permissible noise level. With the final decision of 27 November 2017, the Provincial Inspector of Environmental Protection in Łódź established, for PGE GIEK S.A., as of 26 July 2017, a continuous penalty of PLN 145.20 per day for exceeding the permissible noise level during the night specified in the decision on the permissible noise level. In 2018, PGE GiEK S.A. purchased the property where the permissible noise level had been found to have been exceeded, and in 2023 the Environmental Protection Inspector in Łódź imposed a penalty on the company for the year 2018 from 1 January 2018 to the date of the purchase of the property. The company applied for a reduction of the imposed administrative monetary penalty to zero due to the expenditure of its own funds incurred for the purchase of the property.
	PLN 24,212.00	KWB An administrative fine of PLN 24,212 was imposed by the decision of the Inspector of Environmental Protection in Łódź of 14 June 2023 for exceeding, in the period from 9 August 2018 to 31 December 2018, the permissible noise level specified in the decision of the Marshal of the Łódzkie Province on the permissible noise level. With the final decision of 14 November 2022, the Provincial Inspector of Environmental Protection in Łódź established, for PGE GIEK S.A., as of 9 August 2018, a continuous penalty of PLN 166.98 per day for exceeding the permissible noise level during the night

		specified in the decision on the permissible noise level. Due to the fact that the above-mentioned exceedance had not ceased by 31 December 2018 , the Provincial Environmental Protection Inspector in Łódź imposed the above-mentioned fine in the amount of PLN 24,212 in 2023. The company applied for a reduction of the imposed administrative monetary penalty to zero due to the expenditure of its own funds incurred for the elimination of the cause the exceedances. The application was supported by a mandatory report on periodic noise measurements, which revealed no exceedances.
	PLN 523,757.00	Bełchatów Power Plant Branch In a decision of 16 May 2023, the Provincial Environmental Protection Inspector in Łódź ruled to impose a fine on PGE GiEK S.A., in the amount of PLN 523,757 for exceeding, in 2021, the permissible emission of mercury from power unit no. 14 in the Bełchatów Power Plant with a capacity of 858 MW (emitter 3). Due to the incorrect calculation of the penalty amount (overestimation of the exceedance, calculated on the basis of data for the entire year 2021), the company filed an appeal with the Chief Inspector of Environmental Protection in Warsaw on 6 June 2023, challenging the decision in its entirety. In the letter of 20 December 2023, the Chief Inspector of Environmental Protection indicated an expected deadline for the appeal to be heard, i.e. 31 May 2024.
	PLN 103,686.80	ETL With the decision of 29 December 2023, the Director of the Regional Directorate of State Forests in Wrocław established, for PGE GiEK S.A., a fee in the amount of the double payment of PLN 103,686.80 in connection with ascertaining the exclusion of forest land from production in violation of the provisions of the Agricultural and Forest Land Protection Land, the said land with an area of 0.1628 ha, owned by the State Treasury and held in perpetual usufruct by PGE GiEK S.A. The decision became final on 19 January 2024. The penalty will be paid in 2024.
Value of fines paid/to be paid in a given year for non-compliance with environmental laws and regulations	0	

PGE EC and subsidiaries	2023	comment
Value of fines imposed in a given year for non-compliance with environmental laws and regulations*	PLN 123,279.00	In April 2023, an increased fee (PLN 22,938 and PLN 95,461) was levied due to doubts about the way wastewater quality was monitored in the period 2019-2020 at the Bydgoszcz II CHP Plant. An appeal was lodged through the administrative procedure and explanations were provided. The administrative procedure is underway. In November 2023, an administrative fine (PLN 830) was imposed for exceeding the permissible noise level at the Czechnica CHP Plant in the period from 1 January 2023 to 22 January 2023. A request was filed for the sanction to be credited to the expenditure related to the completed investment project, the execution of which ensured the elimination of the cause of the exceedances (modernisation of the plant). The procedure was discontinued in Q1 2024. In December 2023, an increased fee (PLN 279 and PLN 3,771) was imposed for using water services in excess of the conditions specified in the integrated permit in 2018 and 2019 at the Wrocław CHP Plant. A request was filed for the sanction to be credited to the expenditure related to the completed investment project, the execution of which ensured the elimination of the cause of the exceedances. The administrative procedure is underway.
Value of fines paid/to be paid in a given year for non-compliance with environmental laws and regulations	PLN 50,000.00	The only penalty actually paid in 2023 was PLN 50,000. It was imposed in December 2023 by the Provincial Environmental Protection Inspectorate in Łódź for failing to meet the reporting deadlines in the EU ETS area by the Zgierz CHP Plant Branch.

* Additional information: Since December 2021, a procedure has been underway for the imposition of an increased fee of PLN 43,009 for the discharge of industrial wastewater from the FGD plant in breach of the conditions of use of the environment set out in the integrated permit at the Wrocław CHP Plant. A request was filed for the sanction to be credited to the expenditure related to the completed investment project, the execution of which ensured the elimination of the cause of the exceedances. Evidence of the performed modernisation works was submitted in March 2023. The authorities have not yet issued their final decision in the matter.

PGE Energia Odnawialna	2023	comment
Value of fines imposed in a given year for non-compliance with environmental laws and regulations	**0**	
Value of fines paid/to be paid in a given year for non-compliance with environmental laws and regulations	**0**	

PGE Dystrybucja	2023	comment

Value of fines imposed in a given year for non-compliance with environmental laws and regulations	PLN 213,320	An administrative penalty for the felling of trees without a permit, the decision is not final. PGE Dystrybucja S.A. The Rzeszów branch did not carry out any tree felling or branch cutting operations, nor were they carried out by the external contractor of the task. Miejsce Piastowe Commune Office is conducting an investigation to determine the perpetrator of the felling.
Value of fines paid/to be paid in a given year for non-compliance with environmental laws and regulations	PLN 344,399	An administrative penalty for the felling of trees without a permit and without the consent of the property holder. The tree felling operations were carried out by an external contractor on the basis of a contract with PGE Dystrybucja S.A. Skarżysko-Kamienna Branch. An external contractor, on the basis of a contract, was obliged to obtain written permits from the competent administrative authorities for the felling of trees and to cover the related costs, but the contractor did not apply for such permits. In the course of the administrative procedure, the external contractor was not recognised as a party to the procedure and an administrative penalty was imposed on the company as the owner of the electricity network under which the tree felling operations had been carried out.

PGE Energetyka Kolejowa	2023	comment
Value of fines imposed in a given year for non-compliance with environmental laws and regulations	**0**	
Value of fines paid/to be paid in a given year for non-compliance with environmental laws and regulations	**PLN 24,985**	A penalty for the destruction of 7 papillate birches due to excessive crown cuts. The authority imposing the penalty: President of the City of Cracow date of issue: 8 August 2023

SELECTED INDEXES RELATING TO ENVIRONMENTAL ISSUES IN PGE S.A.:

The indexes below present the Company's approach to managing its environmental impact in terms of energy, water and paper consumption at the head office of PGE S.A.

Annual electricity consumption at the PGE S.A. head office				
	2023	**2022**	**2021**	**2020**
Energy for administrative purposes (MWh)	1,835	1,785	1,716	1,594
Energy for administrative and technical purposes (server rooms) (MWh)	824	853	914	909

Energy consumed for administrative purposes increased slightly in comparison to that of last year. This may have been influenced by renovation works performed in the building.

Annual thermal energy consumption at the PGE S.A. head office:				
	2023	**2022**	**2021**	**2020**
Annual consumption of thermal energy (in GJ)	6,902	7,453	8,460	6,980
Annual consumption of thermal energy (in GJ/m^3)	0.07	0.07	0.08	0.06

The annual consumption of thermal energy decreases slightly. The lower consumption was due to the lower number of employees working in the building.

Annual consumption of sheets of paper at the PGE S.A. head office				
	2023	**2021**	**2020**	**2022**
Office Printing Paper (translated into A4-size sheets)	801,631	835,449	841,958	873,085
Paper consumption for office printing (A4 sheets/person)	967	1021	1,201	1,317

Paper consumption per employee of PGE S.A. decreases on an ongoing basis. Increased employee awareness, as well as the electronic circulation of documents and correspondence, result in lower paper consumption.

Annual water consumption and sewage disposal at the PGE S.A. head office				
	2023	**2022**	**2021**	**2020**
Annual water consumption and sewage disposal (m^3)	4,348	5,399	4,711	4,152
Annual water consumption and sewage disposal (m^3/person)	5.2	6.6	6.7	6.3

Water consumption and sewage disposal decreased year-on-year. Lower water consumption may be due to fewer employees working in the building, e.g. due to the possibility of remote working from outside the office.

Annual consumption of toner cartridges at the PGE S.A. head office				
	2023	**2022**	**2021**	**2020**
Annual consumption of toner (cartridges)	200	218	130	183
Annual consumption of toner (cartridge/person)	0.24	0.27	0.18	0.27

Lower paper consumption for printing automatically reduces toner consumption.

Energy-saving LED fixtures at the PGE S.A. head officeca				
	2023	**2022**	**2021**	**2020**
LED fixtures (percent)	85	80	71	66

The replacement of light sources with LED fixtures is done gradually as part of the ongoing refurbishment works conducted in the building.

SELECTED INDEXES RELATING TO EMPLOYEE ISSUES IN THE PGE GROUP AND PGE S.A.:

The total number of employees broken down by type of employment, type of employment contract and gender (in persons). As at 31 December

| GRI 2-7 | GC-6 |

PGE Group	Data for 2023			Data for 2022		
	Women	**Men**	**Total**	**Women**	**Men**	**Total**
Total number of employees	**8646**	**34,998**	**43,644**	**7,805**	**30,550**	**38,355**
Number of employees employed on a full-time basis	8547	34,877	43,424	7,728	30,456	38,184
Number of employees employed on a part-time basis	99	121	220	77	95	172
Number of employees with employment contracts for an indefinite period	7532	31,509	39,041	6,889	27,911	34,800
Number of employees with employment contracts for a definite period	1114	3,489	4,603	916	2,639	3,555
Employees with contracts of mandate	515	553	1,068	555	570	1,125
Employees with contracts for specific work	7	4	11	3	6	9
Number of self-employed workers	19	61	80	6	36	42
Ratio of self-employed workers to all employees	0.22%	0.17%	0.18%	0.08%	0.1%	0.1%

PGE S.A.	Data for 2023			Data for 2022		
	Women	**Men**	**Total**	**Women**	**Men**	**Total**
Total number of employees	**650**	**489**	**1,139**	**406**	**412**	**818**
Number of employees employed on a full-time basis with contracts of employment	632	477	1109	396	404	800
Number of employees employed on a part-time basis	18	12	30	10	8	18
Number of employees with employment contracts for an indefinite period	604	452	1056	377	378	755
Number of employees with employment contracts for a definite period	46	37	83	29	34	63
Employees with contracts of mandate (A)	1	2	3	3	2	5
Employees with contracts for specific work (B)	1	0	1			0
Number of self-employed workers	0	0	0	0	0	0
Ratio of self-employed workers to all employees	0%	0%	0%	0%	0%	0%

Total number of contractors who are not employees whose work is controlled by the organisation (in persons). As at 31 December

| GRI 2-8 |

PGE Group	Data for 2023			Data for 2022		
	Women	**Men**	**Total**	**Women**	**Men**	**Total**
Total number of contractors who are not employees whose work is controlled by the organisation. As at 31 December. Contractors include contract workers, agency workers, self-employed entrepreneurs, trainees, apprentices and subcontractors.	179	165	344	192	210	402

PGE S.A.	Data for 2023			Data for 2022		
	Women	**Men**	**Total**	**Women**	**Men**	**Total**
Total number of contractors who are not employees whose work is controlled by the organisation. As at 31 December	0	0	0	0	0	0

Total annual remuneration index

| GRI 2-21 |

The index is presented for the following key business segments: PGE S.A., PGE Energia Ciepła, PGE Górnictwo i Enegrtyka Konwencjonalna, PGE Energia Odnawialna, PGE Dystrybucja and PGE Obrót

	Data for 2023					
	PGE S.A.	**PGE Energia Ciepła**	**PGE GiEK**	**PGE Energia Odnawialna**	**PGE Dystrybucja**	**PGE Obrót**
The ratio of the total annual remuneration for the highest paid person in the organisation to the median of the total annual remuneration for all employees (excluding the highest paid person)	908.8%	859.7%	618.0%	469.1%	695.1%	516.8%
The ratio of the percentage increase in the total annual remuneration for the highest paid person in the organisation to the median of the percentage increase in the total annual remuneration for all employees (excluding the highest paid person)	200.9%	5.4%	0%	134.1%	34.6%	58.1%

	Data for 2022					
	PGE S.A.	**PGE Energia Ciepła**	**PGE GiEK**	**PGE Energia Odnawialna**	**PGE Dystrybucja**	**PGE Obrót**
The ratio of the total annual remuneration for the highest paid person in the organisation to the median of the total annual remuneration for all employees (excluding the highest paid person)	599.2%	1304.9%	714%	440.5%	771.3%	798.1%
The ratio of the percentage increase in the total annual remuneration for the	0%*	4.8%	0%	67.5%	0%	59.7%

highest paid person in the organisation to the median of the percentage increase in the total annual remuneration for all employees (excluding the highest paid person)						

0%* - this value means that the highest paid person in the organisation did not receive a rise in 2022.

The number of employees covered by the collective bargaining agreement (in persons). As at 31 December

| GRI 2-30 | GC-3 |

PGE Group	Data for 2023	Data for 2022	Data for 2021
Number of employees	43,644	38,355	38,299
Number of employees covered by collective bargaining agreements	35,334	28,828	29,486
Percentage of employees covered by collective bargaining agreements	81.0%	75.2%	77.0%

PGE S.A.	Data for 2023	Data for 2022	Data for 2021
Number of employees	1139	818	701
Number of employees covered by collective bargaining agreements	1139	0	0
Percentage of employees covered by collective bargaining agreements (in relation to all employees)	100%	0%	0%

All employees are covered by the labour code and the work regulations and, depending on the company, by resolutions of the Management Board adopting uniform remuneration rules.

Total number of newly hired employees, employees who left the workforce and employee turnover broken down by age and gender (in persons). As at 31 December

| GRI 401-1 | GC-6|

PGE Group	Data for 2023	Data for 2022	Data for 2021
Total number of employees	**43,644**	**38,355**	**38,299**
Total number of newly hired employees in the reporting period, including:	**4,511**	**3,810**	**1,973**
Women	1,202	1,002	659
Men	3,309	2,808	1,314
Persons aged below 30	1,354	1,179	537
Persons aged between 30 and 50	2,690	2,260	1,222
Persons aged over 50	467	371	214
Percentage of newly hired employees in the reporting period, including:	**10%**	**10%**	**5%**
Women	3%	**3%**	2%
Men	8%	7%	3%
Persons aged below 30	3%	3%	1%
Persons aged between 30 and 50	6%	6%	3%
Persons aged over 50	1%	**1%**	1%
Total number of employees who left the workforce during the reporting period, including:	**3,923**	**3,385**	**4,232**
Women	813	645	1,053
Men	3,110	2,740	3,179
Persons aged below 30	430	366	420
Persons aged between 30 and 50	1,328	1,218	1,356
Persons aged over 50	2,159	1,801	2,456
Percentage of employees who left the workforce during the reporting period, including:	**9%**	**9%**	**11%**
Women	2%	2%	3%
Men	7%	7%	8%
Persons aged below 30	1%	1%	1%
Persons aged between 30 and 50	3%	3%	4%
Persons aged over 50	5%	**5%**	6%

PGE S.A.	Data for 2023	Data for 2022	Data for 2021
Total number of employees	**1139**	**818**	**701**
Total number of newly hired employees in the reporting period, including:	**378**	**171**	**201**
Women	254	71	90
Men	124	100	111
Persons aged below 30	61	39	32
Persons aged between 30 and 50	275	119	153
Persons aged over 50	42	13	16
Percentage of newly hired employees in the reporting period, including:	**33%**	**21%**	**29%**
Women	22%	**9%**	13%
Men	11%	12%	16%
Persons aged below 30	5%	5%	5%
Persons aged between 30 and 50	24%	15%	22%
Persons aged over 50	4%	**2%**	2%
Total number of employees who left the workforce during the reporting period, including:	**59**	**49**	114
Women	**12**	17	**47**
Men	47	32	67
Persons aged below 30	7	5	14
Persons aged between 30 and 50	42	35	73
Persons aged over 50	10	9	27
Percentage of employees who left the workforce during the reporting period, including:	**5%**	**6%**	**16%**
Women	1%	2%	7%
Men	4%	4%	10%
Persons aged below 30	1%	1%	2%
Persons aged between 30 and 50	4%	4%	10%
Persons aged over 50	1%	1%	4%

Parental leave. As at 31 December

| GRI 401-3 |

PGE Group	Data for 2023			Data for 2022		
	Women	**Men**	**Total**	**Women**	**Men**	**Total**
Total number of employees who were entitled to parental, maternity, paternity leave	243	628	871	240	431	671
Total number of employees who used parental, maternity, paternity leave	256	114	370	264	375	639
Total number of employees who returned to work during the reporting period following the end of parental, maternity, paternity leave	212	130	342	264	375	639
Total number of employees who returned to work after parental, maternity, paternity leave and who were still employed 12 months after their return to work	191	93	284	170	346	516
Ratio of employees who returned to work after parental leave	100.0%	100.0%	100.0%	100%	100%	100%
Ratio of employees retained after parental leave	90.1%	71.5%	83.0%	86.7%	92.4%	90.4%

PGE S.A.	Data for 2023			Data for 2022		
	Women	**Men**	**Total**	**Women**	**Men**	**Total**
Total number of employees who were entitled to parental, maternity, paternity leave	20	17	37	8	33	41
Total number of employees who used parental, maternity, paternity leave	14	0	14	25	21	46

Total number of employees who returned to work during the reporting period following the end of parental, maternity, paternity leave	25	0	25	25	21	46
Total number of employees who returned to work after parental, maternity, paternity leave and who were still employed 12 months after their return to work	25	0	25	30	16	46
Ratio of employees who returned to work after parental leave	100%	0	100%	100%	100%	100%
Ratio of employees retained after parental leave	100%	0	100%	96.8%	88.9%	93.9%

Return-to-work ratio

$$\frac{\text{Total number of employees who } \textbf{returned} \text{ to work after parental leave}}{\text{Total number of employees who } \textbf{should return} \text{ to work after parental leave}} \times 100$$

Employee retention ratio

$$\frac{\text{Total number of employees working for the organisation 12 months after returning from parental leave}}{\text{Total number of employees who returned from parental leave during the reporting period}} \times 100$$

Number of training hours per year per employee by employment structure (in persons). As at 31 December

| GRI 404-1 | GC-6 |

PGE Group	Data for 2023	Data for 2022
Total number of training days (total in given year)	**494,199.82**	342,972.30
Total number of employees	**43,644**	38,355
Average number of training hours per employee in the reporting period – total	**11.32**	8.94
Average number of training hours per employee during the reporting period, including:		
Women	13.23	11.15
Men	10.86	8.22
Top management (Management Board and directors)	33.56	33.61
Managerial positions	18.19	18.03
Other employees	10.20	7.78

Average number of training hours per year per employee broken down by employment category and gender.

| GRI 404-1 |

PGE S.A.	Data for 2023	Data for 2022
Total number of training days (total in given year)	**40,411.00**	5,879.5
Total number of employees	**1139**	818
Average number of training hours per employee in the reporting period – total	**35.48**	7.19

Average number of training hours per employee during the reporting period, including:		
Women	35.07	7.75
Men	36.02	6.63
Top management (Management Board and directors)	44.38	12.63
Managerial positions	51.56	10.65
Other employees	32.42	5.95

The percentage of employees undergoing regular work performance assessments and career development reviews broken down by gender. As at 31 December

| GRI 404-3 | GC-6 |

PGE Group	Data for 2023	Data for 2022	Data for 2021
Percentage of employees undergoing regular performance assessments and career development reviews, by gender:	**28.9%**	18.4%	16.4%
Number of employees receiving regular work performance assessments	**12,609**	7,057	6,286
Number of women receiving regular work performance assessments	**3,585**	2,722	2,472
Number of men receiving regular work performance assessments	**9,024**	4,335	3,814
Number of managers/directors (managerial positions, names may vary from company to company)	**1,848**	1,124	1,034
Percentage of employees receiving regular work performance assessments (women and men together – percentage of total number of all employees)			
Women (percentage of all women)	41.5%	34.9%	32%
Men (percentage of men out of all men)	25.8%	14.2%	12.5%
Directors, managers	51.1%	38.1%	35.9%

PGE S.A.	Data for 2023	Data for 2022	Data for 2021
Percentage of employees undergoing regular performance assessments and career development reviews, by gender:	100%	100%	100%
Number of employees receiving regular work performance assessments	1139	818	701
Number of women receiving regular work performance assessments	650	406	356
Number of men receiving regular work performance assessments	489	412	345
Number of managers/directors (managerial positions, names may vary from company to company)	217	183	159
Percentage of employees receiving regular work performance assessments (women and men together – percentage of total number of all employees)			
Women (percentage of all women)	100%	100%	100%
Men (percentage of men out of all men)	100%	100%	100%
Directors, managers	100%	100%	100%

The composition of governing and supervising bodies, as well as the personnel broken down by gender and age. As at 31 December

| GRI 405-1 | GC-6 |

PGE Group	Data for 2023	Data for 2022	Data for 2021
Number of members of the Management Board	**83**	**91**	**81**
Number of members of the Management Board, including:			
Women	6	8	8
Men	77	83	73
age: under 30	0	0	1
age: 30-50	44	51	49
age: over 50	39	40	31
Number of members of the Supervisory Board	**186**	**201**	**191**
Number of members of the Supervisory Board in each of the following categories:			
Women	49	50	52
Men	137	151	139
age: under 30	0	1	1
age: 30-50	128	133	130
age: over 50	58	67	60
Total number of employees	**43,644**	**38,355**	**38,299**
Number of employees in each of the following categories:			
Women	8,646	7,805	7,735
Men	34,998	30,550	30,564
age: under 30	3,635	2,939	2,864
age: 30-50	20,438	18,410	18,261
age: over 50	19,571	17,006	**17,174**
Percentage of members of the Management Board in each of the following categories:			
Women	7.2%	8.8%	9.9%
Men	92.8%	91.2%	90.1%
age: under 30	0.0%	0%	1.2%
age: 30-50	53.0%	56%	60.5%
age: over 50	47.0%	44%	38.3%
Percentage of members of the Supervisory Board in each of the following categories:			
Women	26.3%	24.9%	27.2%
Men	73.7%	75.1%	72.8%
age: under 30	0.0%	0.5%	0.5%
age: 30-50	68.8%	66.2%	68.1%
age: over 50	31.2%	33.3%	31.4%
Percentage of employees, including:			
Women	19.8%	20.3%	20.2%
Men	80.2%	79.7%	79.8%
age: under 30	8.3%	7.7%	7.5%
age: 30-50	46.8%	48%	47.7%
age: over 50	44.8%	44.3%	44.8%

PGE S.A.	Data for 2023	Data for 2022	Data for 2021
Number of members of the Management Board	**5**	**5**	**6**
Number of members of the Management Board, including:			
Women	1	1	1
Men	4	4	5
age: under 30	0	0	1
age: 30-50	2	2	3
age: over 50	3	3	2
Number of members of the Supervisory Board	**6**	**8**	**9**
Number of members of the Supervisory Board, including:			
Women	2	2	2
Men	4	6	7
age: under 30	0	0	0
age: 30-50	2	3	4
age: over 50	4	5	5
Total number of employees	**1139**	**818**	**701**
Number of employees in each of the following categories:			
Women	650	406	356
Men	489	412	345
age: under 30	100	66	68
age: 30-50	862	647	548
age: over 50	177	105	85
Percentage of members of the Management Board in each of the following categories:			
Women	20%	20%	16.7%
Men	80%	80%	83.3%
age: under 30	0%	0%	16.7%
age: 30-50	40%	40%	50%
age: over 50	60%	60%	33.3%
Percentage of members of the Supervisory Board, including:			
Women	33.3%	25%	22.2%
Men	66.7%	75%	77.8%
age: under 30	0%	0%	0%
age: 30-50	33.3%	37.5%	44.4%
age: over 50	66.7%	62.5%	55.6%
Percentage of employees, including:			
Women	57.1%	49.6%	50.8%
Men	42.9%	50.4%	49.2%
age: under 30	8.8%	8.1%	9.7%
age: 30-50	75.7%	79.1%	78.2%
age: over 50	15.5%	12.8%	12.1%

Percentage of employees who will become eligible to retire in 5 and 10 years, with a breakdown by type of work performed. As at 31 December

| own indicator |

PGE Group	Data as at 31. 12. 2023	Data as at 31. 12. 2022	Data as at 31. 12. 2021
Number of employees eligible to retire within 5 years	**6,380**	**5,397**	**5,905**
Directors	99	100	136
Managers	466	367	555
Experts	365	284	302
Office positions	1,060	915	1,019
Operational positions	3,973	3,300	3,445
Other	417	431	448
Percentage of employees eligible to retire within 5 years			
Directors	14%	17%	22%
Managers	16%	16%	24%
Experts	13%	14%	15%
Office positions	16%	16%	18%
Operational positions	14%	13%	14%
Other	17%	23%	16%
Number of employees eligible to retire within 10 years (cumulative)	**13,467**	**11,516**	**12,402**
Directors	201	196	189
Managers	923	753	790
Experts	711	544	533
Office positions	1,812	1,565	1,643
Operational positions	9,080	7,862	8,397
Other	740	596	850
Percentage of employees eligible to retire within 10 years			
Directors	29%	33%	31%
Managers	32%	32%	35%
Experts	24%	26%	27%
Office positions	27%	27%	29%
Operational positions	33%	31%	34%
Other	30%	32%	31%

Percentage of employees who will become eligible to retire in 5 and 10 years, with a breakdown by type of work performed. As at 31 December

PGE S.A.	Data as at 31. 12. 2023	Data as at 31. 12. 2022	Data as at 31. 12. 2021
Number of employees eligible to retire within 5 years	**39**	**18**	**17**
Directors	6	2	1
Managers	3	2	2
Experts	15	10	10
Office positions	15	4	4
Operational positions			
Other			
Percentage of employees eligible to retire within 5 years			
Directors	6%	3%	1%
Managers	2%	2%	3%
Experts	3%	3%	3%
Office positions	4%	2%	2%
Operational positions	0%	0%	0%
Other	0%	0%	0%
Number of employees eligible to retire within 10 years (cumulative)	**147**	**83**	**34**
Directors	18	11	6
Managers	15	10	4
Experts	69	40	16
Office positions	45	22	8
Operational positions			
Other			
Percentage of employees eligible to retire within 10 years			
Directors	19%	14%	8%

Managers	12%	9%	5%
Experts	13%	11%	5%
Office positions	11%	8%	4%
Operational positions	0%	0%	0%
Other	0%	0%	0%

Implementation of the Voluntary Leave Programme (VLP) (persons).

| own indicator |

PGE Group	
VLP in 2023	28
VLP in 2022	34
VLP in 2021	52

PGE S.A.	
VLP in 2023	0
VLP in 2022	0
VLP in 2021	52

SELECTED INDEXES RELATING TO SOCIAL ISSUES IN THE PGE GROUP AND PGE S.A.:

Indexes such as:

- SAIDI (System Average Interruption Duration Index) and SAIFI (System Average Interruption Frequency Index), are presented in the "Customer" section.

- GRI 418-1 index – "Total number of substantiated complaints regarding breaches of customer privacy and data loss" is presented in the "Information security management" section.

Compliance with laws and regulations

| GRI 2-27 |

PGE Group	2023
Total number of relevant cases in which a financial penalty (fine) was imposed	0
Total number of relevant cases in which a non-financial penalty (fine) was imposed	0
Total number of relevant cases of non-compliance with laws and regulations during the reporting period and breakdown by:	1
Total amount of financial fines for cases of non-compliance with laws and regulations that occurred during the current reporting period	593,955.34
Total amount of financial fines for cases of non-compliance with laws and regulations that occurred in the previous reporting periods (2021-2022)	8,391,606.93
Total amount of penalties for cases of non-compliance with laws and regulations that were paid during the reporting period	378,713.07
Description of relevant cases of non-compliance with laws and regulations in 2023	Area of employee rights – unlawful termination of employment contract
Description of how relevant cases of non-compliance were identified	The labour court sent information about a lawsuit filed by the employee against the employer

PGE S.A.	2023
Total number of relevant cases in which a financial penalty (fine) was imposed	0
Total number of relevant cases in which a non-financial penalty (fine) was imposed	0
Total number of relevant cases of non-compliance with laws and regulations during the reporting period and breakdown by:	0
Total amount of financial fines for cases of non-compliance with laws and regulations that occurred during the current reporting period	0
Total amount of financial fines for cases of non-compliance with laws and regulations that occurred in the previous reporting periods (2021-2022)	434.44
Total amount of penalties for cases of non-compliance with laws and regulations that were paid during the reporting period	0
Description of relevant cases of non-compliance with laws and regulations in 2023	not applicable
Description of how relevant cases of non-compliance were identified	not applicable

Direct economic value, generated and distributed

| GRI 201-1 |

a. Direct economic value in 2023 in PLN thousand	Data from organisation	Operating income/costs	Other operating activities	Financing activities and interest in an associate
A Total revenue	98,422,172.78	95,963,545.76	151,455.40	2,307,171.63
B Operating costs*	61,481,775.55	56,448,647.20	1,939,409.74	2,246,151.42
B Salaries and employee benefits	7,436,883.55			
B Payments to providers of capital (dividends)	684,546.76			
B Costs of CO_2 emissions	23,713,820.22			
B Payments to the state (taxes)	9,877,024.01			
B Social investment (donations and investments for the benefit of society)	42,927.07			
B Sponsorship	87,461.26			
Economic value retained (a-b)	**-4,902,265.64****			

***excluding costs of salaries and employee benefits, payments to providers of capital, CO_2 emissions, payments to the state (taxes), social investments and sponsorship.

** The negative direct economic value is due to the inclusion of write-downs of property, plant and equipment.

SELECTED INDEXES IN THE AREA OF HUMAN RIGHTS AND CORRUPTION PREVENTION IN THE PGE GROUP AND PGE S.A.

Total number of cases of discrimination

| GRI 406-1 |

PGE Group	
Total number of cases of discrimination in 2023	0

PGE S.A.	
Total number of cases of discrimination in 2023	0

Total number of staff training hours on human rights policies and percentage of staff trained

| own indicator |

PGE Group	2023
Total number of hours of training	2,553
Number of employees trained	6,258
Percentage of employees trained	17%
Number of employees with valid Code of Ethics training as at 31 December 2023	36,554
Percentage of employees with valid Code of Ethics training as at 31 December 2023	97%

PGE S.A.	2023
Total number of hours of training	354
Number of employees trained	532
Percentage of employees trained	47%
Number of employees with valid Code of Ethics training as at 31 December 2023	1062
Percentage of employees with valid Code of Ethics training as at 31 December 2023	94%

Employee training on the Code of Ethics as well as policies and procedures for respecting human rights is mandatory and repeated periodically for all persons in companies where a compliance management system is implemented. The validity of the training is 3 years. After this period, it is repeated as refresher training.

Confirmed cases of corruption and actions taken in response to them

| GRI 205-3 |

PGE Group and PGE S.A.	2023
Total number of confirmed cases of corruption	not identified
Nature of confirmed cases of corruption	not applicable
Total number of confirmed cases in which employees were dismissed or disciplined in relation to corruption	0
Total number of confirmed cases in which a contract with a business partner was terminated or such a contract was not renewed due to breaches related to corruption	0
Were there public proceedings against the organisation or its employees regarding corruption during the reporting period?	No

The total number and percentage of PGE Capital Group companies assessed for the occurrence of corruption:

Own indicator	2023
Number of companies assessed for corruption risk	16*
Percentage of companies assessed for corruption risk	100%

* Each of the companies with Compliance structures in place was assessed in 2023 for, among other things, the risk of corruption. As at 31 December 2023, there were 16 PGE Group companies: PGE S.A., PGE GiEK, PGE Energia Ciepła, PGE Energia Odnawialna, PGE Dystrybucja, PGE Obrót, PGE Synergia, PGE Systemy, PGE Baltica, PGE Dom Maklerski, Elbest Security, Elbis, Megazec, PGE Ekoserwis, Energoserwis Kleszczów abd PGE Ventures.

Communication and training on the organisation's anti-corruption policies and procedures

| GRI 205-2 | GC-10 |

	PGE CG	PGE S.A.
Total number of members of the governing body to whom the organisation's anti-corruption procedures were communicated	**173**	**13**
Percentage of members of the governing body to whom the organisation's anti-corruption policies and procedures were communicated	**94%**	**100%**
Total number of employees to whom the organisation's anti-corruption policies and procedures were communicated (if the organisation has its own defined employee structure, different from the one below, the form should be adapted accordingly)	**36,109**	**1092**
Senior management	2,635	203
other employees	33,474	889
Percentage of employees to whom the organisation's anti-corruption policies and procedures were communicated	**95%**	**96%**
Senior management	97%	94%
other employees	95%	97%
Total number of members of the governing body who received anti-corruption training	**173**	**13**
Percentage of members of the governing body who received anti-corruption training	**94%**	**100%**
Total number of employees who received anti-corruption training	**36,109**	**1092**
Senior management	2,635	203
other employees	33,474	889
Percentage of employees who received anti-corruption training	**95%**	**96%**
Senior management	97%	94%
other employees	95%	97%

5.2 GRI Content Compliance Index, Global Compact Principles and ESG risks

Statement of application	PGE Polska Grupa Energetyczna S.A. and the PGE Capital Group submitted a report in accordance with the GRI Standards for the period from 1 January to 31 December 2023
GRI 1 applied	GRI 1: Basics 2021
Applicable GRI sectoral standards	Not applicable

In the statement of non-financial information on the activities of PGE Polska Grupa Energetyczna S.A. and the PGE Capital Group for 2023, material GRI indexes resulting from the conducted materiality analysis were reported. As omissions were not applied, the part of the GRI table relating to them was removed.

GRI standard / other source	Disclosure	Location
GRI 2: General Disclosure 2021	2-1 Organisational data	6
	2-2 Entities included in the reporting of sustainability issues	80, 204-205
	2-3 Reporting period, frequency and contact details	204
	2-4 Restatement of information	207-208
	2-5 External assurance	208
	2-6 Activities, value chain and other business relationships	6, 33
	2-7 Employees	266
	2-8 Workers who are not employees	267
	2-9 Governance structure and composition	16
	2-10 Nomination and selection of members of the highest governance bodies	24-26
	2- 11 Chairperson of the highest governance body	26
	2-12 Role of the highest governance body in overseeing the management of impacts	34
	2-13 Delegation of responsibility for managing impacts	34
	2-14 The role of the highest governance body in on sustainability reporting	35
	2-15 Conflicts of interest	203
	2-16 Communication of critical concerns	27
	2-17 Collective knowledge of the highest governance body	35
	2-18 Evaluation of the performance of the highest governance body	27-28
	2-19 Remuneration policy	27-28
	2-20 Remuneration determination process	28-30
	2- 21 Total annual compensation ratio	267
	2-22 Statement on sustainability development strategy	4, 34
	2-23 Commitments included in policies	184, 191
	2-24 Embedding policy commitments	184, 191
	2-25 Processes to remediate negative impacts	176, 198
	2-26 Mechanisms for seeking advice and raising concerns	198
	2-27 Compliance with laws and regulations	276
	2-28 Membership of associations and organisations	155-157
	2-29 Approach to stakeholder engagement	152
	2-30 Collective bargaining agreements	268
GRI 3: Material Topics 2021	3-1 Process to determine material topics	205-206
	3-2 List of material topics	206-207
Strategy and its implementation		
GRI 3: Material Topics 2021	3-3 Management of material topics	10; 73
Own indicator	Strategy implementation	10
GRI 201: Economic performance	GRI 201-1	277
	GRI 201-2	69

Compliance with laws and regulations, including compliance with environmental regulations		
GRI 3: Material Topics 2021	3-3 Management of material topics	66; 191
Own indicator	Monetary value of penalties for non-compliance with environmental laws and regulations in companies with the highest environmental impact	261-264
General disclosures	GRI 2-27	276
Company climate impact - greenhouse gas emissions and methods of their reduction		
GRI 3: Material Topics 2021	3-3 Management of material topics	10, 40
Own indicator	Climate awareness	68; 69
GRI 305: Emissions	GRI 305-1	229-233
	GRI 305-2	234-238
	GRI 305-3	238-242
	GRI 305-4	243-245
	GRI 305-5	246-247
	GRI 305-6	247
	GRI 305-7	248
The company's impact on the environment and its preventive measures		
GRI 3: Material Topics 2021	3-3 Management of material topics	40; 83
GRI 301: Resources	GRI 301-1	209-210
	GRI 301-2	210
	GRI 301-3	210
GRI 304: Biodiversity	GRI 304-1	92
	GRI 304-2	91, 248-251
	GRI 304-3	91, 252-253
	GRI 304-4	98, 254-255
Own indicator	Environmental protection research and development projects	105-110
Managing energy consumption in the organisation		
GRI 3: Material Topics 2021	3-3 Management of material topics	77
Energy	GRI 302-1	210-212
	GRI 302-2	213
	GRI 302-3	213-214
	GRI 302-4	214-215
	GRI 302-5	216
Water management in the organisation		
GRI 3: Material Topics 2021	3-3 Management of material topics	86; 216
Water and wastewater	GRI 303-1	86
	GRI 303-2	86
	GRI 303-3	216-221
	GRI 303-4	221-226
	GRI 303-5	227-228
Waste management		
GRI 3: Material Topics 2021	3-3 Management of material topics	111, 116
Waste	GRI 306-1	111, 255-256
	GRI 306-2	111, 116
	GRI 306-3	256-257
	GRI 306-4	257-258
	GRI 306-5	259-261
Employee issues with a particular focus on the energy transition		

GRI 3: Material Topics 2021	3-3 Management of material topics	125; 148
Employment	GRI 401-1	268
	GRI 401-2	135
	GRI 401-3	269
Health and safety	GRI 403-1	127
	GRI 403-2	129
	GRI 403-3	128, 135
	GRI 403-4	133
	GRI 403-5	134
	GRI 403-6	135
	GRI 403-7	134
	GRI 403-8	128
	GRI 403-9	130; 131
Training and education	GRI 404-1	270; 271
	GRI 404-2	136
	GRI 404-3	271
Diversity and equal treatment	GRI 405-1	272; 273
	GRI 405-2	126
Total number of cases of discrimination	GRI 406-1	278
Transparency of operations in accordance with corporate governance principles of the PGE Capital Group		
GRI 3: Material Topics 2021	3-3 Management of material topics	16; 199
Preventing corruption	GRI 205-1	202
	GRI 205-2	279
	GRI 205-3	278
Child labour	GRI 408-1	184
Forced labour	GRI 409-1	184
Customer privacy	GRI 418-1	188
Own indicator	Number of training hours on policies relating to human rights	278

10 Global Compact principles

Global Compact principles	Page
GC-1 Promoting and respecting internationally accepted human rights	191; 196
GC-2 Eliminating all human rights violations	127, 196, 198
GC-3 Respecting the freedom of association	141; 268
GC-4 Eliminating all forms of forced labour	184
GC-5 Abolition of child labour	125; 184
GC-6 Elimination of discrimination in employment	125; 127; 184;266; 268; 270; 271; 272
GC-7 Precautionary approach to the environment	4; 40
GC-8 Undertaking initiatives to promote an environmentally responsible attitude	4; 40
GC-9 Use and dissemination of environmentally friendly technologies	4; 40
GC-10 Countering corruption in all forms, including extortion and bribery	191; 199; 279

A description of the management of ESG risks associated with the company's activities in relation to social, environmental, labour, human rights and corruption issues, as well as a description of the management of these risks (as required by the NFRD directive)	Page
• Environmental topics	40-44
• Employee topics	121-122
• Social topics	123-124
• Human rights topics	196-197
• Corruption topics	199-200

Glossary of industry terms

BAT	Best Available Technology
Biomass	the biodegradable fraction of products, waste or residues of biological origin from agriculture, including vegetal and animal substances, forestry and related industrial sectors, including fisheries and aquaculture, processed biomass, notably in the form of briquettes, pellets, biochar and biocarbon, as well as the biodegradable fraction of industrial or municipal waste of plant or animal origin, including waste from waste treatment installations and waste from the treatment of water and wastewater, in particular sewage sludge, in accordance with the regulations applicable to waste with respect to eligibility of energy fraction recovered from thermal waste treatment
Biodiversity	the biological diversity of life forms on the Earth
BREF	Best Available Techniques Reference Document
CO_2	carbon dioxide
CCI	Corporate Community Involvement
CSR	Corporate Social Responsibility
Distribution	transportation of energy via high voltage (110 kV), medium voltage (15 kV) and low voltage (400V) distribution networks to customers
Pumped storage power plant	a special type of a hydroelectric power plant that allows electricity to be stored. For this purpose, the upper water reservoir is used. Using excess electricity, water is pumped from the lower reservoir to the upper one. Pumped storage plants provide regulatory services to the national power system. During periods of increased demand for electricity, water from the upper reservoir is released onto the turbine. In this way, electricity is generated.
EMAS	EcoManagement and Audit Scheme. It is an EU environmental certification scheme which functions on the basis of Regulation (EC) No 1221/2009 of the European Parliament and of the Council of November 25, 2009 on the voluntary participation by organisations in a Community eco-management and audit scheme (EMAS)
HPP	hydro power plant
EU ETS	European Union Emission Trading Scheme. It is a key element in the EU's climate change policy and its main tool for reducing greenhouse gas emissions in a cost-effective way. It is the world's first and so far largest emission allowance market.
European Green Deal	An action plan for a sustainable economy in the European Union. It aims to achieve climate neutrality by 2050. Achieving this goal will require a socio-economic transition in Europe: one that is cost-effective, fair and socially sustainable. The new programme consists of initiatives in a number of closely related fields, such as climate, environment, energy, transport, industry, agriculture and sustainable financing. The EU will also provide financial support and technical assistance to individuals, businesses and regions most affected by the transition to a green economy. This will be done through the just transition mechanism that is expected to provide EUR 150 billion to the most affected regions in the years 2021-2027.
Photovoltaic farm	Installation for the generation of electricity using solar radiation
Offshore farm	An offshore wind farm
Onshore farm	An onshore wind farm
GJ	gigajoule, SI unit of energy, 1 GJ = 1000/3.6 kWh = approx. 278 kWh
GWh	gigawatt hour, unit of electrical energy, 1 GWh =1,000,000 kWh
Circular economy	a system that minimises the consumption of raw materials and waste volumes as well as emissions and energy losses by creating a closed-loop of processes where waste from one process is used as raw material for another, thus reducing generation to a maximum extent
IED	Industrial Emissions Directive
FGD	Flue gas desulphurisation
TWPER	Thermal waste processing plant with energy recovery
Power generation unit	a separate unit of equipment belonging to a power utility and used for generating electricity or heat, as well as power evacuation, described by means of technical and commercial data

Cogeneration	simultaneous generation of heat and electrical or mechanical energy in the same technological process
NPS	National Power System, a collection of devices and equipment for the distribution, transmission and generation of electricity, connected to form a system allowing the supply of electricity in the territory of Poland
kWh	kilowatt hour, SI unit of electrical energy describing how much energy a 1 kW appliance consumes in one hour, 1 kWh = 3,600,000 J = 3.6 MJ
WF	Wind farms
OffWF	Offshore wind farm
MW	SI unit of power, 1 MW = 10^6 W
MWh	megawatt hour, unit of electrical energy, 1 MWh=1000 kWh
Nm3	normal cubic metre; a non-SI unit of account denoting the volume of dry gas contained in 1 m^3 at a pressure of 1013 hPa and a temperature of 0°C
NO_x	nitrogen oxides
Renewable energy sources (RES)	sources using wind, solar, geothermal, wave, current, tidal and river gradient energy, as well as energy obtained from biomass, landfill biogas, and biogas produced in the process of sewage disposal or treatment, or decomposition of stored plant and animal remains
Distribution system operator (DSO)	an electricity undertaking distributing gaseous fuels or electricity, responsible for network traffic within the gas distribution system or electricity distribution system, the current and long-term security of the system's operation, the operation, maintenance, repair and necessary development of the distribution network, including connections with other gas systems or other electricity systems
DSC	A description of the subject of the contract
Prosumer	a final customer purchasing electricity on the basis of a comprehensive agreement, producing electricity exclusively from renewable energy sources in a micro-installation to be used for their own purposes, not related to their business activity
PV	A photovoltaic installation
Regulator	President of the ERO who performs the tasks assigned to them by the Energy Law. Their responsibilities include issuing licenses and approving energy tariffs for electricity undertakings, as well as appointing transmission and distribution system operators
Rehabilitation	Restoration of the usefulness and natural character of areas transformed by human activity through the recreation of their environmental features or formation of new ones

SAIDI	System Average Interruption Duration Index - an index of the average (mean) system interruption duration (long, very long and catastrophic), expressed in minutes per customer per year, being the sum of the product of its duration and the number of customers exposed to the consequences of interruptions during the year divided by the total number of customers served. SAIDI does not include interruptions shorter than 3 minutes and is determined separately for planned and unplanned interruptions. It applies to outages on low voltage (LV), medium voltage (MV) and high voltage (HV) networks, while the SAIDI index in the quality tariff does not include outages on LV networks
SAIFI	System Average Interruption Frequency Index – an index of the average (mean) system frequency (number) of interruptions (long, very long and catastrophic), representing the number of customers exposed to the consequences of all such interruptions during the year divided by the total number of customers served. SAIFI does not include interruptions shorter than 3 minutes and is determined separately for planned and unplanned interruptions. It applies to outages on low voltage (LV), medium voltage (MV) and high voltage (HV) networks, while the SAIFI index in the quality tariff does not include outages on LV networks
Low voltage (LV) network	An electricity network with rated voltage of up to 1 kV
Medium voltage (MV) network	An electricity network with rated voltage of between 1 kV and 110 kV
High voltage (HV) network	An electricity network with rated voltage of 110 kV
SO_x	sulphur oxides
Start-up	an enterprise at an early stage of development, created with a view to building new products or services and operating under conditions of high uncertainty. The most frequently mentioned characteristics of start-ups include the following: short operating history (up to 10 years), innovativeness, possibility of expansion, higher risk than in "traditional" enterprises, but also potentially higher return on investment.
ToR	Terms of Reference
Tariff	a set of prices, rates and conditions for their application, drawn up by an electricity undertaking and introduced as binding for particular customers under a statutory procedure
TWh	terawatt hour, multiple unit of the SI unit of electricity - 1 TWh is 10^9 kWh
CBP	combustion by-products
ERO	Energy Regulatory Office
CSI	customer satisfaction index
CLI	customer loyalty index
Co-firing	the generation of electricity or heat based on the co-firing, in a single device, of biomass or biogas with other fuels; part of energy produced in this way can be considered as energy from a renewable energy source

5.3 Contact

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If, after reading this statement, you would like to share your insights or ideas, please feel free to contact us. We look forward to receiving your emails:

the Investor Relations and ESG Department

email:esg@gkpge.pl

Enclosure no.1: The PGE Capital Group's activities related to nuclear energy and natural gas in terms of the EU Environmental Taxonomy

Disclosure in accordance with Annex III of Commission Delegated Regulation (EU) 2022/1214, supplementing Commission Delegated Regulation (EU) 2021/2178 with Annex XII on standard templates for the disclosure of information referred to in Article 8(6) and (7) - i.e. for activities related to nuclear energy and fossil gas

Turnover

Template 1 Activities related to nuclear energy and fossil gas		
Row	**Activities related to nuclear energy**	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
	Activities related to fossil gas	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	YES
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	YES
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	YES

Template 2 Taxonomy-aligned economic activities (denominator)							
Row	**Economic activities**	**Amount and proportion (the information is to be presented in monetary amounts and as percentages)**					
		CCM + CCA		**Climate change mitigation (CCM)**		**Climate change adaptation (CCA)**	
		Amount (PLN million)	**%**	**Amount (PLN million)**	**%**	**Amount (PLN million)**	**%**
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the	0	0.0%	0	0.0%	0	0.0%

	denominator of the applicable KPI						
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.0%	0	0.0%	0	0.0%
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.0%	0	0.0%	0	0.0%
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.0%	0	0.0%	0	0.0%
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.0%	0	0.0%	0	0.0%

6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.0%	0	0.0%	0	0.0%
7.	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	13,478	14%	13,478	14%	0	0.0%
8.	Total applicable KPI	95,964	100%	95,964	100%	0.00	0%

Template 3 Taxonomy-aligned economic activities (numerator)							
Row	**Economic activities**	**Amount and proportion (the information is to be presented in monetary amounts and as percentages)**					
		CCM + CCA		**Climate change mitigation (CCM)**		**Climate change adaptation (CCA)**	
		Amount (PLN million)	**%**	**Amount (PLN million)**	**%**	**Amount (PLN million)**	**%**
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0.0%	0	0.0%	0	0.0%
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to	0	0.0%	0	0.0%	0	0.0%

	Delegated Regulation 2021/2139 in the numerator of the applicable KPI						
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0.0%	0	0.0%	0	0.0%
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0.0%	0	0.0%	0	0.0%
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0.0%	0	0.0%	0	0.0%
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the	0	0.0%	0	0.0%	0	0.0%

	numerator of the applicable KPI						
7.	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	13,478	100%	13,478	100%	0.00	0%
8.	Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI	13,478	100%	13,478	100%	0.00	0%

Template 4 Taxonomy-eligible but not taxonomy-aligned economic activities							
Row	**Economic activities**	**Amount and proportion (the information is to be presented in monetary amounts and as percentages)**					
		CCM + CCA		**Climate change mitigation (CCM)**		**Climate change adaptation (CCA)**	
		Amount (PLN million)	**%**	**Amount (PLN million)**	**%**	**Amount (PLN million)**	**%**
1.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.0%	0	0.0%	0	0.0%
2.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to	0	0.0%	0	0.0%	0	0.0%

	Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
3.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.0%	0	0.0%	0	0.0%
4.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.0%	0	0.0%	0	0.0%
5.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	3,643	57%	3,643	57%	0	0%
6.	Amount and proportion of taxonomy-eligible but not	119	2%	119	2%	0	0%

	taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
7.	**Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	2,632	41%	2,632	41%	0	0%
8.	**Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI**	6,394	100%	6,394	100%	0	0%

Template 5 Taxonomy non-eligible economic activities			
Row	**Economic activities**	**Amount (PLN million)**	**%**
1.	Amount and proportion of economic activity that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.0%
2.	Amount and proportion of economic activity that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.0%
3.	Amount and proportion of economic activity that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.0%

4.	Amount and proportion of economic activity that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.0%
5.	Amount and proportion of economic activity that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.0%
6.	Amount and proportion of economic activity that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.0%
7.	**Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	0	0.0%
8.	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI**	76,091	100%

Capital expenditure (CapEx)

Template 1 Activities related to nuclear energy and fossil gas		
Row	**Activities related to nuclear energy**	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
	Activities related to fossil gas	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	YES
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	YES
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	YES

Template 2 Taxonomy-aligned economic activities (denominator)							
Row	**Economic activities**	**Amount and proportion (the information is to be presented in monetary amounts and as percentages)**					
		CCM + CCA		**Climate change mitigation (CCM)**		**Climate change adaptation (CCA)**	
		Amount (PLN million)	**%**	**Amount (PLN million)**	**%**	**Amount (PLN million)**	**%**
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.0%	0	0.0%	0	0.0%
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I	0	0.0%	0	0.0%	0	0.0%

	and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.0%	0	0.0%	0	0.0%
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.0%	0	0.0%	0	0.0%
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.0%	0	0.0%	0	0.0%
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in	0	0.0%	0	0.0%	0	0.0%

	the denominator of the applicable KPI						
7.	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	12,412	71%	12,412	71%	0	0%
8.	Total applicable KPI	17,404	100%	17,404	100%	0	0%

Template 3 Taxonomy-aligned economic activities (numerator)							
Row	**Economic activities**	**Amount and proportion (the information is to be presented in monetary amounts and as percentages)**					
		CCM + CCA		**Climate change mitigation (CCM)**		**Climate change adaptation (CCA)**	
		Amount (PLN million)	**%**	**Amount (PLN million)**	**%**	**Amount (PLN million)**	**%**
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0%	0	0%	0	0%
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0%	0	0%	0	0%
3.	Amount and proportion of taxonomy-aligned economic activity referred	0	0%	0	0%	0	0%

	to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI						
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0%	0	0%	0	0%
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0%	0	0%	0	0%
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0%	0	0%	0	0%
7.	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	12,412	100%	12,412	100%	0	0%
8.	Total amount and proportion of taxonomy-aligned economic	12,412	100%	12,412	100%	0	0%

	activities in the numerator of the applicable KPI						

Template 4 Taxonomy-eligible but not taxonomy-aligned economic activities							
Row	**Economic activities**	**Amount and proportion (the information is to be presented in monetary amounts and as percentages)**					
		CCM + CCA		**Climate change mitigation (CCM)**		**Climate change adaptation (CCA)**	
		Amount (PLN million)	**%**	**Amount (PLN million)**	**%**	**Amount (PLN million)**	**%**
1.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
2.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
3.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%

4.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	603	27%	603	26%	0	0%
5.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	690	30%	690	30%	0	0%
6.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	182	8%	182	8%	0	0%
7.	Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	791	35%	791	34%	0	0%
8.	Total amount and proportion of taxonomy	2,267	100%	2,297	100%	0	0%

	eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI						

Template 5 Taxonomy non-eligible economic activities			
Row	**Economic activities**	**Amount (PLN million)**	**%**
1.	Amount and proportion of economic activity that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.0%
2.	Amount and proportion of economic activity that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.0%
3.	Amount and proportion of economic activity that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.0%
4.	Amount and proportion of economic activity that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.0%
5.	Amount and proportion of economic activity that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.0%
6.	Amount and proportion of economic activity that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.0%
7.	Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	0	0.0%
8.	Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI	2,694	100%

OpEx

Template 1 Activities related to nuclear energy and fossil gas		
Row	**Activities related to nuclear energy**	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
	Activities related to fossil gas	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	YES
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	YES
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	YES

Template 2 Taxonomy-aligned economic activities (denominator)							
Row	**Economic activities**	**Amount and proportion (the information is to be presented in monetary amounts and as percentages)**					
		CCM + CCA		**Climate change mitigation (CCM)**		**Climate change adaptation (CCA)**	
		Amount (PLN million)	**%**	**Amount (PLN million)**	**%**	**Amount (PLN million)**	**%**
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.0%	0	0.0%	0	0.0%
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to	0	0.0%	0	0.0%	0	0.0%

	Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.0%	0	0.0%	0	0.0%
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.0%	0	0.0%	0	0.0%
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.0%	0	0.0%	0	0.0%
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the	0	0.0%	0	0.0%	0	0.0%

	denominator of the applicable KPI						
7.	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	461	34%	461	34%	0	0%
8.	Total applicable KPI	1,357	100%	1,357	100%	0	0%

Template 3 Taxonomy-aligned economic activities (numerator)							
Row	**Economic activities**	**Amount and proportion (the information is to be presented in monetary amounts and as percentages)**					
		CCM + CCA		**Climate change mitigation (CCM)**		**Climate change adaptation (CCA)**	
		Amount (PLN million)	**%**	**Amount (PLN million)**	**%**	**Amount (PLN million)**	**%**
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0.0%	0	0.0%	0	0.0%
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0.0%	0	0.0%	0	0.0%
3.	Amount and proportion of taxonomy-aligned economic activity referred to in	0	0.0%	0	0.0%	0	0.0%

	Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI						
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0.0%	0	0.0%	0	0.0%
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0.0%	0	0.0%	0	0.0%
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0.0%	0	0.0%	0	0.0%
7.	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	461	100%	461	100%	0	0%
8.	Total amount and proportion of taxonomy-aligned economic activities in the	461	100%	461	100%	0	0%

	numerator of the applicable KPI						

Template 4 Taxonomy-eligible but not taxonomy-aligned economic activities							
Row	**Economic activities**	**Amount and proportion (the information is to be presented in monetary amounts and as percentages)**					
		CCM + CCA		**Climate change mitigation (CCM)**		**Climate change adaptation (CCA)**	
		Amount (PLN million)	**%**	**Amount (PLN million)**	**%**	**Amount (PLN million)**	**%**
1.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.0%	0	0.0%	0	0.0%
2.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.0%	0	0.0%	0	0.0%
3.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.0%	0	0.0%	0	0.0%

4.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.0%	0	0.0%	0	0.0%
5.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	35	37%	35	37%	0	0%
6.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	1	1%	1	1%	0	0%
7.	**Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	60	63%	60	63%	0	0%

8.	**Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI**	96	100%	96	100%	0	0%

Template 5 Taxonomy non-eligible economic activities			
Row	**Economic activities**	**Amount (PLN million)**	**%**
1.	Amount and proportion of economic activity that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.0%
2.	Amount and proportion of economic activity that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.0%
3.	Amount and proportion of economic activity that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.0%
4.	Amount and proportion of economic activity that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.0%
5.	Amount and proportion of economic activity that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.0%
6.	Amount and proportion of economic activity that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.0%
7.	**Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	0	0.0%
8.	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI**	785	100%

5.4 Approval of the non-financial information statement

This non-financial information statement on the activities of PGE Polska Grupa Energetyczna S.A. and the PGE Capital Group was approved for publication by the Management Board of the parent company on 3 April 2024.

Warsaw, 3 April 2024

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

President of the Management Board	**Dariusz Marzec**	*Signed with qualified electronic signature*
Vice President of the Management Board	**Przemysław Kołodziejak**	*Signed with qualified electronic signature*
Vice President of the Management Board	**Marcin Laskowski**	*Signed with qualified electronic signature*