

MANAGEMENT BOARD'S REPORT

on activities of PGE Polska Grupa Energetyczna S.A.
and PGE Capital Group
for year 2024

ended December 31, 2024



Polska Grupa Energetyczna

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LETTER FROM THE PRESIDENT OF THE MANAGEMENT BOARD



Ladies and Gentlemen,

As a leader of sustainable energy transition in Poland, PGE Polska Grupa Energetyczna S.A. remains fully committed to ensuring the reliable supply of electricity and district heating to millions of customers. The year 2024 was a period of intense effort for our Group, marked by the pursuit of ambitious objectives amid a dynamically evolving market and regulatory environment.

We focused on several key areas that will shape the future of Poland's energy sector in the context of energy security and achieving climate neutrality. Above all, recognising the need to decarbonise the Polish energy sector, we invested substantial financial resources in technologies that reduce our carbon footprint. The first effects of this approach are already visible — in 2024 we launched two combined-cycle gas turbine (CCGT) units at the Gryfino power plant, capable of supplying electricity to 5% of households in Poland. We also began construction of the country's largest CCGT unit in

Rybnik, scheduled to commence operations at the turn of 2026 and 2027. These investments enable the Group to effectively respond to rising electricity demand, while significantly diversifying the energy mix with sources not based on coal.

The year 2024 also saw intensified efforts to develop wind energy, culminating at the beginning of 2025 in a final investment decision and the securing of financing for the Baltica 2 project — the largest offshore wind farm located in the Polish part of the Baltic Sea. This project represents a major milestone in increasing the share of renewable energy in Poland's energy mix. At the same time, successful capacity market auctions for energy storage facilities in Żarnowiec — where the tender for construction has already been awarded—and in Gryfino will enable efficient management of electricity surpluses, significantly improving the country's energy security.

As in previous years, in 2024 we also invested in the modernisation and expansion of the power infrastructure, knowing that a modern distribution network—serving nearly 6 million of our customers and key rail infrastructure—is vital to securing electricity supply. We will continue these activities in 2025, especially as the current geopolitical situation highlights the growing importance of energy security and supply stability.

Within our distribution investments, we focused on enhancing service reliability by developing infrastructure and implementing digital solutions, including the replacement of electricity meters and the development of smart grid metering systems. We are also continuing preparations for the deployment of a dedicated LTE450 communications network.

Recognising the key environmental and social role we play, we have for the first time expanded our Management Board Activities Report to include a Sustainability Statement, in line with the Corporate Sustainability Reporting Directive (CSRD) and European Sustainability Reporting Standards (ESRS). With the help of a double materiality assessment conducted in cooperation with our key stakeholders, we identified the impact of our operations on the environment and the associated ESG risks. The results of this analysis provide a foundation for our continued improvement in the area of sustainable development.

In light of the challenges facing the energy sector, in 2025 the PGE Group will intensify its efforts to diversify energy generation sources and enhance the resilience of the national critical infrastructure. Our goal is to reduce energy prices for end users in the future through investments in modern generation capacities, energy storage and smart grids.

I am confident that our joint efforts to build a modern and secure energy sector will further strengthen PGE Group's position as a leader of the energy transition—and as a trusted partner.



2024 CALENDAR

JANUARY	<i>Credit rating affirmed by Fitch (BBB+)</i>	
FEBRUARY	<i>Annex to the syndicate loan agreement – additional PLN 820 m</i>	<i>Commissioning of PV Augustynka (25 MW)</i>
MARCH	<i>Appointment of the Management Board of 12th term of office</i>	<i>Construction permit for CCGT unit in Rybnik</i>
MAY	<i>Commissioning of peak-reserve boiler in Gdynia CHP plant</i>	
JULY	<i>Loan Agreement with the European Investment Bank PLN 1 billion</i>	
AUGUST	<i>Credit rating affirmed by Moody's (Baa1)</i>	
OCTOBER	<i>Commissioning of CCGT units (1 366 MW) in PGE Gryfino Dolna Odra</i>	
NOVEMBER	<i>Annex to the term loan agreement with BGK – additional PLN 1.4 billion</i>	
DECEMBER	<i>Result of main capacity market auction for the year 2029</i>	

KEY FINANCIAL DATA

Key financial data	Unit	Q4 2024	Q4 2023	% change	2024	2023	% change
Sales revenues	PLN m	17 627	24 889	-29%	64 483	95 964	-33%
EBIT reported	PLN m	-4 221	-8 186	-48%	-65	-3 431	-98%
EBIT recurring	PLN m	2 354	758	211%	6 337	5 963	6%
EBITDA reported	PLN m	4 617	1 698	172%	12 215	10 028	22%
Reported EBITDA margin	%	26	7		19	10	
EBITDA recurring	PLN m	3 587	2 067	74%	10 878	10 722	1%
Recurring EBITDA margin	%	20	8		17	11	
Net loss	PLN m	-5 899	-8 023	-26%	-3 088	-4 902	-37%
Capital expenditures	PLN m	3 464	3 453	0%	10 689	10 088	6%
Net cash from operating activities	PLN m	-3 813	-6 262	-39%	10 806	3 269	231%
Net cash from investing activities	PLN m	-2 906	-3 256	-11%	-10 300	-11 451	-10%
Net cash from financial activities	PLN m	2 208	2 588	-15%	-2 176	2 328	-

Key financial data	Unit	December 31, 2024	December 31, 2023	% change
Working capital	PLN m	-7 024	-7 107	-1%
Net debt	PLN m	11 045¹	11 121	-1%
Net debt /LTM reported EBITDA	x	0.90	1.11	
Net debt /LTM recurring EBITDA	x	1.02	1.04	

One-offs affecting EBITDA	Unit	Q4 2024	Q4 2023	% change	2024	2023	% change
Change of reclamation provision	PLN m	642 ²	-196 ³	-	622	-527	-
Adjustment of compensations for electricity for previous period	PLN m	162	0	-	614	0	-
Correction of estimated contribution to Price Difference Payment Fund for the previous period	PLN m	208	-6	-	208	80	160%
Change of actuarial provision	PLN m	15	-86	-	15	-138	-
LTC compensations	PLN m	7	-81	-	4	-109	-
Retirement Program	PLN m	-3	0	-	-5	0	-
Write-down of receivables from PKP Cargo S.A.	PLN m	-1	0	-	-121	0	-
Total	PLN m	1 030	-369	-	1 337	-694	-

¹ Estimated level of economic financial net debt (taking into account future payments for CO₂ emission rights) amounts to PLN 17 204 million.

² Including effect of discount rate change PLN +320 million and the effect of changing technical assumptions PLN +322 million.

³ Including effect of discount rate change PLN -245 million and the effect of changing technical assumptions PLN +49 million.

1. PGE Capital Group - organisation

1.1. Characteristics of activities

[ESRS 2 SBM-1]

Capital Group of PGE Polska Grupa Energetyczna S.A. ("PGE Capital Group", the "Capital Group", "PGE Group", the "Group") is the largest vertically integrated producer of electricity and heat in Poland. With a mix of own fuel sources, generation assets and distribution network, PGE Group provides a safe and reliable supply of electricity to households, businesses and institutions.

In accordance with EFRAG's¹ sector classification, PGE Group belongs to the sector: Electricity generation and energy services within the Energy macro-sector.

The parent company of PGE Capital Group is PGE Polska Grupa Energetyczna S.A. (also "PGE S.A.", "PGE", the "Company"). PGE Group organizes its activities in nine operating segments:



RENEWABLES

The core business of the segment includes electricity generation from renewable sources and in pumped-storage power plants.



GAS-FIRED GENERATION

The core business of the segment includes electricity generation from gas-fired sources.



CONVENTIONAL GENERATION

Core business of the segment includes extraction of lignite, production of electricity and heat from conventional sources.



DISTRICT HEATING

The core business of the segment includes production of electricity and heat in cogeneration sources as well as transmission and distribution of heat.



DISTRIBUTION

The core business of the segment includes supply of electricity to final off-takers through the grid and HV, MV and LV infrastructure.

¹ EFRAG - the European Financial Reporting Advisory Group.



RAILWAY ENERGY SERVICES

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 overhead contact line network, together with other auxiliary services.



SUPPLY

The core business of the segment includes wholesale trading of electricity on domestic and international market, sale of electricity to final off-takers, trading of CO₂ allowances, energy certificates and fuels and provision of services of the Corporate Centre to companies from the PGE Group.



CIRCULAR ECONOMY

The activities of the segment include the provision of comprehensive services in the field of management of combustion by-products ("UPS"), provision of services in auxiliary areas for electricity and heat producers and the supply of materials based on UPS.



OTHER OPERATIONS

Other operations include provision of services, through the subsidiaries, to PGE Capital Group, which include organisation of capital raising in form of Eurobonds (PGE Sweden), provision of IT services and investing in start-ups. Additionally, within the segment there are part of project companies of the Group.

1.2. Organisational structure

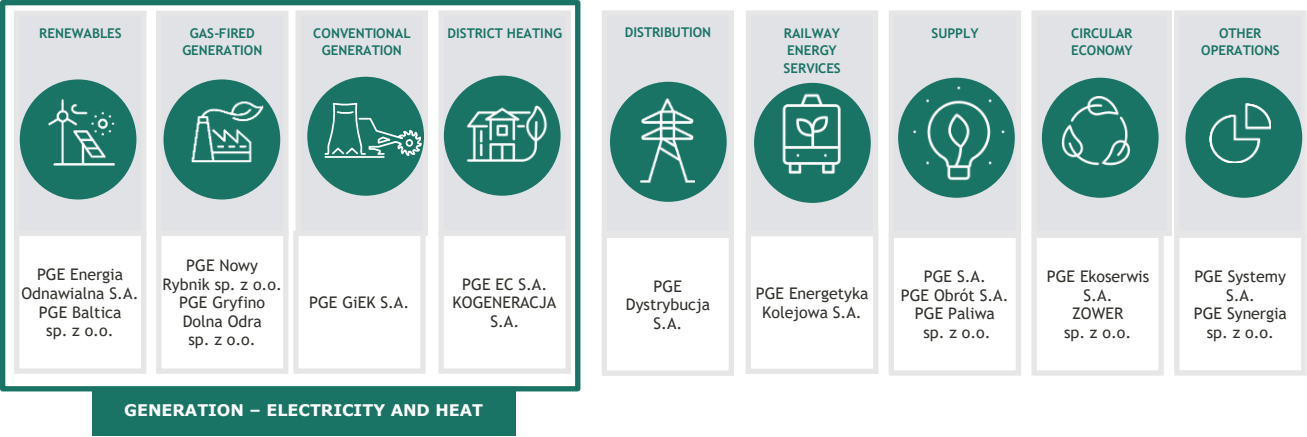
PGE Capital Group as at December 31, 2024 consisted of:

- PGE S.A. - the parent company,
- 79 subsidiaries subject to full consolidation,
- 2 joint operations,
- 6 associates and joint subsidiaries.

All of PGE Group's companies are organised in 9 operating segments.

The following diagram illustrates the Group's structure. A full composition of PGE Group, divided into segments as well as directly and indirectly consolidated subsidiaries, is presented in note 1.3 to the consolidated financial statements.

Chart: Structure of PGE Capital Group²



² Simplified structure – includes key entities.

1.3. Significant changes in the organisation of the Capital Group

Significant changes which occurred in the PGE Capital Group's structure in the period from January 1, 2024 until the signing date of this report, are presented in note 1.3 to consolidated financial statements and described below.

ACQUISITION OR DISPOSAL OF SHARES BY THE COMPANIES

Segment	Shares of the company	Date of transaction/ registration in the National Court Register (NCR)	Comment
	PGE Inwest 12 sp. z o.o. – taking up shares by PGE S.A. and National Fund for Environmental Protection and Water Management (NFOŚiGW)	October 24, 2023 / March 4, 2024	On October 16, 2023 PGE S.A. and NFOŚiGW signed an investment agreement regarding financing of PGE Inwest 12 sp. z o.o. in order to implement construction of the pumped-storage power plant in Młoty (commune Bystrzyca Kłodzka, Lower Silesia voivodship). As a result of performance of the above-mentioned contract on October 17, 2023 Extraordinary Assembly of Partners of PGE Inwest 12 sp. z o.o. adopted a resolution on increase of the share capital and decided that the new shares in the increased share capital will be taken up respectively by PGE S.A. and NFOŚiGW in exchange for cash contributions. On October 24, 2023 PGE S.A. and NFOŚiGW took up new shares in PGE Inwest 12 sp. z o.o. PGE S.A. currently holds 51%, and NFOŚiGW 49% in the share capital of this company.
	ENESTA sp. z o.o. in restructuring - increase of the share capital and subscription of all new shares by PGE Obrót S.A.	December 18, 2023 / June 17, 2024	On December 18, 2023 the Extraordinary Meeting of Partners of ENESTA sp. z o.o. in restructuring adopted a resolution on increasing the share capital of the company from PLN 82 402 000 to PLN 116 402 000 PLN, i.e. by PLN 34 000 000, by issue of new 34 000 shares of the company with a nominal value of PLN 1 000 per share. PGE Obrót S.A. as one of the company's shareholders, took up all the company's new shares in the increased share capital. As a result of the share capital increase and the subscription of all new shares of the company by PGE Obrót S.A., the share of PGE Obrót S.A. in the share capital of the company increased from 92.25% to 94.51% as of the date of registration of the company's share capital increase in the National Court Register, i.e. as of June 17, 2024.
	PGE Toruń S.A. – compulsory buy-out by PGE Energia Ciepła S.A. of shares from minority shareholders of PGE Toruń S.A.	June 11, 2024 / August 12, 2024 entry was made in the register of shareholders of PGE Toruń S.A.	On June 11, 2024 the Ordinary General Meeting of PGE Toruń S.A. on the ground of art. 418 of the Commercial Companies Code decided on compulsory buy-out by PGE Energia Ciepła S.A. of 48 220 shares, representing 0.12% of the share capital of PGE Toruń S.A., from minority shareholders of PGE Toruń S.A. As a result of the buy-out and entry of the appropriate change in the register of shareholders of PGE Toruń S.A., the share of PGE Energia Ciepła S.A. in the share capital of PGE Toruń S.A. increased from 95.22% to 95.34%.
	PGE Inwest 14 sp. z o.o., PGE Inwest 21 sp. z o.o., PGE Inwest 22 sp. z o.o., PGE Inwest 24 sp. z o.o., – sale by PGE S.A. of 100% shares in the share capital of the companies; intragroup transaction	December 10, 2024 / December 31, 2024, January 14, 2025 and January 15, 2025	On December 10, 2024 PGE S.A. (the sole shareholder) as the seller and PGE Energia Odnawialna S.A. as the buyer signed 4 share sale agreements for shares constituting 100% in their share capitals: 19 919 shares in PGE Inwest 14 sp. z o.o., with a nominal value of PLN 19 919 000, 13 560 shares in PGE Inwest 21 sp. z o.o., with a nominal value of PLN 13 560 000, 13 688 shares in PGE Inwest 22 sp. z o.o., with a nominal value of PLN 13 688 000, 4 468 shares in PGE Inwest 24 sp. z o.o., with a nominal value of PLN 4 468 000. Transfer of ownership of company shares to PGE Energia Odnawialna S.A. took place on December 10, 2024.

LIQUIDATION OF COMPANIES

Segment	Company in liquidation	Date of transaction/ registration in the National Court Register	Comment
-	PGE Trading GmbH in liquidation with seat in Berlin	March 1, 2021 As of December 31, 2024, the company has not been removed from the commercial register	On March 1, 2021 the Extraordinary Assembly of Partners of PGE Trading in liquidation, in which PGE holds 100% of the share capital, adopted resolution on dissolution of the company and appointment of a liquidator to carry out liquidation activities. The liquidation process of the company is currently underway.
-	PGE Nowa Energia sp. z o.o. in liquidation with seat in Warsaw	March 31, 2022 / On 16 February 2024, the register court decided to delete the company from the Register of Entrepreneurs of the NCR. On April 22, 2024, the deletion of the company from the NCR became effective.	On March 31, 2022 the Extraordinary Assembly of Partners of PGE Nowa Energia sp. z o.o. in liquidation, in which PGE holds 100% of the share capital, adopted resolution on dissolution of the company and appointment of a liquidator to carry out liquidation activities. On February 16, 2024, the liquidation of PGE Nowa Energia sp. z o.o. in liquidation was completed and the company was deleted from the National Court Register. On April 22, 2024, the deletion of the company from the National Court Register became effective.
-	Railen GmbH in liquidation with seat in Berlin	January 31, 2023 / As of December 31, 2024, the company has not been removed from the commercial register	On January 26, 2023 the Extraordinary Assembly of Partners of Railen GmbH in liquidation, in which PGE Energetyka Kolejowa Holding sp. z o.o. holds 100% of the share capital, adopted resolution, effective January 31, 2023, resolution on dissolution of the company and appointment of a liquidator to carry out liquidation activities. On December 10, 2024, the liquidator submitted an application to open bankruptcy proceedings for the company due to its insolvency. On December 19, 2024, the Bankruptcy Court decided to appoint an expert to confirm the existence of grounds for initiating the company's bankruptcy proceedings.
-	Railen Baltics, UAB with seat in Vilnius	October 3, 2023/ On January 31, 2024, the Administrator of the Lithuanian Register of Legal Entities reversed the liquidation of Railen Baltics, UAB, i.e. the company is not currently under liquidation	On October 3, 2023, the Administrator of the Lithuanian Register of Legal Entities initiated the liquidation of the company Railen Baltics, UAB in liquidation, in which PGE Energetyka Kolejowa Holding sp. z o.o. holds 100% of the share capital. The decision to initiate liquidation was appealed, as a result of which, on January 31, 2024, the Administrator of the Lithuanian Register of Legal Entities revoked the decision to place Railen Baltics, UAB into liquidation. Financial and tax analyses are currently underway regarding the possible start of the liquidation process of Railen Baltics, UAB.

RESTRUCTURING OF THE COMPANIES

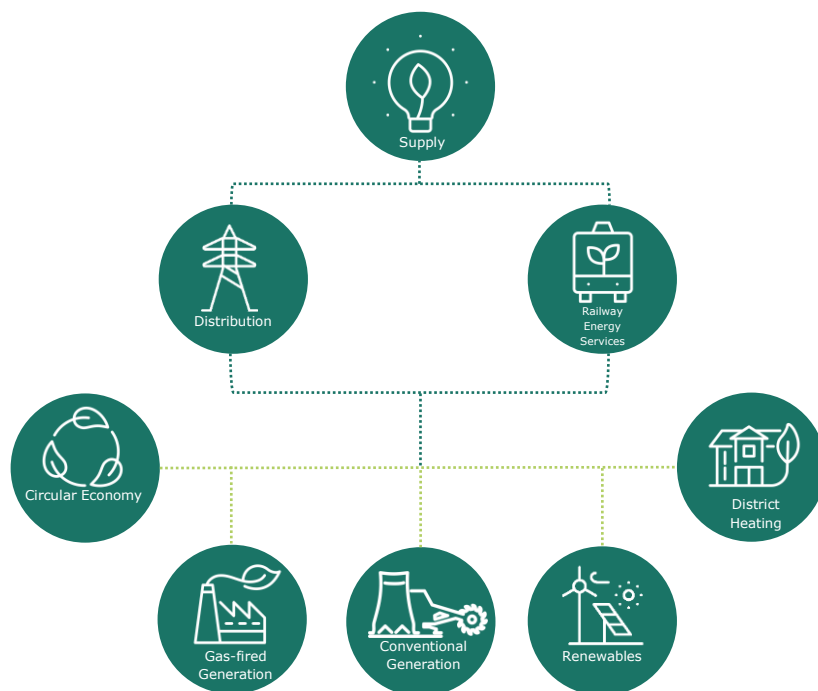
Segment	Company in liquidation	Date of transaction/ registration in the National Court Register	Comment
	ENESTA sp. z o.o. in restructuring with seat in Stalowa Wola	June 21, 2022 / No completion of restructuring proceedings as at December 31, 2024	On June 21, 2022, the District Court in Rzeszów, 5th Commercial Division, opened restructuring (recovery) proceedings of the company ENESTA sp. z o.o. in restructuring and appointed an Administrator as part of these restructuring proceedings. The restructuring process of the company is currently underway. PGE Obrót S.A. currently holds 94.51% share in the share capital of the company.

1.4. Business model

[ESRS 2 SBM-1]

PGE Group is the largest vertically integrated producer and supplier of electricity and the largest producer of district heating in Poland. The Group's activities span the entire value chain: from lignite mining at own mines, through generation of electricity and heat, to distribution and sales thereof.

Chart: Current business model of PGE Capital Group.



PGE Group's generating assets account for approx. 37% of electricity output in Poland in 2024. Conventional Generation segment share account for approx. 29% of gross generated electricity, District Heating and Renewables segments generated respectively 5% and 2% of electricity in Poland while Gas-fired Generation segment above 1%.

Conventional installations are based on lignite from PGE Group's own mines as well as hard coal, gas and biomass from external suppliers. Renewable sources are also used in electricity generation: wind, water and sun.

Generating units belonging to District Heating segment hold approx. 25% share in heat from co-generation in Poland.

Using its 323 thousand km of power lines, PGE Group distributes electricity to customers over an area encompassing approx. 40% of Poland's territory and to railway infrastructure throughout the country.

With a combination of own lignite resources, generation assets and distribution grids, PGE Group provides safe and reliable supplies of electricity to more than 5.8 million customers in Distribution and Railway Energy Services segments, including households, businesses and institutions, and Supply and Railway Energy Services segments sell electricity to more than 5.7 million customers, in practice this means that it supplies almost a third of electricity consumers in Poland. PGE Group is also the leader in district heating production.

In 2024, the PGE Capital Group achieved a recurring EBITDA result of approximately PLN 10.9 billion.

The largest share of recurring EBITDA was generated by the Distribution segment - 42%. The Distribution segment is also responsible for the largest capital expenditures in the amount of about PLN 3.8 billion, mainly connecting new customers to the grid and upgrades and restoration of the power grid.

The District Heating segment generated 14% of the recurring EBITDA of the Group. At the same time, in this segment, capital expenditures were significant and amounted to PLN 1.4 billion and were mainly related to development related to construction of low emission units in Czechnica CHP plant, Bydgoszcz DHP plant and Rzeszów CHP plant.

The Renewables segment generated 12% of the Group's recurring EBITDA. In 2024 investments were actively made in the development of renewable energy sources (PLN 1.6 billion) including, to the greatest extent, the development of offshore wind farm projects (on January 29, 2025 the final investment decision on the construction of the offshore wind farm Baltica 2 was taken).

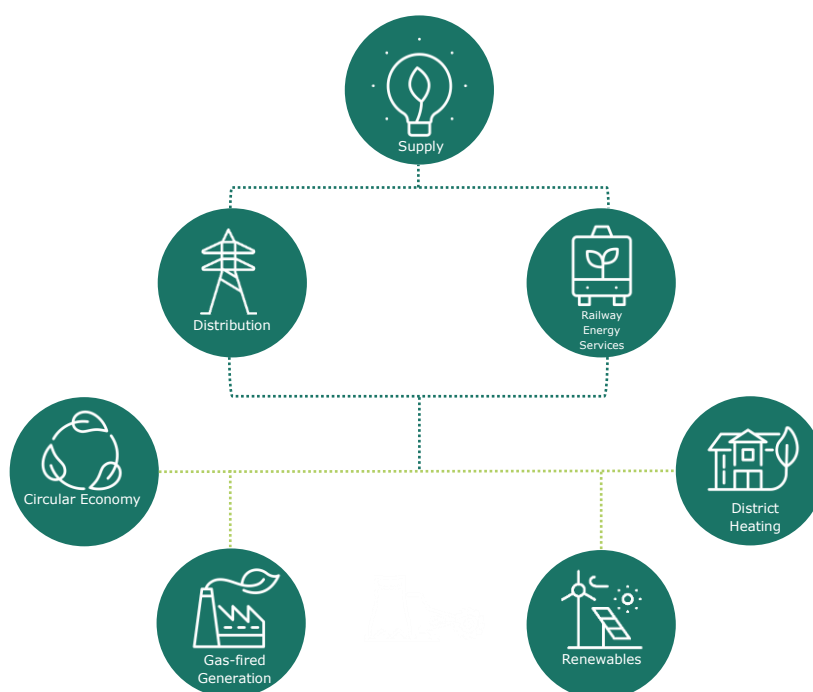
The Railway Energy Segment generated a 10% share in the recurring EBITDA. Capital expenditures of almost PLN 0.5 billion were also incurred, mainly for the modernisation and construction of traction substations in accordance with the concluded connection agreements.

The Conventional Generation segment generated 8% of PGE CG's recurring EBITDA. Capital expenditure of PLN 1.0 billion was incurred in the Conventional Generation segment. These included investments in modernization and restoration, including efficiency upgrades to existing units and environmental upgrades.

The other segments did not have a significant share in the recurring EBITDA of the PGE Capital Group in 2024, while the Gas-fired Generation segment incurred significant capital expenditures (PLN 2.5 billion) due to the construction of new CCGT units by PGE Gryfino Dolna Odra sp. z o.o. and PGE Nowy Rybnik sp. z o.o.

According to the binding PGE Group's strategy, a change to the PGE Group's business model is planned, including the carve-out of coal assets from the Group. However, the continuation of the project, as well as its final shape and work schedule depend on government decisions. As at the date of preparation of this report, no further arrangements have been made regarding coal assets of the Conventional Generation segment.

Chart: Planned target business model of the PGE Group in accordance with the current Group's Strategy³.



VALUE CHAIN

As the largest vertically integrated producer and supplier of electricity and heat in Poland, the PGE Group has a well-developed value chain encompassing all stages from raw material extraction to the delivery of energy to end users.

Conventional power generation facilities use lignite from the Group's own mines, as well as hard coal, gas, and biomass supplied by external providers.

Electricity is also generated using renewable sources: wind, hydro and solar energy. The energy is then delivered through distribution networks and sold to customers across Poland, including households, businesses, institutions and local authorities. The Railway Energy Services business segment connects the rail system with the national power system, supplying and selling electricity to various railway infrastructure facilities and, ultimately, to trains. The Group's business activity is complemented by the Circular Economy segment, through which waste generated in electricity production from coal (lignite and hard coal) is reused in other sectors of the economy.

³ PGE Group's strategy until 2030.

STAGES OF THE VALUE CHAIN

The PGE Group's value chain consists of the following stages:

- **Upstream (higher stages of the value chain):**
 - Raw material extraction – The PGE Group owns two lignite mines, which supply fuel to the Bełchatów and Turów power plants. Hard coal, gas and biomass are procured from external suppliers.
 - Energy generation – The PGE Capital Group generates electricity and heat in its power plants and combined heat and power (CHP) plants, using both conventional energy sources as well as renewable and low-carbon sources.
- **Downstream (lower stages of the value chain):**
 - Energy distribution – The Distribution and Railway Energy Services business segments manage a distribution network with a total length of approximately 323 thousand km, delivering electricity to customers across an area covering about 40% of Poland's territory and the entire national overhead lines grid.
 - Electricity sales – The Supply and Railway Energy Services segments handle the sale of electricity to households, businesses, and institutions.
 - Heat sales – The District Heating business segment is responsible for the sale and distribution of heat.

THE COMPANY'S POSITION IN THE VALUE CHAIN

The PGE Group is a key player at every stage of the value chain – from raw material extraction to the delivery of energy to end users. Thanks to vertical integration, the PGE Group can control quality and costs at each stage of energy production and distribution.

MAIN BUSINESS ENTITIES IN THE VALUE CHAIN:

- **Key suppliers** – Suppliers of raw materials such as hard coal, gas and biomass are essential to the PGE Group's operations. The PGE Capital Group also cooperates with providers of technologies and services related to RES.
- **Customers** – in the area of energy sales, the Supply and Railway Energy Services segments serve more than 5.7 million customers, including households, businesses, institutions, and the railway sector. In the area of electricity distribution, PGE CG serves over 5.8 million customers. These customers are vital for the company's financial stability and growth.
- **Distribution network** – The Distribution and Railway Energy Services segments manage an extensive distribution network that is essential for delivering energy to end users.
- **End users** – End users, both individual and business, consume the energy delivered by the PGE Group. Their energy demand influences planning and the development of energy infrastructure.

CURRENT AND EXPECTED BENEFITS AND OUTCOMES FOR CUSTOMERS, INVESTORS AND OTHER STAKEHOLDERS

- **Benefits and outcomes for customers:**
 - Reliability of electricity supply – the PGE Group conducts regular monitoring of electricity supply quality indicators with detailed geographical granularity,
 - Electricity prices – the Group monitors wholesale and retail electricity prices and adjusts its price lists and tariffs in line with market conditions, regulations, and competitive activity,
 - Quality of customer service – the PGE Group carries out regular studies of service quality and customer satisfaction, broken down in detail,
 - Product offer range,
 - Availability of electricity from renewable sources,
 - Shorter time required for connection to the electricity grid.
- **Benefits and outcomes for investors:**
 - The implementation of a strategy aimed at achieving climate neutrality will help reduce regulatory and business risks associated with high CO₂ emissions in electricity and heat production and sales,
 - Investments in the modernisation and expansion of distribution networks, under the current regulatory model, allow for stable cash flows from operations in the Distribution segment,
 - The expanding portfolio of onshore and offshore renewable installations leads to a reduction in the emissions intensity of the energy mix and increases the availability of energy from renewable sources for customers,

- Commercial optimisation of pumped-storage power plants, supported by the implementation of new balancing market rules and increasing intraday volatility in the price profile, enables margin growth in the Renewables business segment.
- **Benefits and outcomes for local communities:**
 - Potential increase in revenue from local taxes and charges,
 - Growth in the value of goods and services ordered from local businesses,
 - Increased demand for labour, including highly qualified specialists in the field of new energy technologies,
 - Improved investment attractiveness and spatial planning through the appropriate electrification of new areas and underground cabling of medium- and low-voltage networks.

1.5. Employment in PGE Capital Group

[ESRS 2 SBM-1]

PGE Group is one of the largest employers in Poland, providing stable jobs to approx. 42 thousand people. It is thanks to their experience and involvement that we are able to build an organization based on values that combines social responsibility with business objectives.

Main goal of the Group is achieving climate neutrality by 2050 through leading a sustainable energy transition. One of the pillars of the Strategy of the PGE Group is an efficient and effective organisation, which also means effective human capital management, adjustment of the employment structure to demographic changes and standardisation of support processes.

At the same time, the PGE Capital Group approaches the economic as well as social consequences of changes with awareness and responsibility. The PGE Group actively participates in the preparation and implementation of plans to transform coal and lignite regions, taking into account and respecting the interests of local communities and administration bodies, the natural environment, investors as well as business entities.

Table: Employment level in PGE Capital Group (in FTEs)¹

	December 31, 2024	December 31, 2023	% change
Total in PGE Group, including:	41 975	42 552	-1%
Renewables	798	777	3%
Gas-fired Generation ²	90	80	13%
Conventional Generation	18 204	19 816	-8%
District Heating	3 363	3 409	-1%
Distribution	9 733	9 737	0%
Railway Energy Services	3 940	3 889	1%
Supply	3 288	3 172	4%
Circular Economy	987	991	-1%
Other operations	1 572	681	131%

¹ Without suspended employees

² Employment takes into account the spin-off of a new Gas Power segment in 2024, comprising the companies PGE Gryfino Dolna Odra sp. z o.o. and PGE Nowy Rybnik sp. z o.o. previously located in the Other Operations segment. With regard to these companies, the data for 2023 have been adjusted for comparability

The decrease in the number of employees in the PGE CG as at December 31, 2024 compared to December 31, 2023 was due to ongoing staff turnover, acquisition of pension rights (including participation in the Retirement Departure Program, primarily within the Conventional Generation segment).

In addition, 2024 saw the intragroup migration of Elbest Security sp. z o.o. and Energoserwis-Kleszczów sp. z o.o. which in 2023 were included in the Conventional Generation segment. In 2024, Elbest Security sp. z o.o. is presented in the Other Operations segment, while Energoserwis-Kleszczów sp. z o.o. in the Supply segment.

Changes in employment levels in the Supply segment were primarily due to the hiring of new employees to replace those leaving (mainly staff employed through the Temporary Employment Agency in PGE Obrót S.A.). Additionally, there has been an increase in employment due to the filling of vacancies.

The increase in employment in the Renewables segment was related to the development of projects in the area of Offshore Wind and the takeover of the operation of wind and photovoltaic farms by PGE CG companies' own maintenance service teams.

Table: Employment structure in the PGE Group in persons (in %)

Details	December 31, 2024	December 31, 2023
Employment by gender:		
Women	20%	20%
Men	80%	80%
Employment by age:		
Under 30 years old	8%	8%
30 - 50 years old	48%	47%
Over 50 years old	44%	45%

Table: Average annual employment in full-time equivalents

Details	December 31, 2024	December 31, 2023	% change
Total in PGE Group, including¹:	42 198	42 159	0%
Renewables	781	741	5%
Gas-fired Generation ²	86	66	30%
Conventional Generation	18 601	19 646	-5%
District Heating	3 367	3 503	-4%
Distribution	9 647	9 648	0%
Railway Energy Services	3 911	3 956	-1%
Supply	3 263	2 945	11%
Circular Economy	995	985	1%
Other Operations	1 547	669	131%

¹ Without suspended employees

² Employment takes into account the spin-off of a new Gas Power segment in 2024, comprising the companies PGE Gryfino Dolna Odra sp. z o.o. and PGE Nowy Rybnik sp. z o.o. previously located in the Other Operations segment. With regard to these companies, the data for 2023 have been adjusted for comparability

2. Strategy of PGE Group until 2030 with prospects until 2050

2.1. New PGE Group's strategy

Aligning strategic plans with current market and regulatory and social trends is key to maintaining a leadership position in the energy industry. The PGE Group not only responds to changes but also proactively shapes the future of energy sector, investing in new technologies and developing new business models. Only such measures will make it possible to achieve long-term goals and ensure sustainable development that benefits both the company and society as a whole.

As a result, in the fourth quarter of 2024, the Management Board of PGE S.A. decided to initiate the process of updating the PGE Group's strategy. The overarching goal of this process is to develop a new strategy for the Capital Group that will define its development directions, as well as the mission and vision of the PGE Group.

The following points refer to the contents of the Group Strategy published in October 2020, which remains in force until a new PGE Group strategy is adopted and published.

2.2. Objectives, key directions, mission and vision of the Strategy

2.2.1. Objectives of the strategy

The Strategy of 2020 was a response of the PGE Group to deep changes in the sector. PGE Group played a leadership role in the transition and modernisation of the energy sector in Poland and supported building a market environment conducive to energy transition. PGE Group's objective was to balance the social, economic and environmental aspects of the business, maximising the added value for Shareholders what remains the Group's priority.

2.2.2. Key directions in development and activity restrictions areas

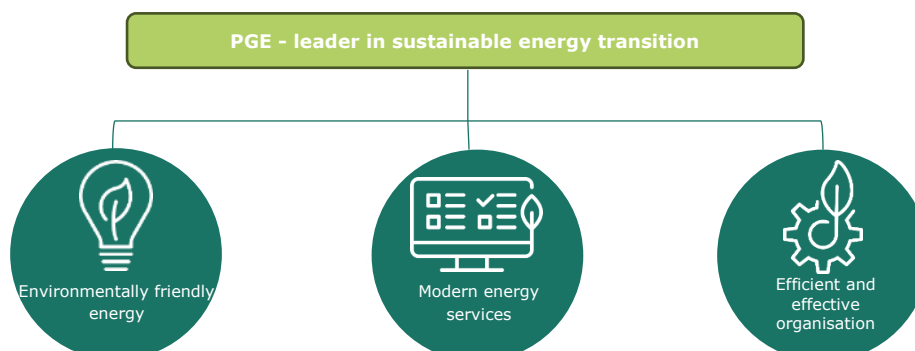
The PGE Group, as part of the Strategy published in 2020, has set key development directions, i.e. onshore and offshore wind energy, photovoltaics, energy storage, network infrastructure, low-emission and zero-emission district heating and energy services. Divestment areas and activity restrictions included coal energy and support areas outside the core business.

2.2.3. Mission and vision

Current PGE's mission is to provide energy for a safe future. In accordance with its long term vision PGE Group will become a leader in sustainable energy transition in Poland. Vision of the Group translates into three strategic priorities, including:

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

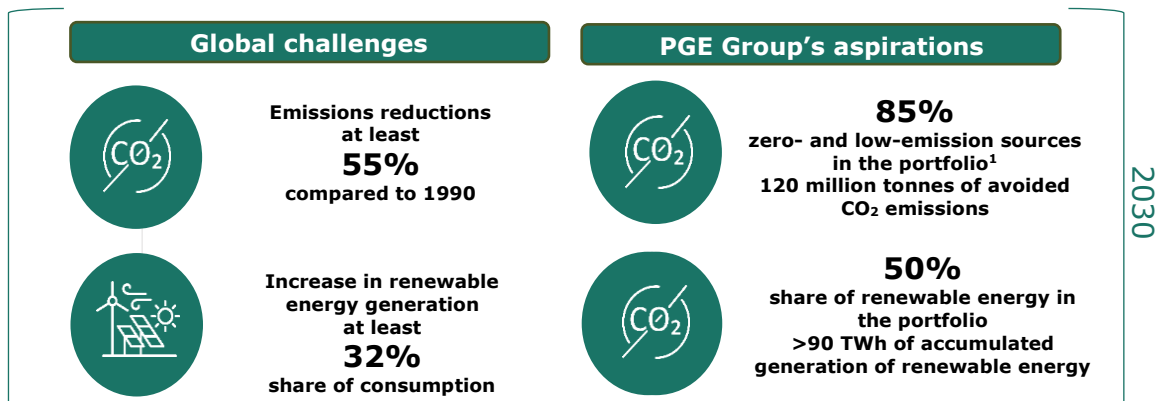
Chart: Strategic priorities



2.2.4. Environmentally friendly energy

As a leader of transition, PGE Group declared to reduce its impact on the natural environment by achieving climate neutrality by 2050. We plan to reduce the production emissions by changing the technology, expanding the renewable energy portfolio and enabling our clients to participate in the transition thanks to attractive product offerings.

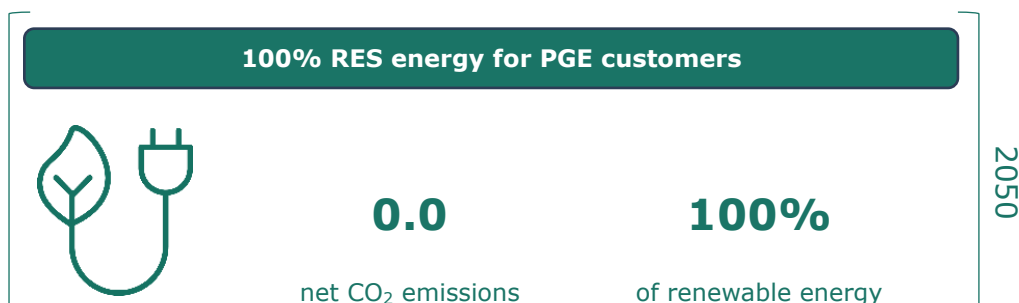
Chart: Transformation challenges



¹ Assuming carve-out of coal assets from PGE CG

The strategy also set targets for increasing the waste recirculation rate (> 65% by 2035) and reducing the volume of waste landfilled (10% by 2035).

Chart: Transformation goals



The PGE Group is a pioneer in development and exploitation of offshore wind energy sector. Capacity of offshore wind being pursued in the Baltic Sea should amount to 2.5 GW in 2030 and as a result of preparation of further projects in new locations – should exceed 6.5 GW by 2040. In the strategy it was assumed to continue programme to build onshore wind and photovoltaic (PV) capacity. In the District Heating segment the Group plans transition of district heating towards low- and zero-emission sources (their share in heat production should be 100% in 2030). At the same time PGE will promote connections of individual heat sources or replacement for environmentally friendly installations. Important role in energy transition is performed by implementation of the principles of circular economy in all areas and minimization of the impact on the natural environment.

2.2.5. Modern energy services

Reliable network infrastructure and partnership with customers are the foundation of the energy transition. In Distribution segment the assumptions included the improvement of quality of services in the field of energy supplies, streamlining of cost efficiency, efficiency of performance and transparency of connection processes. Grid modernisation and new energy storage units (planned 800 MW by 2030) are needed for the full use of distributed power sources and ensuring a secure operation of the transmission system. Financial stability and developing a new DSO regulatory model that guarantees meeting the challenges of transition are necessary to pursue those goals, which should improve expected free cash flow by PLN 0.7 billion until 2030. PGE Group wants to maintain the highest in the market customer satisfaction level resulting from the quality of energy offerings and services. Activities in this area include the development of professional energy services and the integration of customer contact channels and the sale of products and services.

The Group assumed to build additional value by enabling customers to actively participate in the energy transition offering among other things RES installations for the clients and access to energy, capacity and ancillary services markets (planned 1.0 GW in market services). These activities were assumed to contribute to 25% rise in EBITDA of retail sales companies by 2030 compared to the 2019.

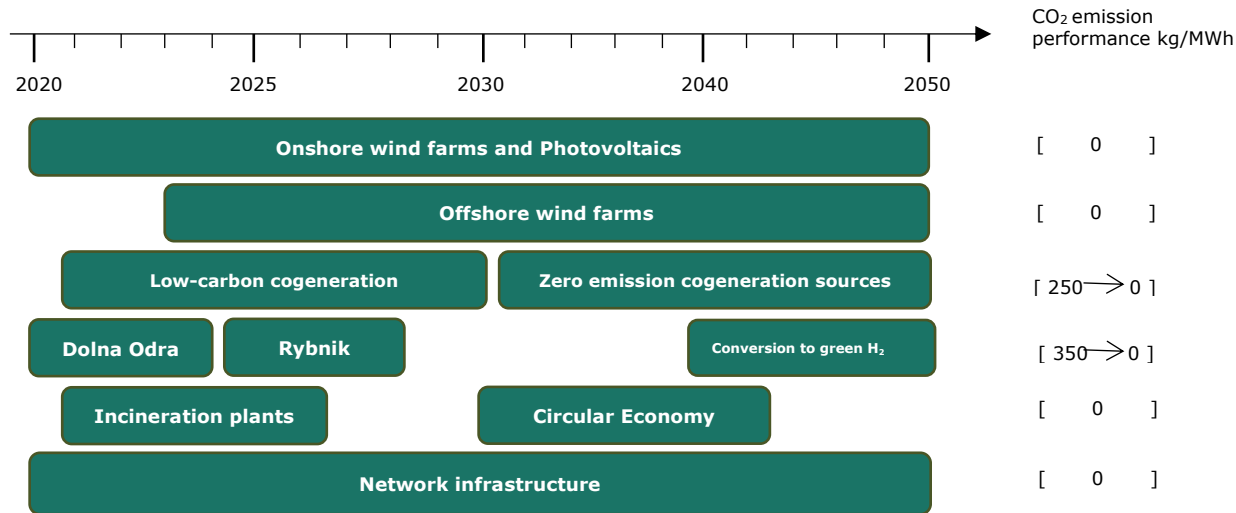
2.2.6. Efficient and effective organisation

In order to meet the challenges resulting from transition and competition, PGE Group improved its operational efficiency. The PGE Group's business profile evolves towards requiring less work and changing key competences. Effective ICT area is a lever for improving the efficiency of the PGE Group's operations through economic process automation and digitisation. Demographic trends affect the employment level in the PGE Group and employee career paths. Further staff development will be oriented to renewable energy and modern energy services.

2.2.7. Investments

Investments of the PGE Group are focused on the development of renewable energy, transition of district heating and grid infrastructure. There will be no new coal investments (both mining and generation). It was assumed that between 2021 and 2030, approximately 50% of the investment will go into the development of renewable energy sources (offshore wind farms, onshore wind farms and photovoltaics). Another key important area of spending is regulated activity, including grid infrastructure and low-emission cogeneration sources.

Chart: PGE Group investments until 2050.



2.2.8. Expected financial results of the strategy

As a result of the strategy PGE Group wants to build stable EBITDA with the evolution of the structure towards green and regulated directions and limit its exposure to market changes. The financing of the PGE Group's investment program is based on implementing investments jointly with partners, which allows the Group to share the risks and costs associated with major projects. The goal of the PGE Group is a full use of dedicated financing options for green investments and maximising the use of national and EU funding for the energy transition.

Additionally, the PGE Group intends to leverage the potential of green debt financing, which will enable the acquisition of debt capital on favourable terms, while simultaneously supporting sustainable development goals. Limiting the increase in the financial leverage, while maintaining a level that allows for the reduction of the risk of a rating downgrade, aims to ensure the financial stability of the Group. Investments in the project finance model will enable the financing of specific projects, minimising risk and optimising the financing structure.

PGE Group is effectively utilising funds from the National Recovery and Resilience Plan (KPO) to support the country's energy transition. The acquisition of funding enables the implementation of the Baltica 2 offshore wind farm project. Applications have also been submitted for funding to modernise and expand distribution networks in the Distribution segment and in Railway Energy Services segment. On March 31, 2025 2 loan agreements were signed with BGK for funds from National Recovery and Resilience Plan in total amount of

approx. PLN 12.1 billion. The detailed description is presented in p. 8.2.5 Signing of loan agreements with BGK within National Recovery and Resilience Plan.

2.3. Key actions and indicators related to Strategy implementation

Table: Actions and outcomes of Strategy implementation

Strategic priority	Objectives	Actions and outcomes in 2024
ENVIRONMENTALLY FRIENDLY ENERGY	Construction of offshore wind farms: 2.5 GW by 2030 and over 6.5 GW by 2040	Baltica 1 – Completed works: - An offshore survey was carried out as part of the initial geotechnical campaign. - The Maritime Office in Gdynia has issued an agreement setting out the conditions for the project. - An Environmental Impact Assessment (EIA) Report for the offshore wind farm site has been submitted to the Regional Directorate for Environmental Protection (RDOŚ). - A report on the transboundary impact of the OWF (the so-called Espoo Report) was submitted to the Regional Directorate for Environmental Protection (RDOŚ). - A letter was sent by the General Directorate for Environmental Protection (GDOŚ) to the affected States to initiate transboundary consultations in accordance with the Espoo Convention. - Work is underway to prepare a position paper on the comments received on the Espoo environmental proceedings. - An EIA Report for the power derivation infrastructure is being developed. - The second year of environmental studies has been completed. Baltica 2 – Completed works: - Contracts were signed with key contractors for the implementation phase, including agreements for the charter of installation vessels for wind turbines, offshore transformer stations, the construction of the onshore grid connection, and the supply of foundations. - Notices to Proceed (NtP) were issued for the supply of inter-array cables and foundations, as well as for the construction of the onshore grid connection. - A decision was obtained from the Ministry of Climate and Environment (MCE) approving the Geological and Engineering Documentation (DGI) for the Baltica 2 wind farm area. - Offshore inspection and clearance works were completed within the Baltica 2 offshore wind farm area; no objects were identified. - Baseline bird monitoring was completed, meeting the requirements for commencing offshore construction works for Baltica 2. - The foundations for the 275 kV GIS and 400 kV GIS buildings at the Baltica 2 Onshore Substation were completed. - A Preliminary Lease Agreement (PLA) was signed for the Port of Ustka, covering both the Operations and Maintenance (O&M) base and the construction support facilities. - The final investment decision was made in the first quarter of 2025 - the project was handed over for implementation. Baltica 3 – Completed works: - A decision was obtained from the Ministry of Climate and Environment (MCE) approving the Geological and Engineering Documentation (DGI) for the Baltica 3 export cable. - Work is ongoing on the application to the Regional Directorate for Environmental Protection (RDEP) to separate the environmental decisions for Baltica 2 and Baltica 3. - The electrical concept design for Baltica 3 was completed. - Autumn bird migration surveys for Baltica 3 were completed. - Work has commenced on extending the deadline for the first generation of electricity from the offshore wind farm without losing the right to cover a negative balance (application submitted to the Energy Regulatory Office – URE). Baltica 9 – Completed works: - A procurement procedure was launched for geophysical surveys for Baltica 9. - A procurement procedure was launched for supervision of geophysical and geotechnical surveys for Baltica 9. - An application was submitted for the Permit for Laying and Maintenance of Cables (PLMC) within the Territorial Sea and Exclusive Economic Zone of the Baltic Sea. Completed works on the development of offshore wind farms: - Finalization of the tender procedures for the General Contractor and Contract Engineer for the Operations and Maintenance (O&M) base in the Port of Ustka. - Building permit obtained for the O&M base in Ustka. - Site preparation works carried out in Ustka for the construction of the O&M base, including demolition works.
	Development of onshore wind farms: > 1 GW of new capacity by 2030	- Installed capacity at 2024EOY: 797 MW. - Continued development of proprietary projects: approximately 500 MW. - Secured grid connection conditions: approximately 40 MW. - Analysis of acquisition projects: approximately 180 MW.

Strategic priority	Objectives	Actions and outcomes in 2024
	Photovoltaic development program: > 3 GW of installed capacity by 2030	- Installed capacity at 2024EOY: 230 MW (of which 33 MW projects connected without final acceptance). - Projects under implementation at 2024 year-end with a total installed capacity of 205 MW. - Advanced development stage for projects with a total capacity of 770 MW.
	Construction of energy storage facilities 800 MW by 2030	- By the end of 2024, the PGE Capital Group had secured grid connection conditions for energy storage projects with a total capacity of 1,093 MW. - PGE Capital Group is simultaneously developing energy storage projects within its distribution network operations. By the end of 2024, seven projects were underway in two distribution companies – PGE Dystrybucja S.A. and PGE Energetyka Kolejowa S.A. – with a combined capacity of 80.5 MW. - In 2024, grid connection conditions were obtained for an energy storage installation in Kraków with a capacity of 92.4 MW. - Grid connection conditions were also secured for energy storage facilities located at wind farms: Lotnisko, Ścieki, Wojciechowo, and Pelplin, with a total capacity of approximately 190 MW. - Additional grid connection conditions were obtained for the Distributed Energy Storage project, increasing the total secured capacity under this project to 141 MW. - A tender procedure was carried out for the design and construction of an energy storage facility in Żarnowiec and offers meeting the tender requirements were received. - Tender procedures were announced for energy storage installations at Warta, Jeziorsko, and Cisna within PGE Dystrybucja S.A. - Tender documentation was prepared for energy storage projects at PGE Energetyka Kolejowa S.A. - A procurement procedure was conducted, and a contract was signed for geotechnical ground surveys for the energy storage project in Gryfino. Completed works on the development of the Młoty PSPP (Pumped Storage Power Plant): - A contract was signed with an environmental consultant for the preparation of the necessary documentation required to apply for an environmental decision for the construction of the Młoty Pumped Storage Power Plant (PSPP), including obtaining the final environmental decision on behalf of and for the benefit of the Client. - Annex No. 1 was signed to the Legal Services Agreement concerning the public procurement procedure for selecting the contractor for the construction of the Młoty PSPP. - Grid connection conditions were obtained for connecting the Młoty PSPP to the transmission network. - A contract was signed for conducting a legal audit of the real estate. - A Local Information Point was opened in Bystrzyca Kłodzka.
	Construction of CCGT units in Gryfino power plant and Nowy Rybnik power plant	Gryfino power plant - In May, PGE Gryfino Dolna Odra sp. z o.o. obtained a license to trade in electricity. - In August 2024, unit 9 was commissioned. - Unit 10 was commissioned in October 2024. Nowy Rybnik power plant - Continuation of works on the construction site of the CCGT unit at the Nowy Rybnik Power Plant.
	District heating transition: Share of zero- and low-carbon sources in heating production at approx. 70% by 2030	- New Czechnica CHP Plant: Commissioning of the peak and backup boiler house. Ongoing construction of the gas-steam unit, with the first synchronization of the steam turbine generator completed. - Gdańsk CHP Plant: Environmental Decision obtained for relocation of the coal yard, demolition works and heat accumulator. - Gdynia CHP Plant: Building Permit obtained for gas engines and commencement of construction works. Construction works on the gas pipeline underway. Contract signed for the construction of a biomass boiler (2x15 MWt). - Gorzów CHP Plant: Commissioning of the peak and backup boiler house. - Kraków CHP Plant: Building Permit obtained for gas engines. Tender procedure announced for the selection of the General Contractor (GRI) for the cogeneration units. - Lublin CHP Plant: Completion of construction and assembly works on the peak and backup boiler house. - Rzeszów CHP Plant: Commissioning of the new peak and backup boiler house. - Rzeszów ITPOE (Thermal Waste Conversion Plant): Continued construction works on the second process line of the Thermal Waste Conversion Plant with Energy Recovery. - Wrocław CHP Plant: Investment analyses conducted for an additional cogeneration engine and electrode boilers at the Wrocław CHP Zawidawie site. - Bydgoszcz II CHP Plant: Completion of installation of all equipment and systems. - Kielce CHP Plant: Commissioning of the gas unit.
MODERN ENERGY SERVICES	Access to green energy for PGE Group customers	Sales of PV installations and Energy Storage Facilities (up to 50 kWp), with a total capacity of 16.6 MWx (MWp + MWh); 1,412 contracts signed.

Strategic priority	Objectives	Actions and outcomes in 2024
		- Continued sales of the "PV for a Tenner" [PV za dychę] offer (covering both PV installations and Energy Storage Facilities). - Launch of the product "Photovoltaics with PGE for Business" [Fotowoltaika z PGE dla Biznesu], offering PV installations with a capacity exceeding 50 kWp and Energy Storage Facilities. - Support for customers in submitting applications to the "My Electricity" [Mój Prąd] grant program. - Work in progress on the launch of a marketplace platform for potential virtual prosumers.
	Delivering energy services with no harm to the environment	- Development of a research agenda for PGE Energetyka Kolejowa S.A. - The implementation phase began for a project focused on identifying biodiversity issues within railway energy infrastructure, aimed at mitigating climate change. - A positive recommendation was received for the project entitled "Intelligent Traction Network Measurement System Based on Advanced Digital Technologies".
	Maintaining the highest customer satisfaction in the energy market	Retained leadership in customer service, with the following results: 1st place in tariff G – category: overall satisfaction with Contact Centre interactions. 2nd place in Customer Service Offices (BOK) for tariff G – category: overall satisfaction with customer contact.
	Increased profitability of energy services	- In 16 cities, new customer connections were completed with a total contracted heat demand of 149 MWt, equivalent to the heat demand of a medium-sized city – approximately 700 new buildings. - In markets where the company PGE Energetyka Ciepła operates solely as a heat producer, buildings with a total demand of 122 MWt were connected. In markets where the Company functions as an integrated entity, also acting as a heat distributor, buildings with a demand of 27 MWt were connected. 71% of new connections were carried out in three major cities: Kraków, Wrocław, and Gdańsk. - The District Heating segment connected buildings in the primary market – newly constructed buildings – with a heat demand of 113 MWt. In the secondary market – buildings that switched to district heating from alternative heat sources – connections amounted to 36 MWt. - The decrease in the level of new connections compared to previous years results from projects being implemented in accordance with more restrictive technical building standards (WT2021), as opposed to the previous regulations. - Additionally, within district heating systems, approximately 9,000 flats were connected to domestic hot water installations through the elimination of gas heaters in 2024. The outlook for this market in 2025 remains stable. This segment is particularly important for the District Heating segments as it builds heat demand during the summer period, and activities in this area will continue. - As part of energy efficiency initiatives in 2024, 400 energy efficiency certificates were obtained.
	Shortening power supply interruptions	Achievement of targets related to quality regulation: - The Company met its objectives for reducing the duration of power supply interruptions (CTP), measured in minutes, for the following areas: cities with county rights: 39 minutes, towns: 91 minutes, rural areas: 346 minutes. It also achieved targets for the frequency of interruptions (IF): cities with county rights: 0.8, towns: 1.7. The only indicator where performance did not improve was the IF for rural areas, which remained at 6.00. Supporting asset management objectives: - Organization of workshops for contractors performing tree cutting to familiarize them with work execution guidelines, along with the introduction of a Tree Cutting Instruction Manual for external contractors. - Launch of a pilot project: "Cleaning of MV/HV Substation Electrical Equipment Using PPN Technology".
	Expansion of Activities in the Individual Customer Segment (district heating sector)	- Extension of the "Heat Pumps with PGE" [Pompy Ciepła z PGE] offer to include mandatory Energy Audits, as required under the Clean Air program. - Adjustment of the "Heat Pumps with PGE" product offer to meet the requirements of the Clean Air program regarding the so-called ZUM List [list of green devices and materials]. - Customer support in submitting applications for funding under the Clean Air program.
EFFICIENT AND EFFECTIVE ORGANISATION	Unification of organizational structure and management system	- Implementation of Customer Service principles aligned with the PGE Capital Group policy. - Actions taken to mitigate risks related to personal data protection. - Activities carried out to ensure full compliance of business operations with applicable laws and internal regulations.
	25% of investment program funding obtained from preferential sources	Acquisition of approximately PLN 827 million in preferential funding, including: PLN 816 million in grants for PGE Dystrybucja S.A. for the development of smart power grids (PLN 721 million) and the Remote Meter Reading Program (Second Call) (PLN 94 million); PLN 1 million for PGE GIEK S.A. and PGE Energetyka Kolejowa S.A. for research and development (R&D) activities;

Strategic priority	Objectives	Actions and outcomes in 2024
		▪ PLN 10 million for EC Zielona Góra S.A. for the construction of a photovoltaic installation dedicated to the generation of electricity for own use.
	Maximising the use of available aid funds and support schemes	▪ Successful participation in the CHP auction for gas engines – Stage II in Kraków (PLN 1.27 billion) and gas engines in Pomorzany (PLN 0.56 billion) ▪ Applications submitted for funding of projects with a total value of PLN 881 million.
	IT infrastructure layer	In 2024, the implementation of the following projects continued: LTE450 ▪ A contract was signed with Ericsson for the purchase and implementation of power systems for the LTE450 network, and Stages 1 and 2 of the modernization and adaptation of telecommunications towers for PGE Dystrybucja S.A. were completed. ▪ The Final Acceptance Report was executed for the deployment of the OSS system in the production environment, and the modernization and integration of telecommunication transmission systems in the PGE Dystrybucja branches were completed. ▪ Completion of tasks related to the modernization and integration of access and aggregation systems in PGE Dystrybucja branches, including the delivery and commissioning of radio links and the procurement and installation of DWDM equipment. ▪ Launch of the procurement procedure for Stage 3 of the modernization and adaptation of telecommunications towers for the construction of the LTE450 network. CDM (Central Power Dispatch) ▪ Subsidy was secured for the project under the National Recovery and Resilience Plan. ▪ Construction works related to the building of the CDM headquarters were carried out (an annex to the contract with the contractor is currently under review). ▪ Procedures were initiated for the conclusion of a contract to integrate the CDM facility with the PGE Capital Group ICT network and to launch the necessary services. ▪ Ongoing work related to the procurement of components and integration of the facility with the PGE Dystrybucja S.A. OT network. ▪ Preparatory work undertaken for the procurement process for the delivery and implementation of the SCADA system. TZMD (Technical Management of Distribution Assets) ▪ Revisions were made to the assumptions for the TZMD Program, and an RFI process was conducted for the pricing of GIS and EAM components. ▪ A WKR enquiry (Preliminary Market Consultation) was conducted for the Asset Passporting Project, and the total budget for the TZMD Program was estimated. ▪ An implementation model was developed for the TZMD System, based on the GIS component, including asset passporting and data maintenance functionalities, and the scope of the SAP ECC system customization was defined. ▪ Recommendations were obtained from the Steering Committee of the TZMD Program and the PGE Capital Group Investment Committee regarding the launch of the GIS component implementation, along with the associated IT environment.

2.4. Prospects for the development of PGE Group

2.4.1. Main directions of changes in the environment and their impact on the PGE Capital Group

Table: Key trends in the external environment and their impact on the PGE Capital Group

Area	Key trends	Potential impact on the PGE CG
MACROECONOMIC ENVIRONMENT – GLOBAL	- In 2024, renewable energy sources (RES) accounted for 48% of the European Union's energy mix, marking a record high. Nuclear energy represented a 24% share, while fossil fuels accounted for 28% – the lowest share in history. Despite increased renewable energy generation, electricity demand in the EU grew by less than 2% compared to 2023, remaining below pre-energy crisis levels. The average wholesale electricity price fell by 16% year-on-year, although prices rose in the final quarter of 2024 due to high winter demand and a shortfall in solar energy generation. Global demand for natural gas increased by 2.8% in 2024, equivalent to an additional 115 billion cubic meters (bcm), significantly surpassing the average annual growth rate of 2% recorded between 2010 and 2020. This rise in demand was driven primarily by rapidly developing markets in Asia. Delays in the commissioning of liquefied natural gas (LNG) terminals have contributed to ongoing tensions in the gas market. The suspension of gas transit through Ukraine from January 1, 2025 will be largely offset by increased LNG imports into Europe. - In December 2024, the eurozone manufacturing PMI was recorded at 45.1 points, a figure consistent with previous months. The European economy remains on a path of economic slowdown. The overall outlook for European industry in 2024 was notably pessimistic. The industrial sector has been in a deep slowdown for two and a half years. Production and new orders continued to decline at an accelerating pace, while employment was subject to further reductions. Major economies such as Germany and France recorded significant declines in their PMI indicators, pointing to recessionary conditions. Analysts highlight several key causes of this situation, including challenges related to innovation, high emission costs, and strong competition from Asia and the United States. Over the last few years, the number of jobs in the EU has decreased significantly, with many companies announcing mass redundancies. - In 2024, Europe experienced falling core inflation rates, approaching the inflation targets set by national central banks. In December, inflation in the eurozone stood at 2.4%. The European Central Bank (ECB) made its first interest rate cut in October, lowering rates by 25 basis points, with further discussions on subsequent cuts ongoing. - In the United States, the Federal Reserve (FED) also initiated a cycle of interest rate reductions, beginning in September with a cut of 50 basis points, followed by two additional cuts of 25 basis points each in November and December. In total, the FED reduced rates by 100 basis points in 2024, bringing the target range to 4.25–4.50%.	- The situation on international fuel markets will have a significant impact on PGE Group's operations. - The economic slowdown in the eurozone has had a material impact on Polish industry, resulting in a decline in industrial production. Nevertheless, growth in other sectors of the economy, such as services and construction, helped offset the negative effects in industry, allowing for stable electricity demand to be maintained. - Bringing inflation in 2025 down to the National Bank of Poland's (NBP) target level will be a key signal for considering the start of an interest rate reduction cycle. Lower interest rates may help reduce PGE S.A. Capital Group's costs, including lower debt servicing and financing costs. - The increase in energy commodity prices, including natural gas and electricity, has had a significant impact on industry in Europe. In recent years, prices for gas and electricity have reached historically high levels, raising production costs across many industrial sectors. However, lower gas prices on the European market have supported the obtaining of competitive electricity prices from gas-fired generation. As a result, cross-border energy exchange remained in an import position, contributing to a further decline in domestic generation.
MACROECONOMIC ENVIRONMENT – POLAND	- In 2024, the average annual inflation rate in Poland stood at 3.6%, marking a significant decline compared to 11.4% in 2023. In December 2024, the year-on-year inflation rate reached 4.7%. The highest price increases were recorded in the services sector, particularly in areas related to housing and energy carriers. According to preliminary data from Statistics Poland (GUS), Poland's gross domestic product (GDP) grew in real terms by 2.9% in 2024 compared to 2023. - Throughout 2024, the Monetary Policy Council (RPP) maintained interest rates at unchanged levels. The reference rate of the National Bank of Poland (NBP) remained at 5.75% for the entire year, in line with financial market expectations. - In 2024, Poland's Manufacturing PMI remained below the 50-point threshold for most of the year, indicating a contraction in the sector. In December 2024, the PMI was recorded at 48.2 points, reflecting further deterioration in industrial conditions. The decline in the	- On the other hand, declining inflation is expected to increase the purchasing power of both consumers and businesses, potentially contributing to higher energy consumption and increased sales volumes for PGE Group. - The latest long-term sovereign credit ratings for Poland from major rating agencies remain positive and stable. S&P Global Ratings maintains Poland's long-term foreign currency rating at "A-" and local currency rating at "A," both with a stable outlook. Moody's rates Poland at "A2" with a stable outlook. Fitch also assigns Poland a rating of "A-" with a stable outlook. These assessments reflect Poland's solid macroeconomic fundamentals and its ability to meet debt obligations in both local and foreign currencies. The stable outlooks

Area	Key trends	Potential impact on the PGE CG
	index primarily resulted from reduced production and inventory levels, although employment increased and the pace of decline in new orders was the slowest in over a year. Poland's economic growth in 2025 is projected at approximately 3.5%.	indicate the agencies' confidence in the country's continued economic stability. Potential slowdown in the industrial sector and reduced production may lead to lower electricity demand and a decrease in sales volumes for PGE Group.
TRENDS IN THE ELECTRICITY AND FUEL MARKETS	- The year 2024 was marked by a modest increase in electricity demand in Poland, amounting to approximately 1.6 TWh, primarily observed in the first half of the year. The pace of economy-wide electrification slowed, as reflected in lower sales of heat pumps and electric vehicles. - Natural gas prices at the Dutch TTF hub rose over the course of 2024, increasing from EUR 30/MWh to EUR 45/MWh. - The global hard coal market stabilized, with prices in Europe ranging between USD 100 and 120 per ton. - Throughout the year, coal stockpiles in Poland remained high, at approximately 12 million tons, exerting downward pressure on domestic coal prices. - The dynamic development of renewable energy sources (RES) led to reduced coal and gas consumption in Europe, along with a significant increase in the occurrence of negative prices during SPOT market hours. - In Poland, the rapid growth of photovoltaic (PV) generation continued, with an additional installed capacity of approximately 4.4 GW in 2024. - Due to challenges with balancing the power system during periods of high RES generation, non-market redispatch (curtailment) of generation was required, resulting in the reduction of approximately 0.6 TWh of PV generation and 0.15 TWh of wind generation. - The average BASE price on the Day-Ahead Market (RDN) in 2024 amounted to PLN 425/MWh, representing a decrease of PLN 109/MWh compared to 2023. - The average price of the annual BASE_Y-25 contract in 2024 was PLN 450/MWh, a decrease of PLN 192/MWh compared to the BASE_Y-24 contract price recorded in 2023. - CO₂ prices remained high and showed a strong correlation with natural gas prices. The average price of CO₂ allowances in 2024 was approximately EUR 66 per ton. - In 2024, Poland was a net importer of electricity, with an import balance of 1.9 TWh, primarily concentrated in the first half of the year.	- The potential increase in natural gas prices over the course of 2025 may lead to reduced utilization of gas-fired generation sources for electricity production, as well as higher heat production costs in gas-fired units. - The absence of a clear upward trend in electricity demand, combined with growing RES generation, may limit sales volumes achieved by PGE Group. - As RES generation continues to expand, there is increasing reduction pressure on fossil fuel-based generation, which is progressively taking on a more peaking role to balance the grid during periods of low RES output. - In the longer term, the electrification of district heating and transport is expected to accelerate electricity demand growth, as well as increase the need for flexibility in the power system. This will translate into the justified consideration of the construction of new gas-fired generation units, energy storage facilities, and active demand-side resources such as electrode boilers and system-scale heat pumps, along with the potentially longer maintenance of coal-fired generation availability during the transition period before low-emission sources are commissioned.
DEVELOPMENT OF NEW TECHNOLOGIES	- The continued development of large-scale heat pumps and electrode boilers in district heating systems is progressing. New projects involving these technologies are being launched. - Artificial Intelligence (AI) is playing an increasingly significant role in the energy sector, supporting the transformation of the industry. This is linked to the development of smart grids, the integration of renewable energy sources (RES) into the power system, the optimization of RES operations through weather forecasting and simulation, energy consumption management, industrial process optimization, and support for energy trading processes. - The popularity of electric vehicles (EVs) continues to grow, particularly in Asia. In 2024, approximately 12 million electric vehicles were sold in China, representing an increase of around 30% year-on-year. In the European Union, EFTA countries, and the United Kingdom, EV sales reached 3 million units. - The global hydrogen market has seen significant development. In Poland, the first commercial hydrogen installations were launched, and the Hydrogen Law was introduced, regulating the functioning of the hydrogen market. - There has been dynamic growth in the Data Centre market, driven by the increasing demand for cloud services and data processing. This trend is expected to continue alongside the development of AI technologies.	- The development of large-scale heat pumps and electrode boilers is expected to contribute to the decarbonization of PGE Energia Ciepła S.A.'s district heating systems. These technologies will enable the supply of cheaper and more environmentally friendly heat, enhancing competitiveness. - The implementation of AI solutions may streamline internal processes within the PGE Group. - The expansion of the EV market is increasing electricity demand, creating opportunities to grow the volume of energy sold. The development of EV charging infrastructure will require further investment in the electricity distribution sector. - The development of the hydrogen market may, in the long term, enable PGE to diversify its energy portfolio and support climate goals by reducing CO₂ emissions. - The growing number of Data Centers is contributing to higher electricity demand, providing an opportunity to increase energy sales volumes for the PGE Group. - Battery energy storage systems will enhance the flexibility of the power grid and enable the integration of a higher share of RES into the energy system.

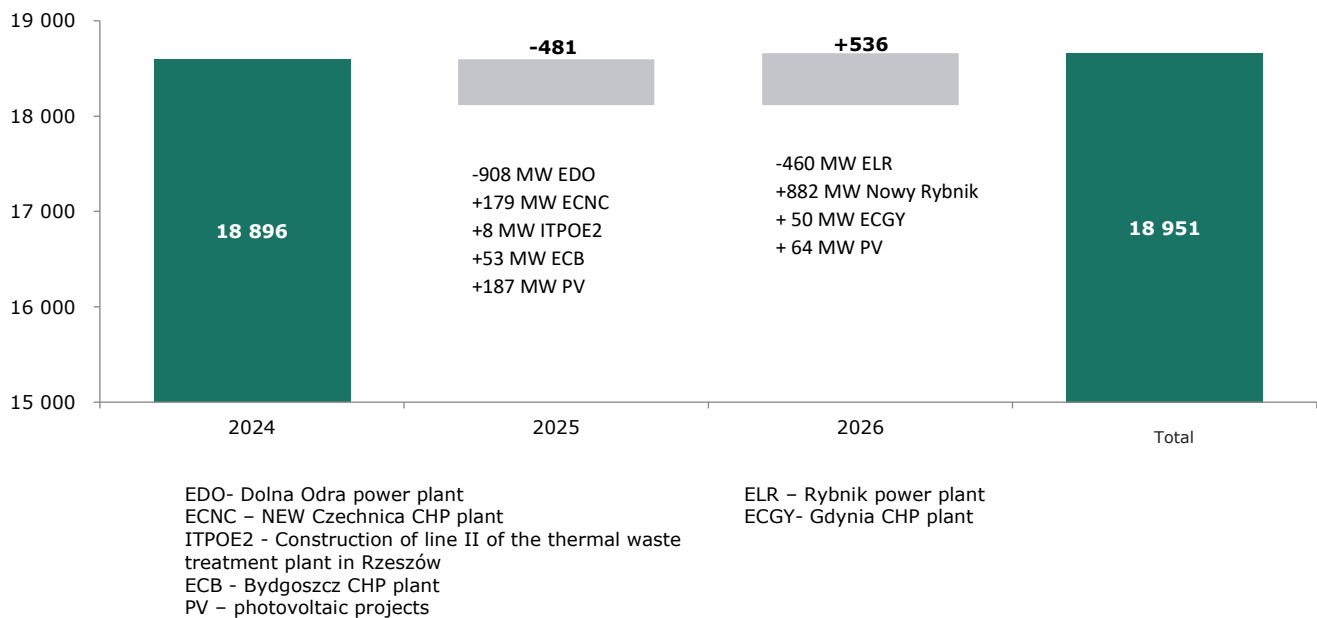
Area	Key trends	Potential impact on the PGE CG
	Battery energy storage systems (BESS) secured approximately 2.5 GW of capacity in the 2024 main Capacity Market auction.	

2.4.2. Prospects for change in installed capacities of PGE Group

In connection with the implementation of the PGE Group's Strategy on energy transition, the PGE CG's business model will change. Over the next few years, the development of low-carbon capacity based on natural gas and renewable sources is assumed. The largest investment to be commissioned in 2025 will be the New Czechnica CHP plant and in 2026 the New Rybnik CCGT power plant. The Dolna Odra coal-fired power plant is scheduled to be decommissioned at the end of 2025 and the conventional power plant in Rybnik in 2026.

The capacities change diagram illustrates the planned commissioning and decommissioning of PGE CG's capacities as at the preparation date of this report. The schedules may change and capacity growth related to investments in renewables installations are dependent on the possibility of selling electricity under PPA⁴, potential acquisitions and the possibility of implementing projects under the 'cable pooling' formula.

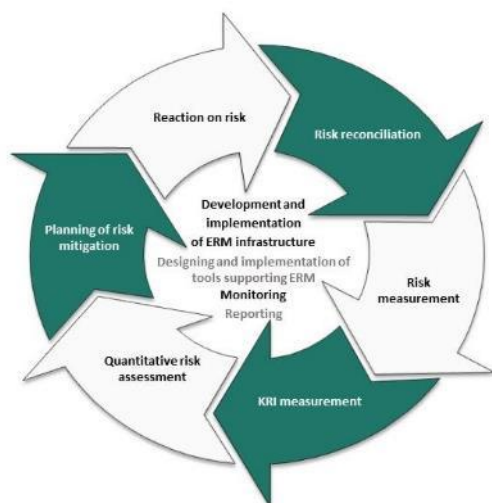
Chart: Prospects for change in installed capacities in years 2024-2026 (MW gross)



⁴ PPA - Power Purchase Agreement; a long-term contract, consisting of the direct purchase of electricity by the end-user from RES energy generators.

3. Risks in the PGE Group's operations

PGE S.A., as the Corporate Centre managing the Capital Group, creates and implements integrated risk management architecture at PGE Group. In particular, it shapes PGE Group's risk management policies, standards and practices, designs and develops internal IT tools to support these processes, specifies global risk appetite and adequate limits as well as monitors their levels. PGE Capital Group companies, as well as other entities from the electrical and power sector, are exposed to a number of risks and threats resulting from the specific operating activities and operating in specific market and regulatory environment.



In PGE Group risk management process is pursued based on the GRC (Governance - Risk - Compliance) model i.e. the concept of 3 lines (Business - Risk - Audit). It allows adaptation and integration of each of the operational areas at all levels of management. Having established a top-level Risk Committee, which reports directly to the Management Board, supervision over the effectiveness of risk management in the Group is ensured. Function definition within corporate risk management allows an independent assessment of particular risks, their impact on PGE Group and limiting and controlling major risks using dedicated instruments. Formation of a separate compliance function within the Group guarantees that PGE Group's activities are in line with legal conditions and ensures observance of the adopted internal standards.

The PGE Capital Group has consequently developed a comprehensive risk management system. The Group measures and assesses risks in the key companies of the Group. Mechanism allowing identification of areas exposed to risk and risk level measurement methods are constantly verified and developed. Thanks to that, the significant risks concerning various areas of operations are identified and kept within the assumed limits by reducing negative effects of such risks and by taking preventive or corrective measures, in accordance with the presented cycle.

All identified and assessed risks relating to the Group's current activities are recorded in the risk register (risk books) maintained by the Risk and Insurance Department in PGE S.A. Risk books reflect changes in the value of particular risk parameters along with information on implemented mitigating activities (reducing the probability of occurrence and minimising negative consequences of a risk) and its operational efficiency. The effectiveness of the mitigating actions implemented is denoted by the following three categories: effective, to be improved, to be changed.

The table in p. 3.1 presents the most significant risks identified in the PGE Capital Group together with their assessment in 2025 EOY perspective. A risk level indicates a risk's potential financial impact on the Group's results, and a risk prospect (trend) indicates the probable direction of risk development. Potential events determining risk assessments in the previous report are now partially described in other sections of this report as period events.

The 2024 EOY perspective scenario assumes leaving coal assets (Conventional Generation segment) in the PGE Group.

3.1. Risks - current outlook

The main risks of PGE S.A. and the PGE Group are presented below along with their assessment and outlook for year 2025.

Risk area	Risk name	Risk level/outlook	Mitigating actions and tools used for the management of the risk
MARKET AND PRODUCT RISKS related to prices and volumes of offered products and services	Gross margin on sale of electricity from the production assets of the PGE Capital Group and on trading in related products – its amount is exposed to risks arising from the uncertainty as to the future levels and volatility of market prices (electricity prices and the prices of key energy products - CO ₂ , fuels, including in particular hard coal, gas, the prices of certificates and guarantees of origin) and regulatory issues concerning electricity, EUA and fuel price levels.		- Optimization of generation assets - definition of production scenarios for updated market parameters of electricity, CO₂ and fuels. - Defining and implementing a margin hedging strategy by hedging revenues brought in by the generation assets of the PGE Capital Group (electricity sales) and costs (EUA, currencies and fuel purchases), monitoring limits relating to the level of hedged margin expected at a given point in time in accordance with the hedging strategy approved by the Risk Committee. - Determining risk appetite and position hedging levels with consideration given to the results of analysing pricing risk in respect of electricity and related products, VaR-based. Target hedging levels are specified taking into consideration the Group's financial standing, in particular its strategic objectives.
	Sales volume of electricity and heat – The risk related to achieving the electricity and heat sales plan, which is a derivative of unfavourable external, internal, and local conditions affecting the demand for energy commodities.		- Monitoring risk exposure for individual areas in relation to the set limits and hedging strategies defined by the Risk Committee or the Management Board of PGE S.A. through operational reports prepared by the Department of Risk and Insurance. - Research, monitoring and analysing the electricity markets and sector trends and the regulatory environment with regard to changes in the electricity sector and related products in order to optimally use generation and selling capacities.
	Tariffs (regulated prices) – resulting from the requirement to approve rates for distribution services and electricity and heat prices for particular groups of entities, as well as from delays in compensation payments by the Settlement Administrator.		- Acquiring new customers - diversification of channels to reach final off-takers and diversification of target groups by maintaining an extensive product portfolio and adapting offering to market demand (including the development of the offer for products such as PPAs - Power Purchase Agreements). - Current clients retention - a diversified portfolio of customer loyalty schemes and special offers dedicated to former clients who moved over to the competitors.



Low level of risk; does not pose a threat and may be tolerated

Medium level of risk; needs preparation of the proper reaction based on analysis of costs and benefits

High level of risk; Intolerable risk, which needs immediate and active reaction, leading simultaneously to limitation of possible consequences and of probability of occurrence thereof

↘ decrease

↔ stable perspective

↗ growth

⁵ Uncertainty and high margin volatility depending on generation assets, EUR exchange rate and raw material prices.

⁶ Rising heat sales volume offsets falling electricity sales volume.

Risk area	Risk name	Risk level/outlook	Mitigating actions and tools used for the management of the risk
	The Capacity Market – consequence of threats related to non-compliance with the capacity obligations of Capacity Market Units.		- Care for a high level of customer service by developing employees' competences and building relations with business and retail clients. - Use of tools to supporting customer relations processes allows the Group better sales planning and organisation of sales. - Close cooperation with the ERO throughout the tariff year, adapting the strategy for securing tariff sales to the expected approach of the ERO with regard to determining tariff prices for electricity. - Close cooperation with the Settlement Administrator and the ERO President on settlements related to the Extraordinary Measures in 2023 Act aimed at limiting electricity prices and providing support for certain consumers in 2023 (Act on Extraordinary Measures in 2023) and the Act of May 23, 2024 on the Energy Voucher and Amendments to Certain Acts to Restrict the Price of Electricity, Natural Gas and System Heat (the Energy Voucher Act). - Ensuring the expected level of operational readiness of the individual capacity market units (investment delays may generate additional costs).
PROPERTY RISKS Related to development and maintenance of the assets	Failures and damage to property – connected with the operation and degradation over time of energy equipment and facilities and protection of energy equipment and facilities against destructive factors (including fire, effects of weather phenomena, intentional damage).		- Diversification of the current structure of the production sources, Introducing a technology reducing the negative impact of atmospheric factors. - Active pursuing of a strategy for building up and modernization of the production capacities. - Performing maintenance repairs in line with the highest sector standards. - Ensuring adequate EWB competencies and resources are delegated to the EWB1 project. Acquisition of a strategic partner. - Insurance of the most important production assets in the event of breakdown and property damage. Assets are insured based on an analysis of insurance costs, capabilities of insurance markets for specified risks or for particular types of assets, costs related to asset replacement and potential lost revenue. - The systematic improvement of reliability of the power supply to the end users through modernization of the distribution grid. - Continuous monitoring of environmental laws and regulations regarding environmental protection, and the energy policy.
	Tangible investments – related to the strategic development directions of the PGE Capital Group and limited possibilities of obtaining financing for these projects.		
	Asset management and maintenance investment – related to risks arising from the maintenance of production assets in good condition.		
OPERATIONAL RISKS Related to pursuing of ongoing economic processes	Fuels and production raw materials – connected with uncertainty regarding the costs, quality, timeliness and volumes of fuel supply (mainly coal) and production raw material as well as the effectiveness of inventory management processes.		- Optimisation of equipment lifecycles and the availability of key assets. - Optimisation of costs inter alia through monitoring of fuel prices and reserves and securing supply through long-term contracts with suppliers and through price fixing formulas. - Monitoring ICT networks due to increased activity of criminal groups in connection with the war in Ukraine. - Monitoring of legal changes and changes in technical standards in the field of by-products. - Investments in improving the efficiency of the combustion process. - Constant monitoring of service availability. - Creating Business Continuity Plans for critical systems, developing and testing emergency procedures. - Continuous contact and cooperation with the Risk and Insurance Department and the Company's other departments with regard to identified new risks or gaps in current insurance policies. - Internal broker's operational activity – PGE Asekuracja S.A. - Centralisation of the claims handling process. - Ongoing monitoring of changes in legal regulations. - Training in regulations preventing money laundering and terrorist financing.
	Cybersecurity – the risk of deliberate disruption of the proper functioning of the information processing and exchange space created by IT systems operating at the PGE Capital Group.		
	Oversight of insurance policies – risks arising from the failure to tailor insurance policies to the needs or the Company's failure to comply with the terms of insurance policies which may result in lack of receiving a claim in whole or in part.		

⁷ The change in outlook is due to the ongoing legislative process and the uncertainty arising from the amendment of the Capacity Market Act.

⁸ The change in risk outlook is influenced by increasing uncertainty related to contractual terms for not collecting delivery of the ordered gas volume.

Risk area	Risk name	Risk level/outlook	Mitigating actions and tools used for the management of the risk
	Reputation – risk associated with the negative perception of the entity's image by its customers, counterparties, investors, Shareholders as well as the general public.		- Requirement to read Best Procurement Practices and the Code of Conduct for Business Partners of PGE Group companies. - Operating the Central Supplier Survey System. - The proper approval path and internal regulations concerning the purchasing process. - Control of the work environment. - Training of employees in the field of occupational health and safety. - PGE Group's active participation in internship programmes and cooperation with educational institutions in order to secure a pipeline of qualified personnel. - Assessment and training of personnel in order to make optimal use of it within the Group's structures. - Conducting an intensive and effective dialogue in order to avoid escalation of potential disputes with the social partners and to work out the most favourable solutions with regard to employment and employment costs within PGE Capital Group connected therewith.
	Procurement – related to the ineffectiveness and incorrectness of the purchasing process.		
	Human Resources – pertaining to difficulties in provision of personnel with the relevant experience, competences and ability to perform specific tasks.		
	Social dialogue – related to the failure to reach an agreement between the PGE Group's management and the social partners, which could lead to strikes / collective disputes.		
REGULATORY AND LEGAL RISKS related to fulfilling the requirements of the legal environment	Environmental protection – resulting from industry regulations specifying which "environmental" requirements energy installations should meet and what are the principles for using the natural environment, including uncertainty about their final form and level of limits and ESG reporting.		- Monitoring of the changes being introduced or proposed provides that our operations in key business segments are carried in compliance with the law and that PGE Capital Group has solutions which take into account potential changes in the legal environment. - Social dialogue. - Operational supervision in terms of planned and implemented investment and modernisation measures with respect to their compliance with environmental requirements. - Improvement of activities aimed at protecting and improving the state of the environment by implementing technological and organisational solutions ensuring efficient and effective management in this area. - Monitoring national regulations concerning the Act on Extraordinary Measures in 2023 and the Energy Voucher Act. - Reduction in the emission intensity of PGE Group's generating assets, development of low- and zero-carbon energy generation sources. - Adaptation of internal regulations and practices to make sure that the activities are in compliance with the power sector regulations and binding law. - Monitoring and analysing PGE Group's legal environment at an international level, together with risk assessment. - Assessing the impact on PGE Group of proposed regulatory changes at an international level. - Issuing opinions and influencing changes with regard to the legal environment at an international level in a strategic dimension.
	Employee safety – associated with failures to provide safe working conditions.		
	Settlement Risk – Additional costs may arise in the form of interest, financial penalties, etc., due to a malfunctioning settlement system and supporting IT systems, as well as due to an unfavourable interpretation by the President of the Energy Regulatory Office (URE) regarding the definition of revenue from electricity sales concerning unjustified costs related to the Price Difference Payment Fund.		
	Concessions – resulting from the statutory requirement to hold concessions with regard to conducted operations.		

⁹ Risk outlook is affected by decision to keep coal assets in PGE Group.

¹⁰ Risk outlook is affected by decision to keep coal assets in PGE Group.

¹¹ The change in risk outlook is due to the potential risk of accidents arising from increasing levels of employment, resulting from the increased amount of investment taking place.

¹² The level of risk and outlook arises from the interpretation dispute with the ERO President.

¹³ Change in risk outlook due to no indication of changes in the legal environment affecting the concessions held.

Risk area	Risk name	Risk level/outlook	Mitigating actions and tools used for the management of the risk
	Reporting and Taxes – related to changes in tax regulations and their interpretation as well as their practical, correct implementation.		- Co-operation with Zarządca Rozliczeń, legal firms, public administration bodies responsible for legislation in this field. - Managing cooperation and contacts with stakeholders as regards international regulations, including through the activities of PGE S.A.'s office in Brussels. - Managing the PGE Capital Group's membership and cooperation within the industry organisation called the Polish Electricity Committee. - Preparing for the fulfilment of new reporting obligations resulting from the new European Union legislation (CSRD/ESRS Directive, EU taxonomy, CSDD). - Monitoring internal regulations implementing EU environmental directives into the national legal system. - Participating in ESG ratings and foreign investor surveys. - Effective raising of external financing and state aid for the development of planned low- and zero-carbon investments by PGE Group.
FINANCIAL RISKS Related to finance management	Credit risk – connected with the counterparty default, partial and/or late payment of receivables or a different type of breach of contractual conditions (for example failure to deliver/collect goods or failure to pay for any associated damages or contractual penalties).		- A counterparty assessment is carried out and forms a base for applying internal rating and credit limits. The level of credit exposure and the utilisation of the limit are regularly monitored. Exposures that exceed established limits are hedged in accordance with the rules of the credit risk management procedure. Payment of receivables is monitored on an ongoing basis and early recovery procedures are in place. - Applying a central financing model, which assumes – as a rule – that external capital is raised by PGE S.A. PGE Group subsidiaries use a variety of intra-group financing sources. Liquidity risk is monitored using periodic planning for operating, investing and financing activities. Liquidity planning is related to the cyclical mid-term and long-term preparation and updating of the PGE Capital Group's financial forecasts and plans, allowing for the long-term planning of its cash flows and liquidity. This allows the PGE Group's investment plans and costs to be adjusted in advance to the expected and planned values. In addition, in order to minimise the possibility of cash flow disruptions and liquidity risk, PGE S.A. diversifies its financing sources and their acquisition with regard to its future financial settlements of the PGE Capital Group. - As regards currency risk and interest rate risk, PGE Group has implemented internal management procedures. PGE Group companies execute derivative transactions involving interest rate- and/or currency-based instruments (IRS, CCIRS, FX Forward) only in order to hedge identified risk exposures. Regulations in force do not allow, with regard to derivative transactions based on interest rates and currencies, to enter into speculative transactions, i.e. transactions which would be aimed at generating additional gains resulting from changes in the level of interest rates and changes in exchange rates, while exposing the Group to the risk of incurring a potential loss on this account.
	Liquidity risk – connected with the possibility of losing the ability to meet current liabilities and obtaining financing sources for business operations.		
	Interest rate risk – resulting from the negative impact of changes in market interest rates on PGE Group's cash flows.		
	Foreign exchange risk – resulting from negative impact of exchange rate movements on PGE Group's cash flows denominated in currencies other than domestic currency.		

¹⁴ Projected risk outlook in the absence of changes in tax legislation having a negative impact on current risks.

¹⁵ The increase is due to the number of observed debt collections and possible litigation, court cases.

¹⁶ Risk outlook is affected by decision to keep coal assets in PGE Group.

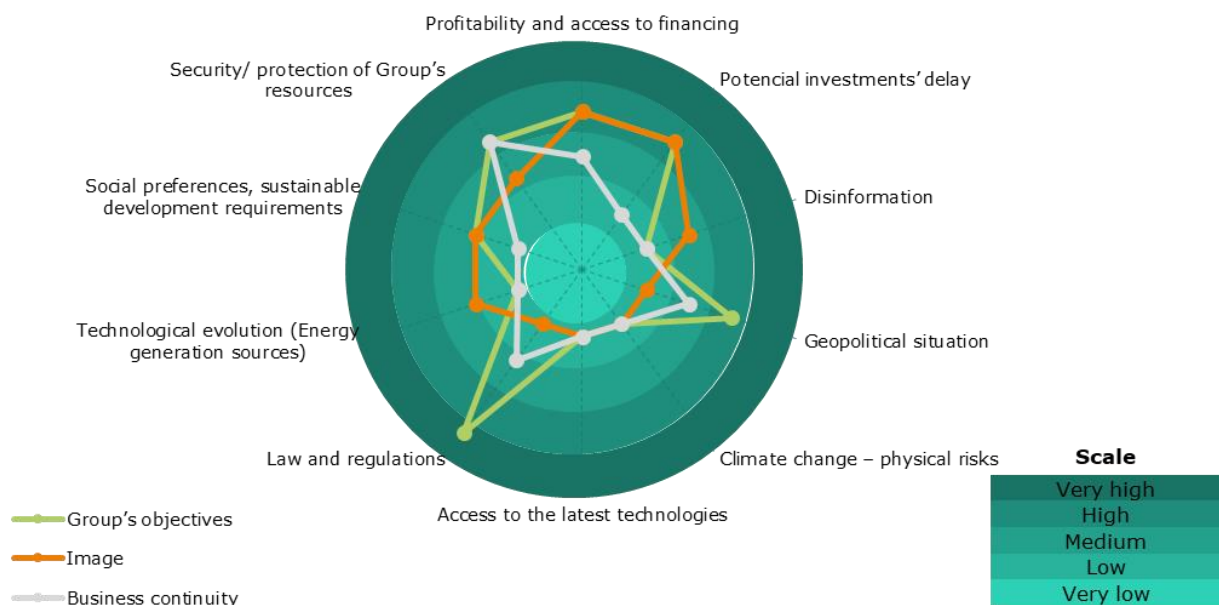
3.2. Risks - long-term outlook

Challenges and threats are assessed, that may arise for the PGE Group in the next decade. Each of the long-term risks is assessed in terms of its impact on the **achievement of business goals, the company's image and business continuity**. The presented result is the dominant (value most often appearing in the results) of these three aspects.

AREAS OF LONG-TERM RISKS

- **Profitability and access to financing** – risk of the Group being unable to maintain its leading market position due to the continued operation of unprofitable coal assets and limited investment capacity
- **Potential investment delays** – risk of delays in the implementation of key investment projects
- **Disinformation** – the risk that the use of “fake news” will threaten the functioning of the PGE Group
- **Geopolitical situation** – the risk of changing geopolitical factors (EU policy, divergence of interests, political conflicts – wars, migrations, recession, stagnation, inflation) resulting in limited access to raw materials (natural gas) used by the PGE Group
- **Climate change – physical threats** – 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
- **Access to the latest technologies** – risk associated with restrictions on the import of advanced GPU chips and the inability to leverage the potential of artificial intelligence
- **Law and regulations** – the risk related to changes in the legal system and uncertainty in the regulatory environment, including among others the future shape of support schemes and regulatory burdens resulting from environmental requirements affecting the PGE Group
- **Technological evolution (energy generation sources)** – risk that technological changes will lead to a shift in the energy market in terms of generation methods
- **Social preferences, sustainable development requirements** – 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/ protection of PGE CG's resources** – the risk that the international situation will negatively affect the physical security and cybersecurity of the PGE Group's assets. Possible attacks on critical infrastructure.

Diagram: Map of long-term risks



Source: own work

The location on the map based on the assessment of significance level shows the impact of a given risk in three different aspects:

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

3.3. Climate risk

The PGE Capital Group is aware of the impact of its operations on the climate, as well as the threats resulting from climate change for the Group's operations. This interdependence generates both risks and opportunities for development. Therefore, the expectations of stakeholders in terms of reporting the impact of activities on the climate as well as dependence on it are understandable, recognising climate risk management as a key element of strategic management, with a direct impact on financial aspects.

Chart: Interdependencies between climate and PGE Group's activities



The PGE Capital Group focuses not only on risks, but also on opportunities to ensure resilience to threats and increase the Group's sustainable revenues. PGE Capital Group undertook a number of actions aimed at achieving climate neutrality in 2050.

The Group has also stepped up its efforts to meet the regulatory requirements, both national and European. A Sustainability Statement for 2024 has been prepared, based on the CSRD¹⁷, the European Sustainability Reporting Standards (ESRS), and the Accounting Act. The Sustainability Statement is included in the Management Board Report on activities of the PGE CG. The PGE Capital Group is also obliged to disclose the extent to which its business activities can be considered environmentally sustainable. This requirement results from Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088, and from the related Delegated Regulations on the establishment of a framework to facilitate sustainable investment. The activities of the PGE Group in terms of the EU Environmental Taxonomy are described in section 9.2.1 of this report.

Issues related to climate risk are subject to the rigors and guidelines resulting from the corporate risk management process. The body responsible for overseeing the corporate risk management process in the PGE Group, including climate risk, is the Risk Committee as in the case of financial risks. The establishment of a Risk Committee at the highest management level, reporting directly to the Management Board, ensures supervision over the effectiveness of risk management in the Group. Such a location of the risk function allows for an independent assessment of individual risks and their impact on the PGE Group as well as mitigation and control of significant risks using 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 risk is analysed both in the context of the impact of climate change on the business and the impact of business on these changes. Identification and analysis of climate-related risk and continuous improvement of pro-environmental solutions as well as control tools allow for effective management and minimisation of climate impact, while caring for the PGE Group's financial results. The solutions developed by the PGE Group are aimed at its development and sustainable transformation in accordance with climate requirements and care for all stakeholders.

¹⁷ CSRD- Corporate Sustainability Reporting Directive.

Chart: Interdependencies between climate and PGE Group's activities



Climate issues are assessed centrally at PGE S.A. taking into account all types of activities of the Capital Group and entities that are part of it. This means that the result of the provided assessment is joint, 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 adopted method for the inventory and assessment of risks is an internal concept of PGE.

In 2024 PGE Group once again participated in an international study on the company's environmental impact i.e. the Carbon Disclosure Project - CDP (<https://www.cdp.net/en>), an international study on corporate environmental impact. The Group responded to enquiries from global investors about the impact of its operations on climate, water and forest resources and analysed both risks and opportunities related thereto.

There is an interdependence between the risks and opportunities for businesses associated with the climate. Any business is affected by two types of climate risks:

- physical risk, related to the physical effects of climate change i.e. real threats in the form of extreme weather events, drought, flooding,
- risks associated with the transition (so called transition risks) to a low-carbon and climate-resilient economy, which relate to meeting regulatory requirements, implementing new technologies or impact on the reputation of a business.

The changing climate and efforts to combat climate change, i.e. to mitigate and adapt to its effects, provide at the same time new opportunities and chances to develop business. This is why PGE Group focuses not only on risks but also on opportunities so as to ensure resilience to risks and to increase sustainable earnings.

Table: Climate-related opportunities in the PGE Group

Area	Example
Effective resources management	Work on solutions in the field of waste management and recovery of valuable products from wind turbine blades.
New sources of electricity	Investments in: ▪ offshore and onshore wind farms, ▪ photovoltaic farms, ▪ construction of zero-emission hybrid electricity storage.
New products	▪ expansion of the product portfolio with PRO EKO initiatives - products that fit into low-emission heating systems, ▪ development of products / offers promoting low-emission activities, ▪ following changes in consumer preferences, ▪ development of insurance solutions in offshore area.

Table: Climate risks in the PGE Group

Obszar	Przykład
Operations	Extreme weather events or changes in climate conditions, which could negatively influence PGE Group's assets and operating activities.
CO ₂ emissions	Rising costs of emission allowances, which could adversely affect the profitability of generating assets or ultimately bring these assets to a halt due for economic reasons.
Investments	Failure by PGE Group to fulfil investment commitments aimed at the green transition, at the EU and domestic level and for own strategic purposes.
Raising support funds and investment incentives in domestic regulations	Growing impact of climate requirements relevant to the granting of aid funds and investment incentives in domestic regulations.
International regulations	EU legislation as regards energy and climate policy, in particular the Fit for 55 package.

Each of these areas of climate risk is assessed on a short, medium and long horizon. The adopted timeframes are aligned with external analyses.

ASSESSMENT OF THE IMPACT OF PHYSICAL CLIMATE RISKS ON THE OPERATIONS

Global warming, changing precipitation patterns, rising sea levels and extreme weather events are increasingly challenging the resilience of power systems, increasing the likelihood of disruption. Climate change directly affects every segment of the power system: production potential and efficiency, demand for heating and cooling, resilience of transmission and distribution networks, as well as demand patterns.

Being aware of the threats arising from climate change, as part of the first stage of the climate risk management process in 2024, the PGE Group once again carried out an assessment of key physical (material) climate risks that may have a negative impact on its operations, supporting adaptation to climate change and increasing resistance to climate threats. Climate factors, primarily temperature, precipitation and wind, were assessed and their negative impact on key activities in the Group was examined.

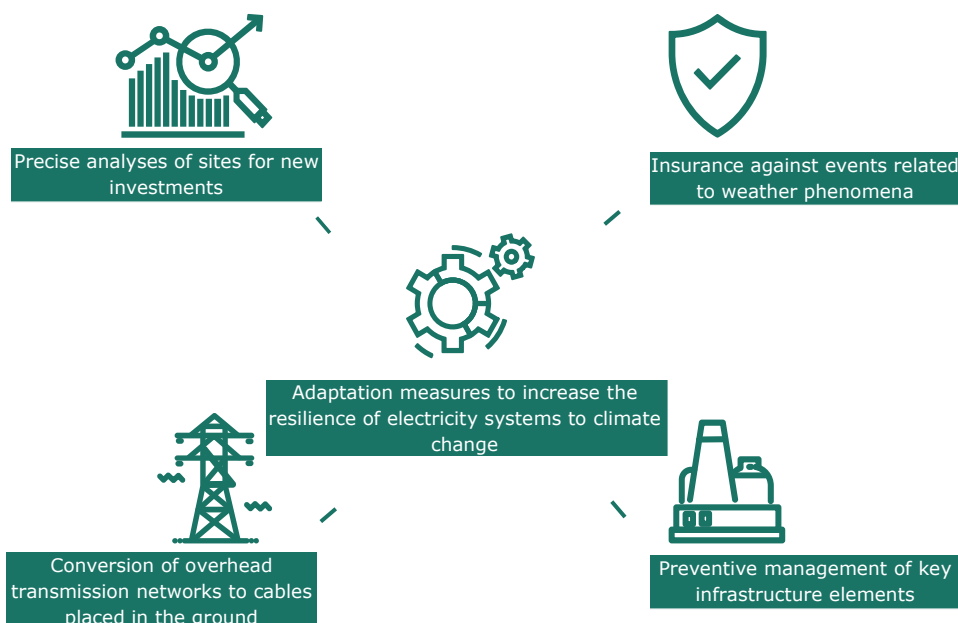
The assessment of the risk related to climatic physical threats in PGE Capital Group in 2024 was carried out in the current and long-term perspective using scientific models describing possible climate scenarios.

Table: Climate scenarios

Scenario	Type of scenario	Assumptions	Global temperature rise	Impact of the risk
RCP 4.5	optimistic	introduction of new technologies in order to achieve a higher reduction of greenhouse gas emissions than at present	2.5°C	low/medium
RCP 8.5	pessimistic	current growth rate of greenhouse gas emissions will be maintained, in the "business as usual" formula	4.5°C	low/medium

The assessment carried out showed a low or medium impact of risks related to physical climatic hazards on the key activities of the Capital Group in 2024. An important role in the assessment process is played by e.g. implementation of adaptive measures developed in the PGE Capital Group.

Chart: Adaptation measures in the PGE Capital Group



IMPACT OF TRANSITIONAL CLIMATE RISKS ON OPERATIONS

Transformational climate risks in the PGE Capital Group relate primarily to areas affecting the change towards achieving climate neutrality planned by 2050, i.e., among others: requirements and regulations of existing products and services (area: policy and law), replacement of existing products and services their low-emission and zero-emission counterparts (technology area) and stakeholder concerns/negative opinions (reputation area). Examples of risks from the above areas are listed below, divided into categories:

Politics and law

Climate regulations have a direct impact on energy companies. PGE Capital Group companies, like other entities in the energy sector, are exposed to risks and threats resulting from the nature of their operations and functioning in a specific market and regulatory and legal environment. The PGE Capital Group operates in

an environment that is significantly influenced by domestic and foreign regulations. The risk of current regulations is particularly important in the context of raising capital, subsidies and support from aid funds.

The PGE Group undertakes a number of activities related to the monitoring of available sources of support, reliable preparation of application documentation and the use of 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.

Arising regulations

The arising regulations are important from the point of view of implementing the strategy and supporting the effective transition to low- and zero-emission technologies. The PGE Capital Group strives to fully use the available financing options for green investments. Emerging regulatory changes, such as EU infrastructure support for sustainable investments, the inclusion of lack of financing, penalties for climate-negative transactions, may raise significant risks. These changes will affect the credit risk and may affect the financial flows generated by assets belonging to the PGE Capital Group and thus affect their income value.

The risk of rising costs of greenhouse gas emission allowances, including the reduction of the limit of free emission allowances for the district heating sector, reduces the ability to finance low- and zero-emission investments.

The Group invests in the modernisation of assets and development investments, including the optimisation of combustion processes and the introduction of solutions aimed at improving production efficiency, higher efficiency of fuel and raw material consumption, and reducing the energy intensity of production processes and internal needs.

Technology

A permanent reduction in emission intensity is to be achieved in the PGE Capital Group by changing the generation technology, investing in new technologies, expanding the portfolio of renewable energy sources, developing the circular economy and enabling customers to participate in the energy transformation. Technological risk also includes the selection of optimal and effective new technologies, the use of the potential by the Group.

Reputation

Reputation risk in the case of the PGE Group is very important, because the energy sector plays a key role in supporting the effective transition to a low-carbon economy, and ultimately a zero-carbon one. The Group focuses on reducing its impact on the natural environment. A permanent reduction in emission intensity is to be achieved by changing the generation technology, expanding the portfolio of renewable energy sources and enabling customers to participate in the energy transformation by offering them attractive products. Lack of due attention to the low-carbon economy and ESG issues can cause problems with access to capital.

4. Energy market and regulatory and business environment

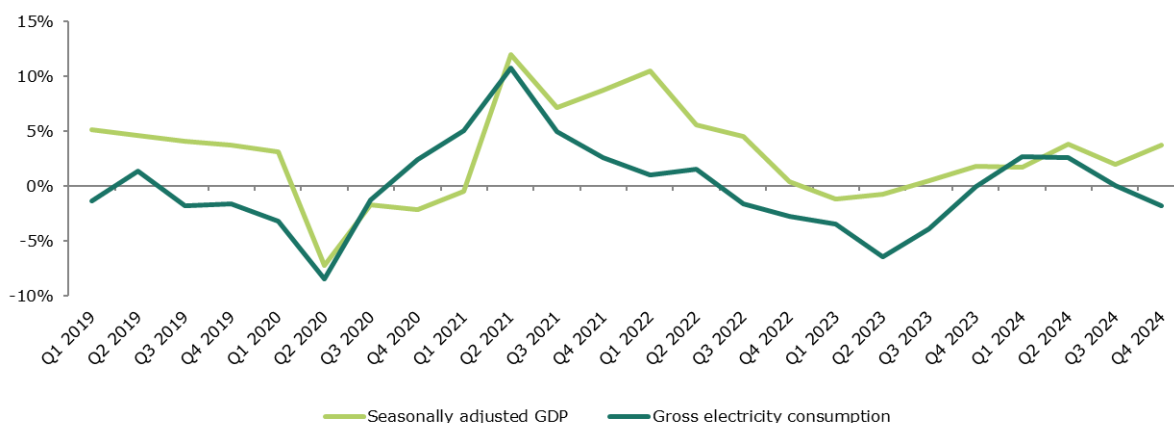
4.1. Macroeconomic environment

PGE Group's main operating area is Poland, and the domestic macroeconomic backdrop has a substantial impact on Group's results. At the same time, the condition of Poland's economy remains largely tied to the situation across the European Union and in global markets. The Group's financial results are affected by both the situation in specific segments of the economy and the financial markets, which determine the terms of PGE Group's debt financing.

In Poland, as in most other economies, there is a positive dependence between change in electricity demand and change in the rate of economic growth. Considering PGE Group's position on the Polish power generation market, as well as its substantial share in the electricity sales and distribution market, changes in electricity and heat demand may have a significant impact on the Group's results.

Throughout 2024, a significant correlation could be observed between GDP dynamics and the pace of changes in electricity demand. The first half of the year continued the growth recorded in 2023. However, the second half of 2024 did not fulfil the previously raised expectations for further acceleration of economic growth. During the third and fourth quarters of 2024, electricity demand decreased compared to the same period in 2023. Seasonally adjusted GDP maintained an upward trend.

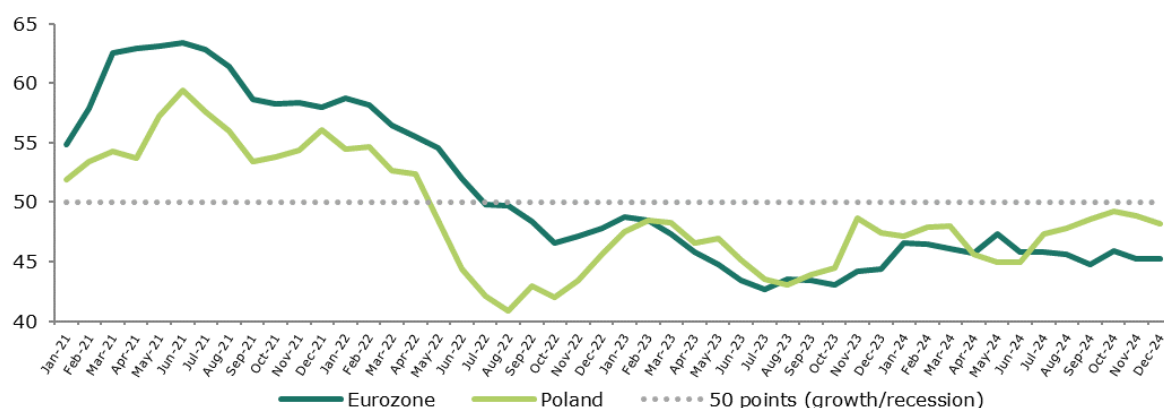
Chart: Seasonally adjusted GDP change vs. change in domestic gross electricity consumption.



Source: Central Statistical Office of Poland, Polskie Sieci Elektroenergetyczne S.A. (PSE S.A.)

In 2024, the PMI for the Polish industrial sector remained below 50 points, indicating ongoing difficulties in the sector development. In October 2024 the PMI rose to 49.2 points, the highest level since the beginning of the downward trend in 2022. In November 2024 it dropped to 48.8 points, mainly due to declining orders, particularly from Europe, and in December 2024 it decreased to 48.2 points, indicating the deterioration in conditions in relation to August 2024. Forecasts for 2025 are cautiously optimistic – analysts anticipate a PMI increase to 51 points. In the Eurozone, the industrial PMI also indicated a recession, reaching 45.2 points in November 2024 and 45.1 points in December 2024. Such macroeconomic conditions may significantly impact the PGE Group, as a slowdown in the industrial sector and instability in the euro area may lead to reduced energy demand and difficulties in conducting investments. In the context of the anticipated recovery in 2025, an improvement in PMI may signal better prospects for the Group, both in terms of sales growth to the industrial and services sectors.

Chart: Manufacturing PMI in Poland and Eurozone (in points).



Source: Market Economics

In the fourth quarter of 2024, the Polish industrial sector experienced fluctuating results in terms of sold production. In October 2024, production increased by 4.7% y/y and by 10.0% m/m. However, in November, a decline of 1.5% y/y and 5.4% m/m was recorded. The decrease in sold production may indicate reduced energy consumption by the industrial sector, particularly in energy-intensive industries such as metallurgy, chemicals, and automotive. Such changes in production may negatively impact the PGE Group in the short term by reducing sales volume and creating more challenging market conditions.

4.2. Market environment

4.2.1. Situation in the National Power System (NPS)

Table: Domestic electricity consumption (TWh).

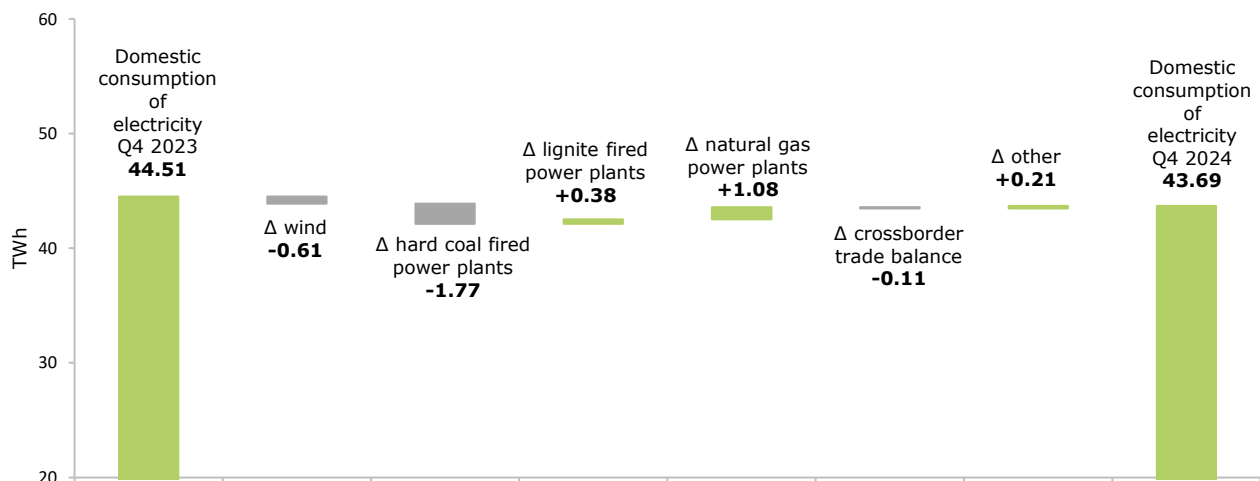
	Q4 2024	Q4 2023	% change	2024	2023	% change
Domestic electricity consumption, including:	43.69	44.51	-2%	168.96	167.52	1%
Wind farms	7.32	7.93	-8%	24.87	22.00	13%
Industrial thermal hard-coal fired power plants	19.64	21.41	-8%	69.11	76.61	-10%
Industrial thermal lignite fired power plants	9.28	8.90	4%	35.84	34.57	4%
Industrial gas-fired power plants	5.25	4.17	26%	16.77	13.65	23%
International exchange balance	-0.32	-0.21	52%	1.97	3.89	-49%
Other (hydro power plants, other RES)	2.52	2.31	9%	20.40	16.80	21%

Source: PSE S.A. data

Q4 2024

In the fourth quarter of 2024, domestic electricity consumption decreased by 0.82 TWh, which was mainly the result of higher average daily temperatures. As a result of worsened wind conditions, wind generation decreased by 0.61 TWh compared to the same period last year. In the fourth quarter of 2024, similar to a year ago, Poland was per balance an exporter of energy, while there was change in the balance of international exchange (-0.11 TWh y/y). There was a decrease in production at coal-fired plants (-1.77 TWh). At the same time, there was an increase in generation from lignite (+0.38 TWh), which could be attributed to the low base of the previous year, and increase in production from gas (+1.08 TWh), which was the result of a decrease in gas prices on wholesale markets and an increase in installed capacity. There was also an increase in generation from other electricity sources (+0.21 TWh), primarily PV plants due to an increase in installed capacity.

Chart: Energy balance in the NPS (TWh) in Q4 2024.

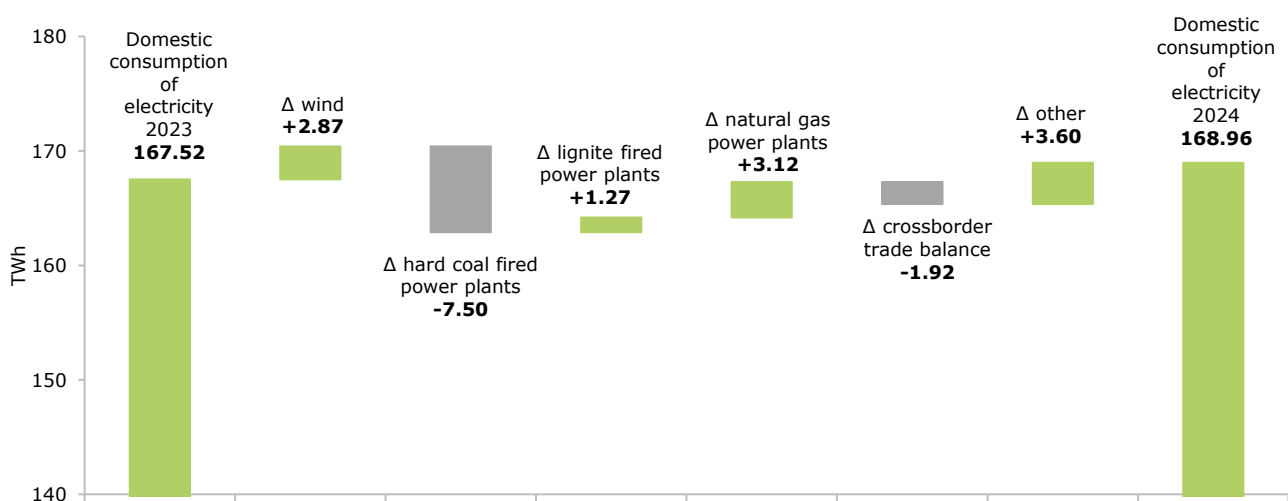


Source: own work based on data from PSE S.A.

2024

On a cumulative basis, domestic electricity consumption increased by 1.44 TWh y/y. The increase was due to the low base of the previous year - as a result of the slowing economy due to higher commodity prices caused by Russia's war with Ukraine. As a result of the increase in installed capacity and more favourable wind conditions, wind generation increased by 2.87 TWh compared to the previous year. Throughout whole 2024, similar to a year ago, Poland was an energy importer, with imports lower than last year by 1.92 TWh. There was a decrease in production at coal-fired power plants (-7.50 TWh). At the same time, there was an increase on lignite (+1.27 TWh), what is the result of the low base of last year and the increase in demand this year. Increase on gas-based production was also recorded (+3.12 TWh), which was the result of the fall in gas prices on wholesale markets and the increase in installed capacity. There was also an increase in generation from other electricity sources (+3.60 TWh), primarily PV plants due to an increase in installed capacity.

Chart: Energy balance in the NPS in 2024 (TWh).



Source: own work based on data from PSE S.A.

The situation in the NPS directly affects the operational activities of the PGE CG. In 2024, the PGE Group recorded a decrease in gross production from hard coal-fired power plants (-3.52 TWh), an increase in production from lignite (+1.06 TWh), and from gas (+2.02 TWh). This was due to declining gas prices in wholesale markets and a simultaneous increase in installed capacity.

4.2.2. Electricity prices - domestic market

Table: Day-Ahead market (RDN, SPOT market)

Market/measure	Unit	Q4 2024	Q4 2023	% change	2024	2023	% change
RDN – average price	PLN/MWh	472	437	8%	425	534	-20%
RDN – trading volume	TWh	11.63	16.63	-30%	47.10	58.40	-19%

Data from TGE, include weighted average monthly BASE prices.

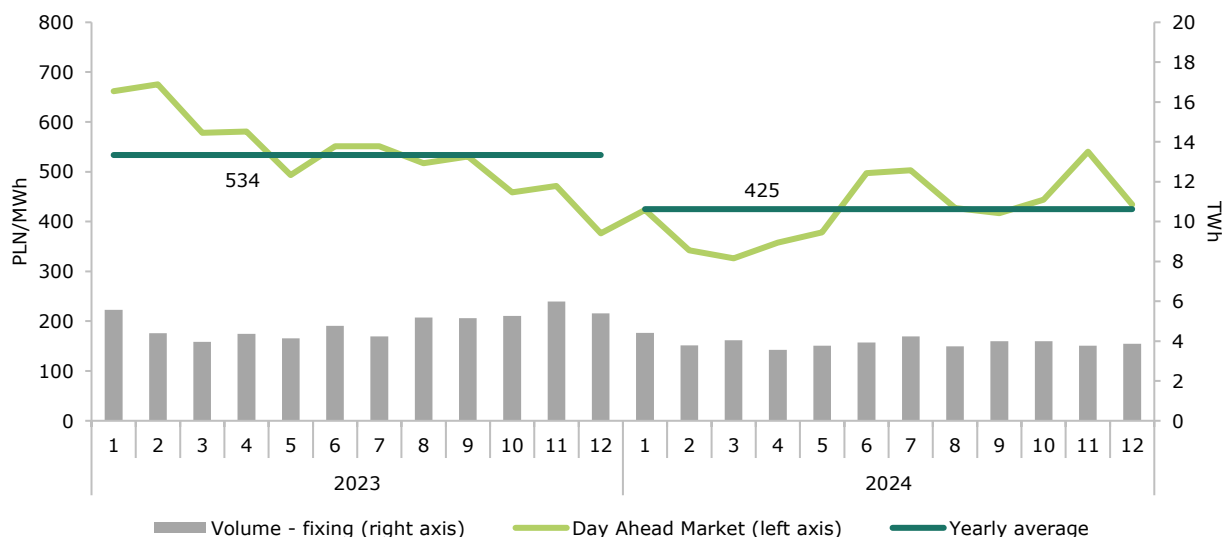
Table: Selected price factors affecting RDN quotations

Factor	Unit	Q4 2024	Q4 2023	% change	2024	2023	% change
CO ₂ emission rights ¹⁸	EUR/t	66.33	76.07	-13%	66.22	83.16	-20%
Polish Steam Coal Market Index PSCMI-1	PLN/GJ	21.31	30.47	-30%	22.22	32.52	-32%
Wind generation NPS	TWh	7.32	7.93	-8%	24.87	22.00	13%
Ratio: wind generation/ NPS consumption	%	17%	18%		15%	13%	
Ratio: international trading/ NPS consumption	%	-	-		1%	2%	

In 2024, the average electricity price on the day-ahead market was PLN 425/MWh and was lower by 20% than average price (PLN 534/MWh) in the previous year. Increased generation from RES sources and higher average daily temperatures y/y contributed to the price drop.

Average level of PSCMI-1 in 2024 was PLN 22.22/GJ, i.e. lower by 32% than in the base period.

Chart: Average monthly prices on the day-ahead market in 2023–2024 (TGE).



Source: Data from TGE, include weighted average monthly BASE prices.

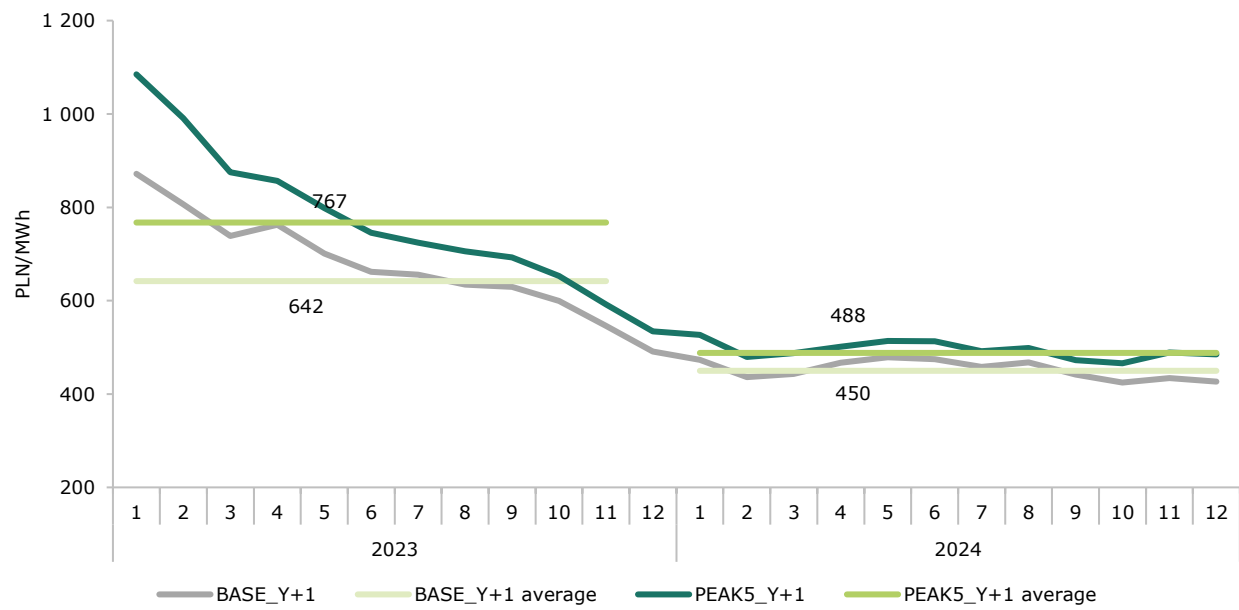
Table: Forward market (RTT)

Market/measure	Unit	Q4 2024	Q4 2023	% change	2024	2023	% change
BASE Y+1 – average price	PLN/MWh	428	549	-22%	450	642	-30%
BASE Y+1 – trading volume	TWh	10.51	11.45	-8%	37.49	33.40	12%
PEAK5 Y+1 – average price	PLN/MWh	475	570	-17%	488	767	-36%
PEAK5 Y+1 – trading volume	TWh	1.73	0.89	94%	5.69	3.53	61%

Energy prices on the forward market in 2024 fell significantly for both BASE and PEAK5 contracts in comparison to the previous year. The decrease was due to the high base of the previous year, when increases were influenced by the market situation related to the limited supply of hard coal and natural gas due to the ongoing conflict in Ukraine.

¹⁸ Source: own work based on ICE quotations.

Chart: Average monthly prices on the forward market in 2023–2024 (TGE).¹⁹

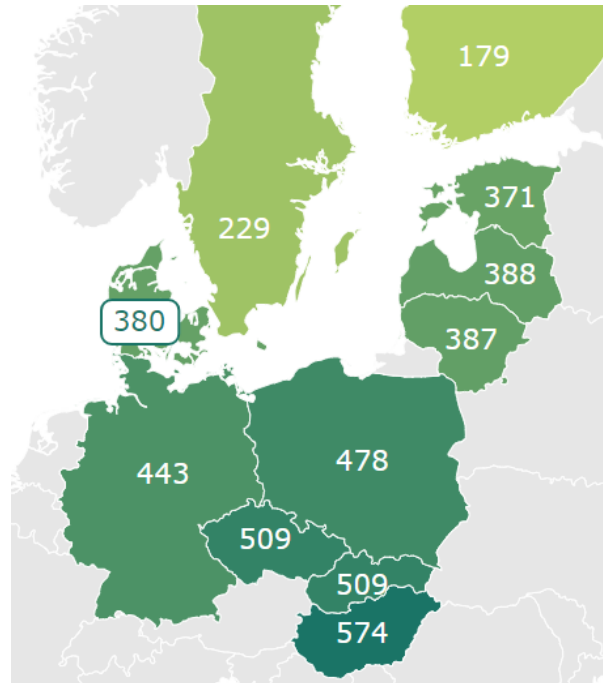


¹⁹ Monthly average index level for forward contracts for the next year (Y+1), baseload and peak, weighted by the trading volume.

4.2.3. Electricity prices - international market

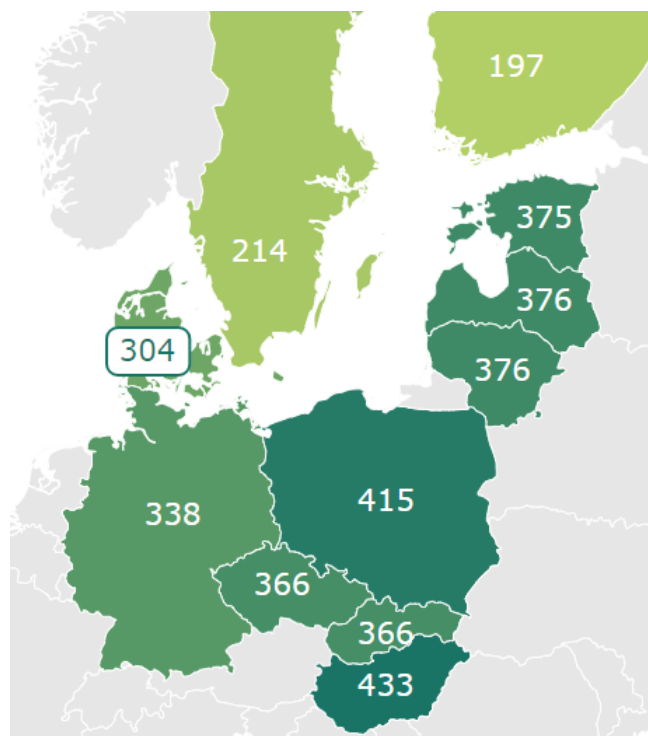
WHOLESALE MARKET (COMPARISON OF SPOT MARKETS)

Chart: Comparison of average electricity prices on Polish market and on European markets in the fourth quarter of 2024 (prices in PLN/MWh, average exchange rate EUR/PLN 4.31).



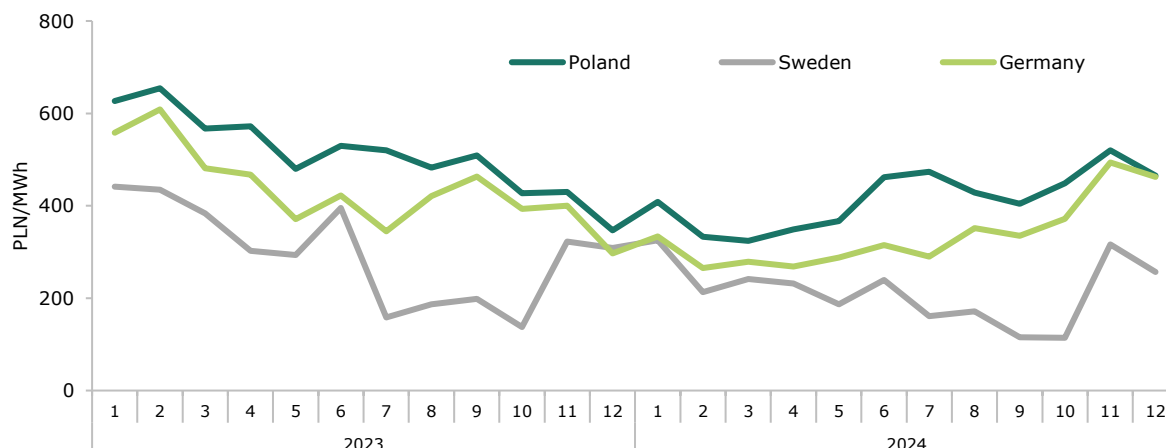
Source: TGE - RDN price level calculated on the basis of hourly quotations (fixing), EEX, Nordpool.

Chart: Comparison of average electricity prices on Polish market and on European markets in 2024 (prices in PLN/MWh, average exchange rate EUR/PLN 4,30).



Source: TGE - RDN price level calculated on the basis of hourly quotations (fixing), EEX, Nordpool.

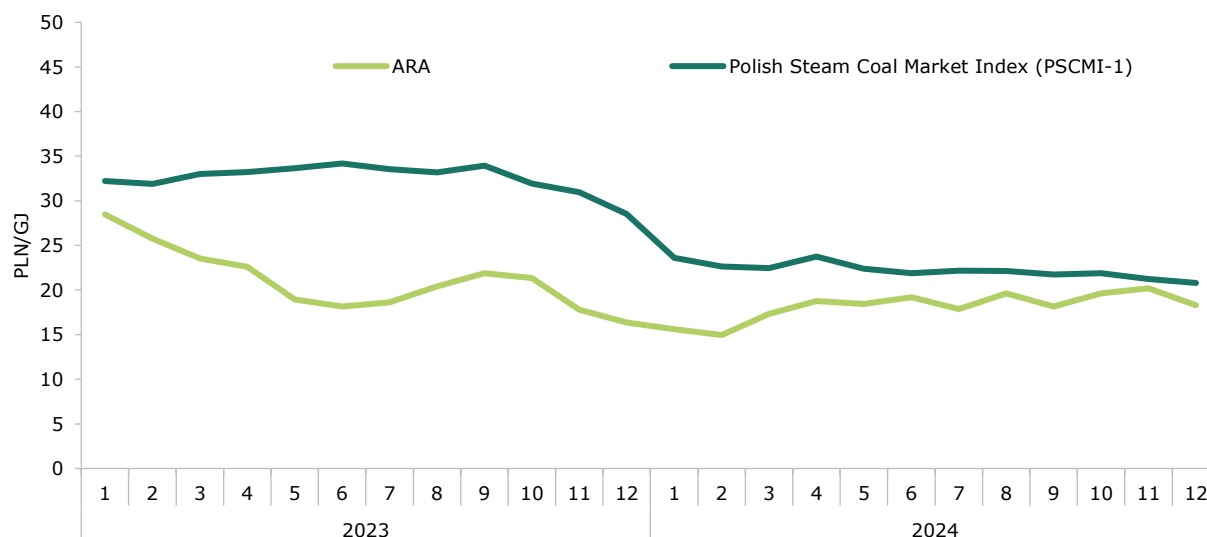
Chart: Evolution of spot market prices.



Source: TGE, EEX, Nordpool

In 2024, the largest y-o-y price decline was recorded in Germany (-98 PLN/MWh) and Poland (-97 PLN/MWh), while the smallest in Estonia (-38 PLN/MWh). The differentiation of energy prices results from a higher share of renewable energy sources in the technological mix and from the situation on the markets for related products. The price spread between Poland and its neighbouring countries is also due to differences in realised coal prices and also to prices of natural gas at home and abroad. The reason for the price drop was a change in the market situation – in the analogical period of the previous year the supply of hard coal and natural gas were limited due to the ongoing conflict in Ukraine.

Chart: Hard coal indices ARA vs PSCMI-1²⁰.

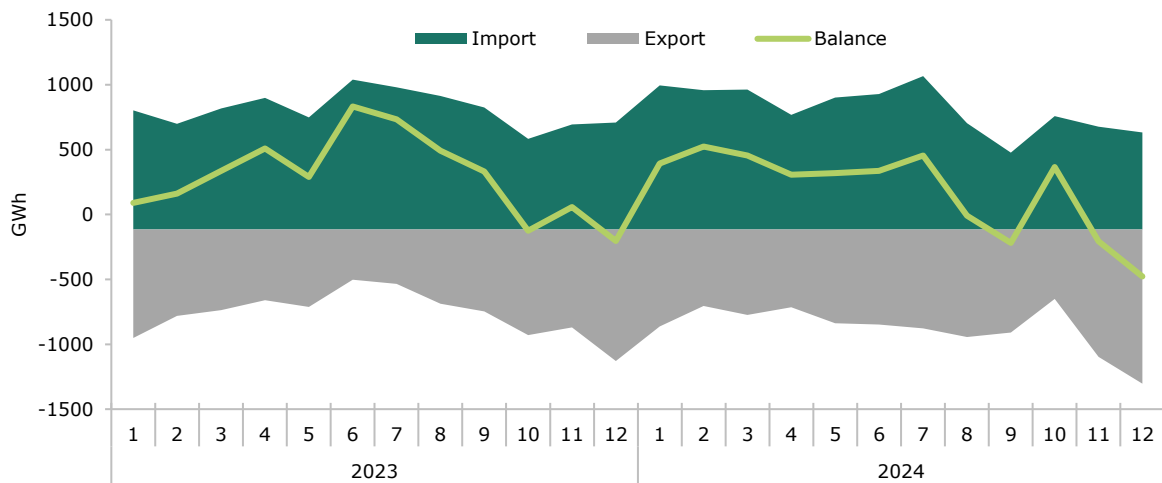


Source: ARP, Bloomberg (API21MON OECD Index), own work.

²⁰The comparison is illustrative only. Methodologies of counting the ARA and PSCMI1 indexes are different. Among other things, the ARA index includes insurance and delivery costs. The PSCMI 1 is an ex-mine index without insurance and delivery costs. Standards for calculating the caloric values are also different (ARA – 25.12 GJ/t vs. PSCMI1 caloric value - range 20-24 GJ/t). The aim is to compare the trend and not the absolute level. For illustration purposes ARA index is recalculated from USD/t to PLN/GJ.

INTERNATIONAL TRADING

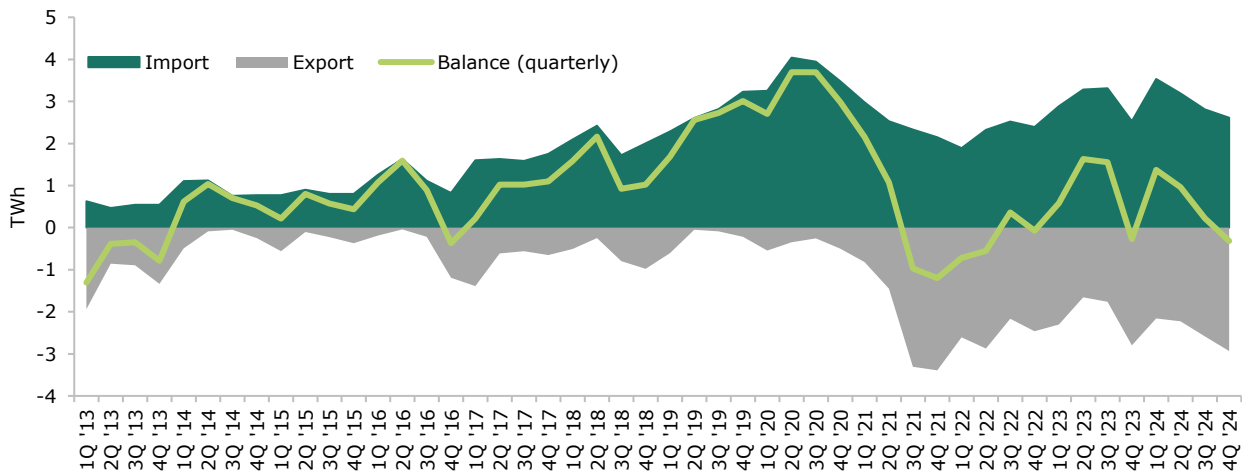
Chart: Monthly imports, exports and cross-border exchange balance in 2023-2024.



Source: own work based on data from PSE S.A.

reduction in fuel prices worldwide (which translate into lower energy production costs) has driven down electricity prices in neighbouring countries, resulting in higher energy imports into Poland most of the year 2024. However, in some months per balance we were exporters of electricity due to high wind or photovoltaic generation.

Chart: Quarterly trading volumes – import, export and international trading balance in years 2013 - 2024.



Source: own work based on data from PSE S.A.

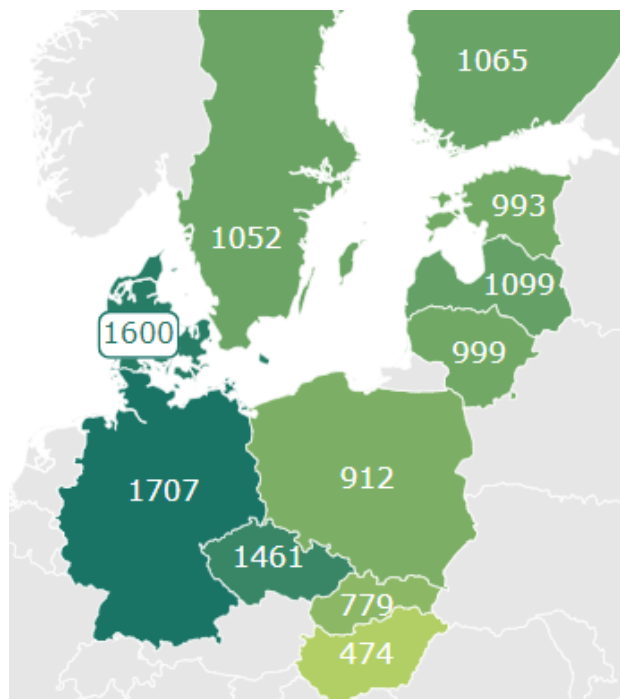
In Q4 2024, Poland was a net exporter of electricity, with a negative trade balance of 0.3 TWh (imports: 2.6 TWh, exports: 2.9 TWh). The largest impact on the trade balance came from imports from Germany (1.2 TWh), Sweden (0.7 TWh), and the Czech Republic (0.4 TWh). At the same time, the highest electricity exports were directed to Slovakia (1.4 TWh), Germany (0.6 TWh), and Lithuania (0.3 TWh).

Throughout 2024, Poland was a net importer of electricity, with a trade balance of 2.2 TWh (imports: 12.1 TWh, exports: 9.9 TWh). The most significant impact on the trade balance came from imports from Germany (5.5 TWh), Sweden (3.1 TWh), and the Czech Republic (2.0 TWh). At the same time, the highest volumes of electricity exports were sent to Slovakia (4.2 TWh), Lithuania (1.7 TWh) and Germany (1.2 TWh).

RETAIL MARKET

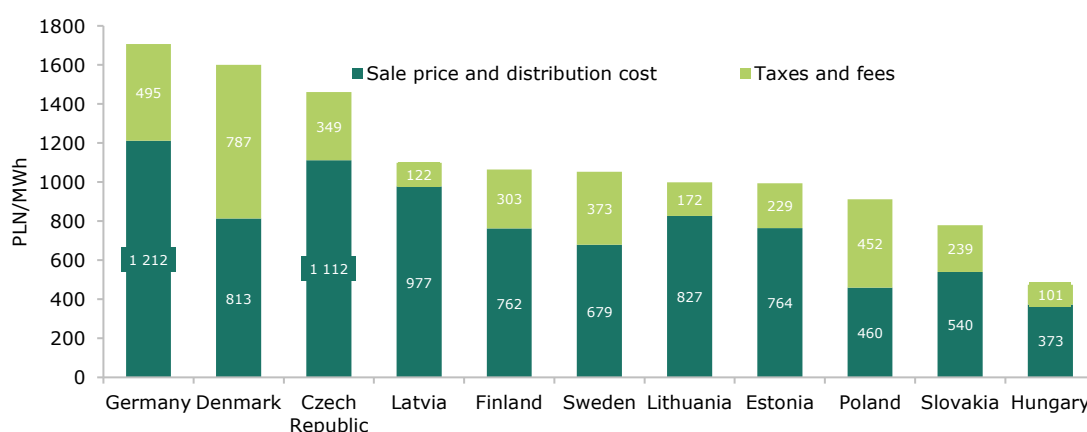
The diversity of electricity prices for retail customers in the European Union depends mainly on the level of the wholesale prices of electricity, fiscal system (taxes and fees), regulatory mechanism and support schemes in particular countries. In Poland in the first half of 2024²¹ an additional burden (over sale price and cost of electricity distribution) for individual customers accounted for 50% of the electricity price. The Germans paid the most for electricity, for whom additional charges also accounted for 29% of the final price.

Chart: The share of additional charges in electricity prices for the individual customers in selected EU countries in the first half of 2024 (prices in PLN/MWh, average exchange rate EUR/PLN 4.32).



Source: own work based on Eurostat data.

Chart: The share of additional charges in electricity prices for the individual customers in selected EU countries in the first half of 2024 (prices in PLN/MWh, average exchange rate EUR/PLN 4.32).



Source: own work based on Eurostat data.

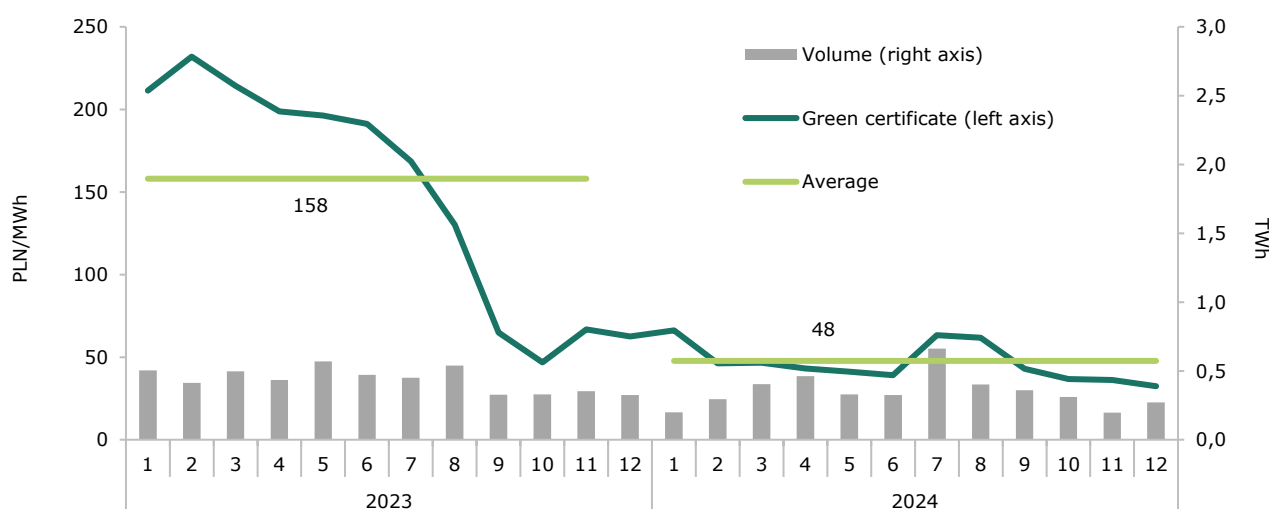
²¹ Eurostat data on retail market are published in semi-annual intervals.

Alongside market changes and the evolving generation structure of the Group, not only long-term contracts but also the volatile spot market significantly impacted the Group's trading activities. Changes in global fuel prices also affected the value of sales prices within the Group and the profitability of utilising reserves. The average wholesale electricity price realised in 2024 was PLN 595/MWh.

4.2.4. Prices of certificates

In 2024 the average price of green certificates (index TGEoza) reached PLN 48/MWh and was lower by 70% compared to the previous year. An obligation to redeem green certificates changed as compared to 2023 (12%) and stands at 5% for 2024. In turn, at the end of August 2024, the Ministry of Climate and Environment published the level of the green certificates redemption obligation for 2025, which amounts to 8.5%.

Chart: Average quarterly prices of green certificates (TGEoza).



Source: Own work based on TGE quotations.

The decline in property rights prices, caused by a reduction in the redemption obligation level, resulted in lower revenue from the sale of RES property rights within the PGE Group.

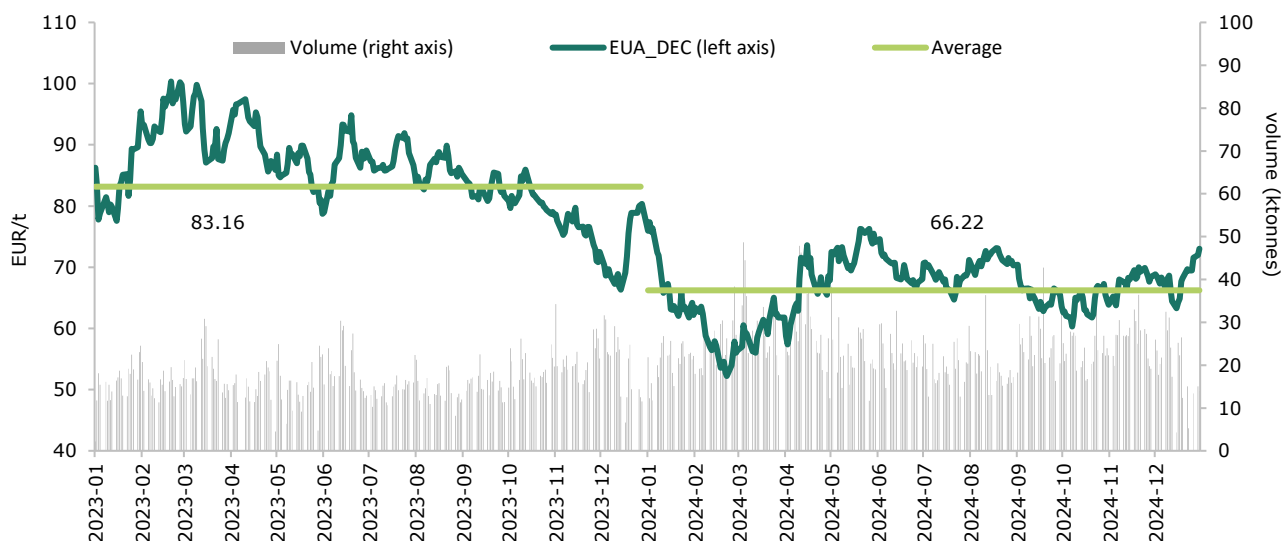
Revenue from the sale of property rights in the PGE Group decreased y-o-y by PLN 174 million (from PLN 259 million in 2023 to PLN 85 million in 2024).

4.2.5. Prices of CO₂ emission rights

EUA (European Union Allowances) prices are one of the key factors determining wholesale energy prices and PGE Group's financial results. Installations emitting CO₂ in the process of electricity or heat production bear the expenses for purchasing EUA allowances to cover the deficit (i.e. the difference between CO₂ emissions at PGE Group's generating units and the free-of-charge allowances received under derogation in accordance with the National Investment Plan). Wherein, last allocations granted free of charge were planned for realisation of investment tasks for 2019. It means that the free allocations for electricity generation, in accordance with the currently used method, ended when 2019 allowances were received.

In 2024 the weighted average price of EUA DEC was EUR 66.22/t and was lower (by approx. 20%) than the average price of EUR 83.16/t in the previous year.

Chart: Prices of CO₂ emission rights.



Source: own work based on ICE exchange quotations.

4.3. CO₂ emission rights granted free of charge

In accordance with Commission Implementing Regulation (EU) 2019/1842 of October 31, 2019 laying down rules for the application of Directive 2003/87/EC of the European Parliament and of the Council as regards further arrangements for adjustment of the allocation of free CO₂ emission allowances due to changes in activity levels, the competent authority may suspend the issuance of free emission allowances to an installation until it is determined that there is no need to adjust the allocation to that installation or the Commission has adopted a decision concerning adjustments to the allocation to that installation.

In national legislation, the Act on the Greenhouse Gas Emission Trading Scheme introduced an additional condition for the issuance of emission allowances to installations. Due to the amendment of Directive (EU) 2023/959 of the European Parliament and of the Council of May 10, 2023, amending Directive 2003/87/EC establishing a scheme for greenhouse gas emission allowance trading within the Union, the deadline for issuing emission allowances has changed from February 28 to June 30 each year, following the publication of information in the Public Information Bulletin on the website of the Ministry of Climate and Environment.

In accordance with legal requirements, activity level reports for individual installations for 2023 have been submitted, with a deadline of March 31, 2024. A further adjustment was made during 2024 to reflect increases and decreases in production volumes resulting from revised activity level reports submitted for individual installations.

Table: Emission of CO₂.

	2024	2023	% change
Electricity and heat	54 572 333	56 950 618	-4%

Table: Allocations of CO₂ emission rights (in tons).

	2024	2023	% change
Heat	595 229	641 296	-7%

Since 2020, installations owned by the PGE CG have not been eligible for free CO₂ emission allowances for electricity generation. The Group is only entitled to free EUA allowances for heat production. In 2024, the amount of granted CO₂ emission allowances totalled 595 thousand tonnes.

4.4. Supply markets - fuels

Lignite, hard coal, natural gas and biomass are key fuels used to generate electricity and heat by power plants and heat and power plants belonging to the PGE Group. The cost of fuel procurement constitutes a major share in electricity generation costs.

Lignite supplies to Bełchatów power plant and Turów power plant are carried out within a framework of regular cooperation between branches operating in the structure of Conventional Generation segment.

PGE S.A., based on the Commercial Management of Generation Capacities Agreement (ZHZW), secures the supply of raw materials, their transportation services, and related services for companies within the Conventional Energy, Gas Energy, and Heating segments.

In 2024, supplies of hard coal for electricity and heat production were primarily met by coal from Polska Grupa Górnicza S.A. (PGG S.A.) in the amount of approximately 5.5 million Mg, accounting for over 70% of total supplies. The remaining demand was covered under contracts with other suppliers, including Jastrzębska Spółka Węglowa S.A. and Węglkokoks Kraj S.A. Additionally, PGE Paliwa sp. z o.o. purchased imported coal on behalf of the Group (mostly Wybrzeże CHP plant). The price for 2024 was negotiated and did not deviate from the prices prevailing on the domestic market and was comparable to quotations on international markets. The delivery of coal by PGG S.A. in 2024 was carried out under an agreement signed on 13 December 2023. Under this Agreement, the parties defined estimated volumes of hard coal supplies for the years 2023–2028 for PGE GiEK S.A., Zespół Elektrociepłowni Wrocławskich KOGENERACJA S.A. (KOGENERACJA S.A.), and PGE Energia Ciepła S.A. The estimated total value of hard coal supplies for the years 2023–2028 amounts to PLN 13.5 billion.

In 2024, natural gas supplies for electricity and heat production were primarily secured under contracts with Orlen S.A., covering 95% of total demand. The remaining 5% of the Group's demand was met through direct purchases on the Polish Power Exchange (TGE). The 2024 price was determined based on pricing formulas included in the contracts, which were based on natural gas market quotations, i.e., THE and TGE.

Biomass supplied to the PGE Capital Group in 2024 was procured through purchasing procedures from suppliers operating on the Polish biomass market. Biomass used for electricity and heat production included wood chips of forest origin, agricultural-origin chips, and, as a supplement, biomass in the form of pellets.

In 2024, the PGE Capital Group also used light and heavy fuel oil as auxiliary fuels for electricity and heat production, which were produced on the domestic fuel market.

4.4.1. Coal market

Based on data presented by the Industrial Development Agency, hard coal production in 2024 amounted to approximately 44.2 million Mg, representing a decrease of around 4 million Mg compared to 2023. The continued decline in coal production clearly highlights the deteriorating situation in the domestic mining sector, as well as the ongoing decarbonisation process.

A downward trend is also evident in coal sales. In 2024, total sales of hard coal amounted to over 42 million Mg, which is approximately 4 million Mg less than in the previous year.

The comparable decrease in both coal production and sales resulted in the maintenance of coal stock levels.

Since the beginning of 2024, the Polish mining industry has reported monthly losses on the sale of fine coal to the professional and industrial power sectors. The average sales price to the professional and industrial power sectors, recorded under the PSCMI-1 index, was PLN 22.22/GJ (in 2024). In contrast, the average cost of hard coal extraction for the same period was PLN 39.34/GJ.

Imports of thermal coal to Poland in 2024 amounted to approximately 8.5 million Mg, the lowest level in eight years. This represents a 50% decrease compared to 2023. Both in 2023 and 2024, the Polish market experienced an oversupply of thermal coal, largely driven by reduced consumption of this raw material. The main suppliers of hard coal to Poland were Kazakhstan (41% share) and Colombia (31%). Other import sources included the USA, South Africa, and Australia.

The international thermal coal market in 2024 was characterised by moderate stability. The prices of the coal index quoted at the ARA ports, namely API2, fluctuated between PLN 16.24 and 22.79 per GJ, with an average for this period of PLN 19.62 per GJ.

For comparison, in 2023, prices ranged between PLN 16.53 and 36.43 per GJ, with an average of PLN 23.70 per GJ.

Coal prices in Europe were strongly influenced by economic and political factors. Factors contributing to price increases included the outbreak of conflict in the Middle East and fears of escalation, further sanctions imposed on Russia by the USA, concerns about securing gas supplies before the winter season, the end of gas transit

through Ukraine, and rising freight costs. On the other hand, downward pressure was driven by significantly reduced demand for coal, resulting from its replacement by renewable energy sources in the energy mix, as well as more extensive than anticipated coal power decommissioning in Europe, which prevented switching from gas to coal.

China played a significant role in global coal demand, as it experienced growth in both coal imports and production throughout 2024 to meet increasing demand and maintain high stock levels.

As coal is increasingly being phased out of the energy mix in Europe, both imports and stock levels at ARA ports have significantly declined.

4.4.2. Natural gas market

In 2024, the European natural gas market experienced a marked stabilisation following the energy crisis of 2021–2022. That year, demand for this fuel in Europe was met by imports from Norway and record volumes of LNG. The expansion of infrastructure (new FSRU terminals) and the diversification of supply sources ensured that gas supply remained relatively stable despite occasional disruptions. Norway maintained a high level of deliveries, while LNG remained a key element of the supply balance – particularly in offsetting the loss of pipeline gas supplies from Russia. Overall, the supply side in 2024 remained stable despite geopolitical tensions and temporary challenges such as LNG facility outages or hurricanes limiting exports from the United States.

At the beginning of 2024, with gas storage facilities full and demand relatively low, natural gas prices fell sharply – by the end of the first quarter of 2024, TTF prices had dropped to levels not seen since before the energy crisis. The average price in the first half of 2024 was approximately 33% lower than in the same period of the previous year. By comparison, at the peak of the crisis in August 2022, record levels of around EUR 350/MWh were recorded. The year 2024 brought a clear easing and normalisation of price dynamics. Nevertheless, European gas remained relatively expensive compared to historical levels. During the summer months of 2024, prices rebounded slightly due to global factors, including geopolitical tensions, competition for LNG between Europe and Asia, and concerns over delays in commissioning new LNG liquefaction terminals.

Autumn 2024 brought increased volatility – the approaching expiry of the gas transit agreement with Russia and a sharp withdrawal of gas from storage facilities in November 2024 pushed prices upwards. At the end of December 2024, TTF contracts exceeded EUR 50/MWh, reaching the highest level in over a year. Gas prices on the Polish TGE exchange followed the trends on the TTF, in line with the degree of correlation between the markets. Overall, in 2024 natural gas became cheaper compared to 2022–2023 and was characterised by lower volatility, although it remained more expensive than in the pre-crisis period.

In the near term, natural gas prices on European markets will be primarily influenced by fundamental factors, such as the level of gas storage stocks at the end of the heating season and the global supply of natural gas. As regards storage levels, Europe is expected to exit the current heating season with significantly lower storage stocks compared to the same period of the previous year (by approximately 25%). This shortfall will necessitate a faster pace of gas storage refilling ahead of the next winter season, placing upward pressure on prices, while the supply side will have to respond to increased demand. On the supply side, LNG deliveries from the United States and the stability of gas flows from Norwegian fields will be key. Any issues affecting LNG deliveries or unplanned outages of Norwegian infrastructure will increase market concerns, which is likely to result in upward price movements. In the longer term, as more LNG liquefaction terminals are commissioned globally, the market is expected to move towards equilibrium, supporting price stabilisation on European exchanges. The demand side will remain a crucial factor in market balance, particularly industrial consumption, which is currently subdued due to the economic slowdown in Europe. Any sudden increases in global demand for gas may heighten competition for LNG deliveries, leading to additional upward price pressure on the markets.

4.5. Competitive environment

The electricity sector in Poland comprises four operating segments:

- generation of electricity,
- transmission, responsibility of the TSO – PSE S.A.,
- distribution,
- retail sales.

District heating sector may be also distinguished, within which PGE Group is active in heat generation, distribution and sales.

The key participants of the electricity market in Poland are four nationwide, vertically integrated energy concerns: PGE, TAURON Polska Energia S.A., ENEA S.A. and Orlen Group along with ENERGA Group which is part of Orlen Group.

PGE Group is the undisputed leader in electricity generation. The Group produces more electricity than all of the competitors on the consolidated market combined, whilst having the largest achievable capacities, both conventional and renewable.

In 2024 41% of the electricity produced in the country (according to PSE S.A. data) was hard coal-based. The combustion of lignite, the key fuel in the PGE Group, accounted for 21% of the electricity produced in Poland. Aside from PGE Group, also ZE PAK S.A. bases its electricity production on lignite. The market share of renewable energy sources increased. Wind farms as well as photovoltaic installations have respectively approx. 15% and 10% share in electricity generation. Share of gas-fired generation increased to 10%.

Chart: Estimated share of largest Polish electricity generators in installed capacity and net generation after three quarters of 2024.



Source: own work based on information published by the companies and Agencja Rynku Energii (ARE).

Energy production from renewable sources is much more dispersed than the conventional generation market. In the previous year wind photovoltaics was the most dynamically developing sector. As of the end of 2024, this technology had the largest share in total installed RES capacities – 21.1 GW, although the vast majority of installations (12.1 GW) belonged to approx. 1.5 million prosumers. The development of photovoltaics is an element of PGE Group's investment plan. At the end of 2024, the capacity of PV farms in operation was 230 MW and the PGE Group was one of the largest investors in terms of installed capacity. In addition, projects with a total capacity of 205 MW were under development. PGE Group remains the entity with the highest installed wind capacity – 797 MW and has approx. 8% share in total wind capacity installed in Poland. Other notable wind farm operators include Grupa Orlen, EDP Renewables Polska sp. z o.o., RWE Renewables Poland sp. z o.o., Polenergia S.A. and TAURON Group.

Offshore wind farms are an emerging RES segment in Poland. In the system's first phase, support is awarded by way of an administrative decision issued by the President of the Energy Regulatory Office, and from 2025 offshore wind farms projects will be able to participate in the auction system. In December 2022, the President of the Energy Regulatory Office issued decision in case of individual prices in contracts for difference for two offshore projects Baltica 2 and Baltica 3 with a total capacity of 2.5 GW which are being implemented jointly by PGE and Ørsted (JV). In January 2025, a final investment decision (FID) was taken regarding the start of construction of the Baltica 2 offshore wind farm with a capacity of approximately 1.5 GW. Commissioning of the project is planned for the second half of 2027.

In the distribution area, the country is divided into regions, with four large distribution system operators (the "DSO") on the market, who are required to carve out distribution activities from their other business: PGE Dystrybucja S.A., TAURON Dystrybucja S.A., Enea Operator sp. z o.o. and Energa-Operator S.A. Aside from the above-mentioned energy groups, another significant entities include Stoen Operator sp. z o.o. (company from E.ON Group), responsible for electricity distribution in Warsaw, as well as PGE Energetyka Kolejowa S.A. managing the railway electric network throughout the country.

A historical division of the distribution areas has substantial impact on the operating conditions of the business, and this specific situation is reflected in the distribution tariffs approved by the ERO president. PGE Group operates in an area that is less urbanised and industrialised, meaning that it has approx. 5.8 million clients

throughout an area²² of approx. 130 ths km² in the Distribution segment. For comparison, TAURON has a similar number of clients in an area nearly twice smaller and distributes a larger amount of energy.

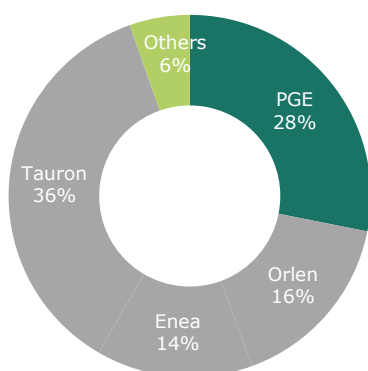
Chart: Division of Poland into areas of activity of the main distribution system operators.



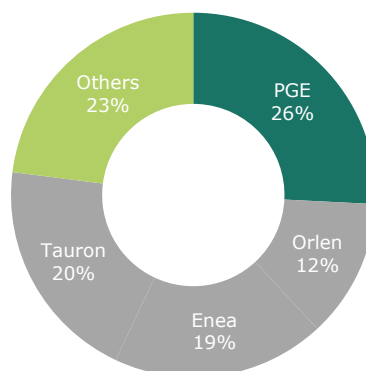
Source: own work.

Chart: Share of particular energy groups in volume of energy distributed and sales of electricity to final off-takers after three quarters of 2024

Volume of distributed energy



Retail sales



Source: own work based on information published by the companies, ARE and ERO.

In the retail segment, which covers sales to end customers – individual, small and medium enterprises as well as large industrial customers – most of the sales are conducted by the four largest energy groups and E.ON Polska S.A. PGE Group (including PGE Energetyka Kolejowa), TAURON, Orlen and ENEA remain the leaders, collectively concentrating almost 80% of the market. Other significant player is E.ON Polska S.A., based on sales connected with serving as distributor for the Warsaw area.

The district heat production market in Poland is highly dispersed, with the four leading producers accounting for less than 40% of production countrywide. PGE Group is the undisputed leader of this market, too with a share at a level of approx. 20%. This market is of a local nature and bears the traits of a natural monopoly,

²² Area of municipalities in which PGE Dystrybucja S.A. operates

with heating prices being set in an administrative procedure – tariffs approved by the President of the Energy Regulatory Office. The dominant producers focus their production activities in different urban areas therefore sector competition is limited and is local in nature. Besides PGE Group, the key producers of heat are:

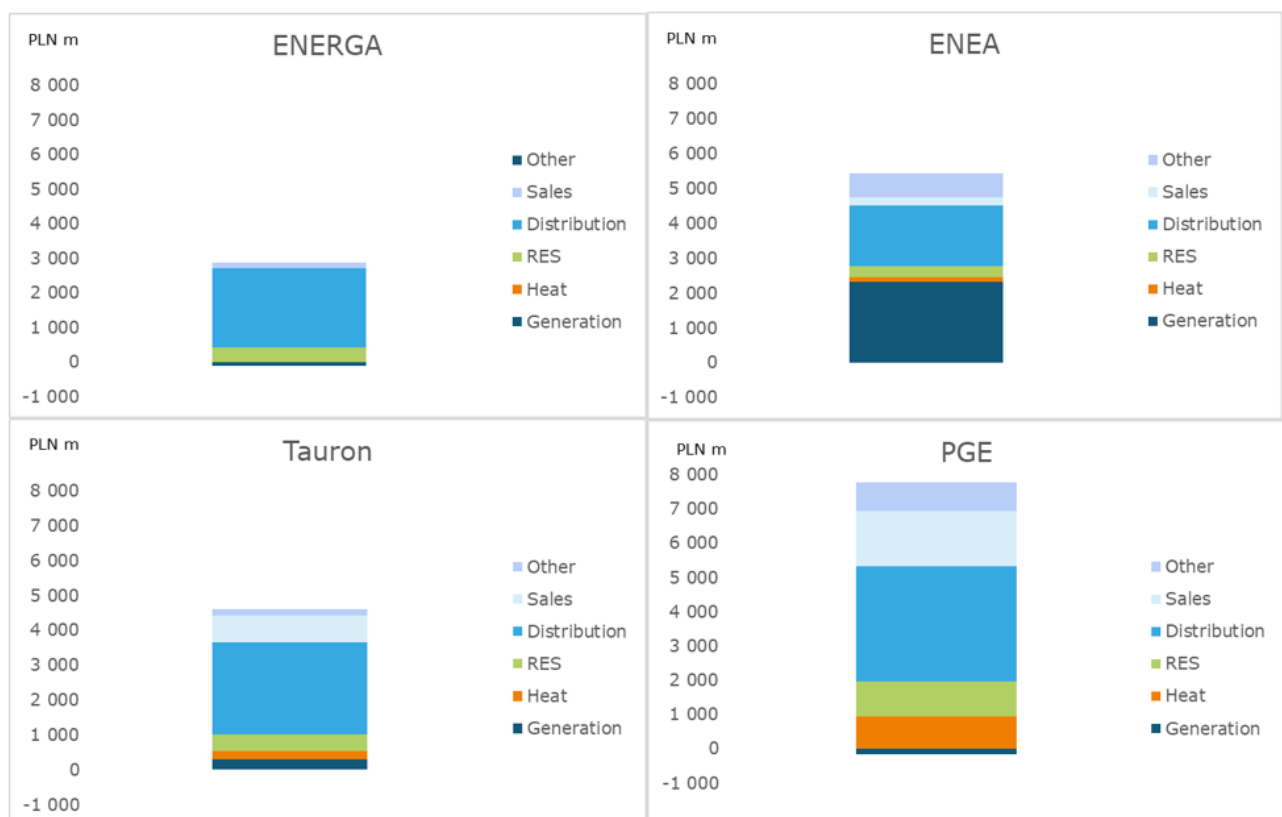
- PGNiG Termika S.A. from Orlen Group - Warsaw agglomeration,
- Grupa Veolia - Poznań agglomeration, Łódź.

ENERGY GROUP PROFILES

The electricity sector is divided into segments, what is reflected in the operating segments of the respective energy groups. In generating the PGE Group's EBITDA for the period between Q1 and Q3 2024, revenues from regulated activities – the Distribution segment – played the most significant role, supported by the Renewables and District Heating segments. In previous years, the generation segment – Conventional Generation – also made a substantial contribution to the Group's results; however, in 2024, there was a significant decline in energy production margins. The relatively high share of the Supply (Sales) segment in the reported EBITDA of the PGE Group resulted from the inclusion of non-cash events (the release of provisions for onerous contracts and adjustments for balancing difference costs).

For other energy groups, regulated revenues also played a significant role in their results. The exception is ENEA, where, thanks to coal-fired generation units and internal coal supplies within the Group, the Generation segment made a significant contribution to the overall result.

Chart: Profiles of Polish energy groups (size of the chart is proportionate to share in the 9M 2023 EBITDA of respective business segments and the amount of total EBITDA).



Generation – conventional generation.

Source: Own study based on information published by companies.

Table: Competitive advantages of the PGE Capital Group.

Assets	Strong financials	Strategy
- Leader in installed capacity and electricity and heat production. - Customer base of 5.7 million in Supply segment and 5.8 million in Distribution segment. - Diversified activities conducted throughout the country – generation, distribution, wholesale and retail sale of electricity and energy services for rail infrastructure. - RES leader: the largest producer of electricity from renewable sources (excluding biomass and biogas) with market share of approx. 6%. Nearly 800 MW of installed wind farm capacity and 230 MW of installed photovoltaic farm capacity (including projects of 33 MW connected without final acceptance). 2024 Regulatory Asset Base in Distribution: PLN 21.6 bn - base of stable revenues. - Offshore wind leader: commenced Baltica 2 offshore wind farm with a capacity of approx. 1.5 GW, offshore wind projects in development phase with capacity of approx. 1.9 GW. - Location permits for offshore wind farms with a capacity of approx. 3.9 GW (together with partners).	- Stable and diversified regulated revenues: from electricity distribution, co-generation and Capacity Market. - Recurring EBITDA of PLN 10.9 bn in 2024. - Strong credit ratings with stable outlook - Fitch BBB and Moody's Baa1. - High acquisition capabilities. Capability to actively participate in energy transition.	- Strategy until 2030 with 2050 perspective with a goal of achieving climate neutrality and 100% of green Energy for PGE Group customers in 2050. - Evolution of generation portfolio towards renewables, with a significant share (6.5 GW) of offshore wind farms. - Leader of sustainable energy transition in Poland. - Modern energy services. - CAPEX of PLN 75 bn in years 2021-2030 focused on renewable energy, decarbonisation of district heating and grid infrastructure with use of support funds at a level of min. 25%.

4.6. Regulatory environment

PGE Group operates in an environment with a significant impact of domestic and foreign regulations. Presented below is a summary of the most significant decisions, which could have an impact on PGE Group's operations in the coming years.

Legal regulations regarding the current rules for determining the prices of electricity and heat and the compensations due in this respect are described in Note 32.4 to the consolidated financial statements.

4.6.1. Domestic regulatory environment

Segments	Regulation	Regulation objectives	Stage	Impact on PGE Group
	The Act of May 23, 2024 on energy vouchers and on changes of other acts in order to temporary cap the price for electricity, natural gas and system heat.	Among other things, the Act regulates electricity prices from July 1, 2024 to December 31, 2024. The Act imposed an obligation on electricity traders in the form of submitting an application for a change in the existing tariff for 2024 within seven days of the date of entry into force of the Act, or at the request of the ERO President. The revised tariff is effective from July 1, 2024 to December 31, 2024. The bill also provides for an extension of the maximum price mechanism for electricity. This price was in effect in the second half of 2024, and was set at PLN 500/MWh for household consumers and at PLN 693/MWh for local government units and public utilities, as well as micro, small and medium-sized entrepreneurs. In addition, according to the law, an energy voucher has been introduced, which is a one-time cash benefit intended for lower-income households, to be paid in the second half of 2024. In addition, the Law provides for a temporary exemption from the power fee for households. The legislation also refers to limiting the increase in the cost of heat, but with a gradual increase in maximum prices and rates.	The Act came into force on June 13, 2024.	The Act affects the financial results of power utilities with respect to their settlement with electricity consumers and the resulting level of compensation. It also provides for the application of heat prices and tariffs at a level not higher than that indicated in the Act in return for compensation.
	Act of November 27, 2024 amending the Act on extraordinary measures to limit electricity price levels and support for certain consumers in 2023 and 2024, as well as certain other acts.	The Act introduced the maintenance of a maximum price level of PLN 500/MWh for household consumers until September 30, 2025 and maintenance of maximum prices for local government units and public utility entities (including schools, hospitals, and social assistance institutions) until March 31, 2025. As of January 1, 2025, the maximum price no longer applies to entrepreneurs. Furthermore, the Act imposes an obligation on electricity trading companies to submit an application for a change to the tariff in force until December 31, 2025, by April 30, 2025. This may result in a reduction of the electricity price in the tariff in certain months of 2025. Until June 30, 2025, household consumers are exempt from the capacity fee.	The Act entered into force on December 12, 2024.	The Act affects the financial performance of energy companies in terms of settlements with electricity consumers and the level of compensation arising from its application.
	Act of November 27, 2024 amending the Renewable Energy Sources Act and certain other acts.	The law introduces regulations aimed at accelerating the issuance of permits in the area of RES by shortening the existing time limits for proceedings. In addition, it assumes the recognition of activities concerning the construction or modernisation of RES installations and the equipment and installations necessary for the connection of a given RES installation to the grid, as well as heat pump installations with a capacity of up to 50 MW, as being of overriding public interest. The bill also introduces changes to the net-billing system for prosumers by maintaining after July 1, 2024 the possibility to settle based on the monthly market price of electricity and increasing the value of funds for energy injected into the grid and recognised in the prosumer deposit in the event of a settlement method change to market electricity price, as well increasing the prosumer deposit by the coefficient 1.23. The act also brings aid schemes into line with the European Commission's state aid guidelines by removing the possibility of supporting cogeneration based on carbon fuels.	The Act entered into force on December 28, 2024.	The act is of significant importance for the Supply segment due to the need to adapt to changes in settlements with prosumers, as well as for the Distribution segment due to changes in the deadlines for issuing connection conditions. The act is also important for the District Heating segment and the Renewables segment due to the introduction of procedural facilitations for investments in RES and heat pump installations

Segments	Regulation	Regulation objectives	Stage	Impact on PGE Group
	Act of November 27, 2024 amending the act - Environmental Protection Law and certain other.	The act provides for climate change adaptation to be taken into account in documents related to spatial planning and development, the sustainable design of urban spaces, as well as clarifying the provisions on climate risk analyses in environmental impact assessment proceedings, by indicating that these analyses include an analysis of the vulnerability of projects to climate change.	The Act entered into force on January 11, 2025.	The act is important because of the need to take into account its vulnerability to climate change during the environmental impact assessment and to include adaptation plans as part of local spatial plans.
	Act of November 21, 2024 amending the Energy Law and certain other acts.	The act is an implementation of provisions for the implementation of the Polish Hydrogen Strategy until 2030 with an outlook until 2040. The regulation introduces in the Energy Law a grid of concepts necessary for the development and operation of the hydrogen market in Poland, as well as provisions on the rights and obligations of hydrogen market participants and the President of the Energy Regulatory Office by introducing the principle of certification and designation of hydrogen system operators, defining the scope of their obligations and the principles of ownership unbundling, introducing the obligation to provide hydrogen transmission and storage services by energy companies.	The Act entered into force on January 20, 2025.	The law introduces a strategic framework for the implementation of the hydrogen economy in Poland with a particular focus on the use of low-carbon and renewable hydrogen in energy, heating, transport and industry.
	Act of November 19, 2024 amending the Agricultural Tax Act, the Local Taxes and Fees Act, the Forest Tax Act and the Stamp Duty Act.	The act provides for a change in the legal definition of a building and a structure by creating autonomous definitions for the purposes of the Tax Act, independent of the definitions functioning on the basis of the Act - Construction Law, as well as the inclusion in the legal definition of construction equipment of other technical facilities.	The Act entered into force on January 1, 2025.	The entry into force of the act leads to an increased property tax burden on the electricity and heating sector, including distribution system operators and electricity and heat producers. A positive aspect of the amendment is the inclusion of demands for taxation to apply only to the structural parts of wind power plants, nuclear power plants, photovoltaic power plants, and energy storage facilities.
	Act of November 27, 2024 amending the Act on the promotion of electricity generation in offshore wind farms.	The act amends the delegation to issue a regulation specifying the maximum price, expressed in PLN per 1 MWh, that may be indicated in bids submitted in an auction by producers. The amendment clarifies that this price may be determined differently for individual areas, a group of areas, or groups of areas specified in Annex 1 or Annex 2 to the Act.	The Act entered into force on December 12, 2024.	The act is significant for the Renewables segment, as it enables applications for the right to cover the negative balance in Phase II of the support system for offshore wind farms (OWFs).
	Draft Act amending the Act on stocks of crude oil, petroleum products and natural gas and the principles of proceeding in situations of threat to the state's fuel security and disturbances on the oil market and some other acts.	The main objective of the project is to change the current model for the creation and maintenance of strategic stocks of natural gas. The regulation imposes on the Government Strategic Reserve Agency the exclusive obligation to create and maintain strategic stocks of natural gas, and obliged entities will bear the cost of their maintenance through a gas fee.	The Legal Committee recommended that the Minister of Industry submit a request for reconsideration of the draft legislation by the Standing Committee of the Council of Ministers.	The entry into force of the legislation will result in the PGE Group paying a gas levy as an obligated entity from the next gas year.
	Draft Regulation of the Minister of Climate and Environment on specific qualitative and dimensional characteristics of energy wood.	The purpose of the proposed regulation is to define the specific qualitative and dimensional characteristics of energy wood, to indicate the characteristics of wood raw material that is not suitable for industrial use or has limited potential for use in the non-energy sector.	PGE S.A. submitted comments during the public consultation on the draft and participated in	The entry into force of the legislation in unchanged wording – with regard to the first published version - will tighten the criteria for wood used in the energy sector.

Segments	Regulation	Regulation objectives	Stage	Impact on PGE Group
			parliamentary committee meetings concerning biomass.	
	Regulation of the Minister of Climate and Environment of January 9, 2025 on the maximum price for electricity generated at offshore wind farms and injected into the grid that may be indicated in bids submitted by generators in an auction.	The regulation determines the maximum price for electricity generated in offshore wind farms and introduced to the grid in PLN per 1 MWh under the second phase of the support scheme. A division into three area groups has been introduced based on the criterion of distance from the shoreline and 3 price levels were established: PLN 485.71/MWh, PLN 499.33/MWh and PLN 512.32/MWh.	The Regulation entered into force on January 15, 2025 .	The regulation is of key importance for the Renewables segment as it will enable applying for the right to cover the negative balance in phase II of the support scheme for OWFs to be claimed.
	Draft Act amending the Act on investments in wind power plants and certain other acts.	The draft Act abolishes the general 10H rule by introducing a minimum distance of 500 m from residential buildings, national parks and Natura 2000 areas, national roads and a ban on the siting of wind turbines that constitute air obstacles. The proposed regulation also introduces provisions concerning the modernisation of existing wind power installations. The proposed changes also concern the modification of the functioning of the mechanism for making at least 10% of the capacity of a wind power plant available to residents who use the generated energy under the virtual prosumer formula. In addition, the draft law introduces a support system for biomethane in installations above 1 MW in the form of an auction and clarifies the provisions governing the information to be provided in settlements with prosumers, as well as the final settlement of the prosumer deposit in the event of a change of electricity supplier.	The draft law was adopted by the Council of Ministers and sent to the Sejm.	The bill introduces facilities for the location of onshore wind farms, which will contribute to the development of the RES sector and thus have a positive impact on the investments made by the Renewables segment. In other respects, the bill is of significant importance for the Supply segment, due to the need to adapt to changes in settlements with prosumers.
	Regulation of the Ministry of Climate and Environment of August 30, 2024 on the change of the quantitative share of the sum of electricity resulting from redeemed certificates of origin confirming the generation of electricity from renewable energy sources in 2025.	Regulation sets level of redemption of certificates of origin for 2025 confirming: - the generation of electricity from RES – 8.5%, - the generation of electricity from the combustion of agricultural biogas – 0.5%.	The regulation entered into force on August 31, 2024 .	The regulation is important for the Supply segment due to the obligation to obtain an appropriate share of sold energy from RES and for generators in the Renewables segment that participate in the system of certificates of origin.
	Bill to amend the Capacity Market Act.	The purpose of the proposed law is to introduce a supplementary auction mechanism in the Capacity Market in the period from the second half of 2025 to the end of 2028. Supplementary auctions will purchase additional power for energy security purposes under the Capacity Market mechanism and, by way of derogation, high-carbon units will be able to participate in them.	The Act entered into force on February 13, 2025 .	The entry into force of the legislation as proposed may allow units not meeting the 550 kg/MWh emission limit to participate in the Capacity Market mechanism until the end of 2028.
	Regulation of the Ministry of Climate and Environment of July 26, 2024 on the parameters of the main auction for the year of delivery 2029 and the parameters of the additional auctions for the year of delivery 2026, as well as the parameters of the preliminary auctions for these auctions.	Among other things, the regulation defines the power demand in the main auction for the delivery period falling in 2029, the corrective dispatch coefficients for individual technology groups for this auction and the parameters of the supplementary auction for 2026. Entities planning to participate in the auctions may decide to participate in the auction or to opt out and to adopt an appropriate auction participation strategy.	The regulation entered into force on August 2, 2024 .	The regulation affects the generation and storage segments, including pumped storage power plants, which will participate in the main Capacity Market auction in 2029 and the supplementary auctions in 2026.

Segments	Regulation	Regulation objectives	Stage	Impact on PGE Group
	Act of January 24, 2025 amending the Law on Value Added Tax, the Law on Excise Tax and certain other laws.	The Act proposes to extend the operation of the reverse charge mechanism for VAT on gas in the gas system, electricity in the electricity system and services for the transfer of greenhouse gas emission allowances until December 31, 2026.	Art. 1 point 3 of the Act entered into force on February 28, 2025 .	The entry into force of the provision of Article 1, point 3 will enable an extension of the reverse charge mechanism for VAT on electricity, gas and greenhouse gas emissions until December 31, 2026.
	Regulation of the Ministry of Climate and Environment of October 30, 2024 on reference values for new and substantially modernised cogeneration units in 2025.	The regulation specifies the reference values for new cogeneration units and for substantially retrofitted cogeneration units, applicable in the following calendar year.	The regulation entered into force on January 1, 2025 .	Regulation affects the level of revenue from the support scheme for the District Heating segment in 2025.
	Regulation of the Ministry of Climate and Environment of October 30, 2024 on the maximum quantity and value of energy from high-efficiency cogeneration covered by support and unit amounts of the guaranteed premium in the year 2025.	The regulation indicates the maximum quantities and values of electricity from high-efficiency cogeneration supported and the unit amounts of the guaranteed premium in 2025.	The regulation entered into force on January 1, 2025 .	Regulation affects the level of revenue from the support scheme for the District Heating segment in 2025.
	Draft Act on asbestos products.	The draft Act provides for the introduction of regulations establishing exceptions to the obligation to remove asbestos-containing products by allowing their permanent securing. These provisions apply, among others, to operational underground district heating and electricity installations. Leaving such installations underground is permitted if their location does not expose personnel servicing other infrastructure elements to asbestos, particularly when they are situated at a lower level. However, this will require the removal of asbestos-containing materials from inspection chambers and other accessible infrastructure elements during maintenance operations. Due to the harmful nature of asbestos, it is recommended that asbestos-containing products be removed from successive modernised sections of underground district heating and electricity installations, taking into account the technical and economic capabilities of the operator while ensuring the continuity of heat and electricity supply.	In March 2025 , a summary of the comments submitted during the public consultations on the bill and an amended draft bill were published.	The changes proposed in the draft Act are beneficial for the district heating segment.
	Regulation of the Minister of Industry of December 24, 2024 amending the Regulation on the detailed list of liquid fuels, the production, storage, transshipment, transmission or distribution, trade, including foreign trade, of which requires a licence, and the import of which requires registration in the register of importing entities.	The entry into force of the Regulation necessitates changes to liquid fuel trading licences due to the amendment of the liquid fuel list. The amendment replaces, in the Regulation of the Minister of State Assets of 27 November 2019 on the detailed list of liquid fuels, the production, storage, transshipment, transmission or distribution, trade, including foreign trade, of which requires a licence, and the import of which requires registration in the register of importing entities, CN code 2710 19 43 – for pure diesel oil with the following codes: 2710 19 42 – for diesel oil containing at least 80% biogenic carbon by mass, and 2710 19 44 – for other diesel oils.	The regulation entered into force on January 1, 2025 .	Entities within the PGE Group holding a licence for liquid fuel trading that includes CN code 2710 19 43, which has been replaced by two new codes, are required to submit an application for a licence amendment within 30 days from the date of entry into force of the provisions introducing the amended liquid fuel list.
	Draft Act amending the Act on the preparation and implementation of investments in	The draft Act introduces two changes affecting the process of constructing nuclear power facilities: - Enabling the issuance of a building permit for a nuclear power facility investment also for a part of the construction project that cannot function independently;	The public consultation process concluded	The solutions included in the draft Act will expedite the process of obtaining the necessary approvals and permits related to

Segments	Regulation	Regulation objectives	Stage	Impact on PGE Group
	nuclear power facilities and related investments, as well as certain other acts (UD 118).	- Allowing investors to obtain a building permit for preliminary construction works.	on January 8, 2025 . The PGE Group submitted comments on the draft Act.	the construction of nuclear power facilities, thereby reducing the risk of delays in the investment schedule.
	Act of February 21, 2025 on the amendment of the Capacity Market Act	The act introduces a maximum of two additional auctions for the years 2029 and 2030. These additional auctions will be held if the main capacity market auction results do not ensure the security of electricity supply for end users. The same entities as in the main auction may participate in the additional auctions.	The act entered into force on March 18, 2025 .	Additional auctions will represent a continuation of the existing capacity market process (main auction).
	Draft Act amending certain acts supporting the safety of the Oder River in the field of water management	The draft act provides for the establishment of a special cyclical review of water law permits and integrated permits for the discharge of wastewater into waters within the Oder river basin, separate from the provisions of the Water Law and the Environmental Protection Law.	PGE S.A. submitted comments during the public consultation of the draft Act.	The regulation may potentially affect the operation of companies from the Conventional Generation and District Heating Segments, due to the need to incur additional investment costs related to adapting their activities to the requirements of the act.
	Draft Act amending the Act on promoting electricity generation in offshore wind farms and certain other acts	The draft Act introduces measures aimed at accelerating implementation and improving investment conditions for offshore wind farm projects. These include: amendments to the auction-based support system for offshore wind energy, introduction of compensation mechanisms from the Settlement Administrator in the event of market redispatch of offshore wind farms as active units on the balancing market, enabling the sale of electricity during the commissioning phase of offshore wind farms, prohibition on transferring projects covered by Phase I support to Phase II, extension of the validity of grid connection conditions for offshore wind farms and associated power evacuation infrastructure, definition of rules for calculating compensation for fishers for lost benefits related to the construction, operation and decommissioning of offshore wind farms, and the obligation to bear costs related to mitigating the negative impact of offshore wind farms on national defence and security systems. In other respects, the draft Act establishes a legal framework for the mapping and designation of areas for accelerated development of renewable energy installations (implementation of the REDIII directive), and extends the possibility of creating energy cooperatives to urban municipalities.	The public consultation period ended on February 28, 2025 . PGE S.A. submitted comments on the draft Act.	The project is of key importance to the Renewables segment due to the investment projects under way concerning offshore wind farms.
	Draft Act amending the Act – Energy Law and certain other Acts	The draft Act provides for the strengthening of consumer protection for electricity users and the introduction of additional tools encouraging consumers to become more active in the market, including the right of the final customer to conclude more than one comprehensive contract/sales contract for electricity at the same time, as well as the right of the final customer to conclude a fixed-price electricity contract (as an alternative to a contract with dynamic pricing), the obligation for the supplier to provide the final customer with a short summary of their rights and the key terms of the contract, a 'summary' of the contract, the obligation of the President of the Energy Regulatory Office (ERO) to ensure that suppliers have strategies to limit risks arising from changes in wholesale electricity prices – 'hedging strategies', which will be approved by the President of URE in the form of a decision, and the introduction of additional protection against the disconnection of electricity supplies for consumers affected by energy poverty. The draft also covers the optimisation of solutions in the area of connections to the electricity grid by introducing 'flexible grid connection agreements' in situations where	Public consultation until April 14, 2025 .	The provisions of the draft act will have a significant impact on the business activities conducted by the Companies in all Segments of the PGE CG.

Segments	Regulation	Regulation objectives	Stage	Impact on PGE Group
		the capacity of the electricity grid is limited, the obligation for transmission and distribution system operators (TSOs/DSOs) to publish information on available connection capacities for the purposes of new connections, the modification of the functioning of provisions governing 'cable pooling' by extending the types of installations that may use this tool beyond just RES installations, simplification of the connection process and an increase in the number of facilities eligible for connection, the alignment and optimisation of the network development planning process and the fulfilment of connection conditions, a change in the principles for connecting offshore wind farms to the grid, and the introduction of auctions for the conclusion of a connection agreement in cases where another entity fails to meet the conditions of an existing connection agreement, using a price-based criterion. The draft also includes provisions aimed at increasing the transparency of transactions concluded on energy markets and tightening mechanisms for preventing manipulation on the wholesale energy market, i.e. the amendment of current statutory definitions and the introduction of new definitions necessary for the implementation of Regulation 2024/1106, granting the President of the ERO the power to conduct inspections or explanatory proceedings in matters concerning, inter alia, the unlawful use of inside information in relation to wholesale energy products, the extension of the list of infringements for which the President of the ERO may impose a financial administrative penalty, and an increase in the amount of such penalties. The draft provides for the repeal of Article 19 of the Act – Energy Law, concerning the obligation to draw up the draft assumptions of the plan for the supply of heat, electricity and gaseous fuels, and introduces an amendment to Article 20, which sets out a modified obligation for the preparation of the draft plan for the supply of heat, electricity and gaseous fuels by the authorities of local government units. It also introduces an obligation for distribution system operators (DSOs) to prepare and submit a report containing a list of electricity storage facilities connected to their network and provides for financial penalties for failing to maintain a register of electricity storage facilities connected to the DSO network.		
	Draft Act amending certain acts in connection with the implementation of the Central Energy Market Information System (CSIRE)	The draft act introduces the possibility for various categories of energy market participants to join the implementation of tasks via CSIRE in stages. This process is to be carried out depending on the size of the entity – from July 2025 to October 2026, accession to CSIRE will take place according to the assigned schedule. Market participants eligible to choose the timing of their entry include distribution system operators not connected to the transmission network (DSOn), with no more than 100,000 energy off-take points connected to their networks. The draft Act specifies 19 October 2026 as the final deadline by which all entities, regardless of the number of off-take points, must commence implementation of tasks via CSIRE. Moreover, the draft maintains the entry into force of provisions regarding virtual prosumers as of July 2, 2025, while allowing their functioning during a transitional period until October 19, 2026 within the same DSO area (the installation and the energy delivery point are located within the area of the same DSO). This restriction will be lifted as of October 20, 2026.	The public consultation process concluded on February 20, 2025. The draft has been submitted for consideration by the Standing Committee of the Council of Ministers (SKRM).	The draft is of material importance for the Distribution and Supply segments due to the necessity to allow sufficient time to carry out the required modifications and testing in systems cooperating with CSIRE, as well as to prepare market participants' organisations for the new model and for migrating data to CSIRE.

4.6.2. International regulatory environment

Segments	Regulation	Regulation objectives	Stage	Impact on PGE Group
	Directive 2023/959 amending Directive 2003/87/EC establishing a scheme for greenhouse gas emission allowance trading within the Union and Decision (EU) 2015/1814 on the establishment and operation of the market stability reserve.	Combating climate change. Development of investment incentives through a CO ₂ price signal to develop low-emission sources.	The EC is currently implementing the reform of the ETS system. On April 4, 2024 an amendment to the Delegated Regulation on the rules for free allocation of allowances was published. The EC is currently working on an amendment to Implementing Regulation 2019/1842, which lays down rules for the application of Directive 2003/87/EC with regard to further arrangements for adjustments to the free allocation of emission allowances due to changes in activity levels (determination of the allowance allocation method for additional allowances for district heating). Consultations on regulation concluded in the first quarter of 2025 , it was adopted in March 2025 and its publication is planned for April 2025 . In 2024 , the EC was also working on a revision of Executive Regulation 2018/2066 on monitoring and reporting of greenhouse gas emissions. The amended Commission Implementing Regulation (EU) 2024/2493 was published in the Official Journal of the EU on September 23, 2024 and entered into force on the twentieth day after its publication.	Increased competitiveness of renewable sources compared to generation assets using high-emission fuels . Increase in operating costs for conventional generation of electricity and heat. Option to obtain investment support from the Modernisation Fund and Innovation Fund and additional free allocation of allowances to district heating (this includes ensuring annual allocation during the investment implementation phase).
	EC Communication (COM(2024)63) - Europe's 2040 climate target and the pathway to climate neutrality by 2050 (2040 target).	Setting an intermediate target on the pathway to climate neutrality in 2050 (as required by Regulation 2021/1119 of the European Parliament and of the Council on establishing the framework for achieving climate neutrality – the European climate law).	On February 6, 2024 , the European Commission published a communication on the 2040 target of a 90% reduction in emissions compared to 1990. The implementation of the 2040 target into the European Climate Law and the alignment of other climate and energy legislation with this target will be handled in 2025 by the new European Commission.	Faster decarbonisation and RES development in the run-up to 2040. Key solutions will depend on the shape of the legislation implementing the new objective.
	Directive 2010/75/EU on industrial emissions (integrated pollution prevention and control – IED).	Introduction of new requirements determining emission levels in the integrated permit, the rules for obtaining derogations from BAT requirements and giving new competences to the EC. Public participation in appeal proceedings will be increased.	On July 15, 2024 , Directive (EU) 2024/1785 of the European Parliament and of the Council amending Directive 2010/75/EU of the European Parliament and of the Council on industrial emissions (integrated pollution prevention and control) and Council Directive 1999/31/EC on the landfill of waste was published in the Official Journal of the EU and entered into force on the 20th day after publication. The deadline for transposition of the directive has been set for July 2, 2026 .	The entry into force of the agreed solutions involves additional administrative costs due to the need to adapt the environmental management system (including in relation to the need to prepare a transformation plan). The role of the public in permitting and in monitoring the implementation of IED obligations by operators of installations will be enhanced.
	Directive 2010/31/EU on the energy performance of buildings (EPBD).	Alignment of legislation related to improving the energy performance of buildings with respect to the 2050 climate neutrality target and the new higher 2030 EU GHG reduction target.	On May 8, 2024 , Directive (EU) 2024/1275 was published in the Official Journal of the EU. It entered into force on the twentieth day after publication. The deadline for transposition of the directive has been set for May 29, 2026 .	Greater competitiveness of renewable energy sources as a heat source in buildings . Reduction in the heat demand of buildings due to improved energy performance. Faster pace of displacement of fossil fuels in the heating sectors, including district heating .

Segments	Regulation	Regulation objectives	Stage	Impact on PGE Group
	Directive of the European Parliament and of the Council on corporate sustainability due diligence (CSDDD).	To establish a framework that encourages companies to contribute to the pursuit of respect for human rights and environmental legislation in their operations and through their value chains.	Directive (EU) 2024/1760 was published in the Official Journal of the EU on July 5, 2024 and entered into force on the 20th day after publication. The deadline for transposition of the directive has been set for July 26, 2026 .	Increasing reporting obligations for PGE Group's value chain in terms of environmental impact and respect for human rights. Incorporating the due diligence policy on sustainability in the activities of the PGE Group.
	Regulation of the European Parliament and of the Council amending Regulations (EU) 2019/943 and (EU) 2019/942 and Directive (EU) amending directives 2018/2001 and (EU) 2019/944 to improve the Union's electricity market design.	Guaranteeing the protection of consumers against excessive changes in electricity prices, providing access to clean and secure energy, and enhancing the market's ability to withstand variations in natural gas prices. Encouraging the adoption of PPA contracts; empowering end consumers in the market, simplifying the implementation of CFD agreements.	On April 11, 2024 , the plenary session of the European Parliament adopted the final versions of the Regulation and Directive. A formal approval of the Directive and Regulation by the Council took place on May 21, 2024 . Regulation (EU) 2024/1747 and Directive (EU) 2024/1711 were published in the Official Journal of the EU on June 26, 2024 . Both regulations entered into force on the twentieth day after publication. The deadline for transposition of the Directive into national law is January 17, 2025 and July 17, 2026 for a few selected articles.	The agreed content of the reform introduces a number of changes concerning the shape of contracts for difference (and analogous solutions), which could potentially have a positive impact on the development of investments in RES and new nuclear units. Significant regulatory changes will affect companies in the Supply segment (strengthening the position of consumers, changes regarding tariffs and offers) and the Distribution segment (a new way of shaping tariffs, flexibility incentives). In the context of challenges to the stability of the Polish electricity system, the introduction of the possibility (with the EC's consent) of a temporary derogation for coal sources in the Capacity Market should be assessed positively.
	The EU Regulation to improve protection against manipulation in the wholesale energy market by amending regulations (EU) 1227/2011 and 2019/942.	Increase market transparency and monitoring capacity and ensure more effective investigation and enforcement of cross-border breaches in the EU so that consumers and market participants have confidence in the integrity of energy markets, prices reflect a fair and competitive supply-demand relationship and no profits can be made from market abuse.	On April 17, 2024 , Regulation (EU) 2024/1106 was published in the Official Journal of the EU and entered into force on the twentieth day after publication.	Increased reporting obligations concerning inside information, as well as obligations related to the management, recording and monitoring of such information.
	Omnibus Regulation	Reduction of reporting and regulatory burdens, aimed at enabling companies to contribute more effectively to the achievement of the EU's sustainability goals while maintaining the competitiveness of the EU economy.	On February 26, 2025 , the European Commission published the first package of proposals under the so-called Omnibus Regulation, which aims to consolidate, simplify, eliminate inconsistencies, and align the EU Taxonomy Regulation, the Corporate Sustainability Reporting Directive (CSRD), and the Corporate Sustainability Due Diligence Directive (CSDDD). These proposals include: changing the application date of the CSRD and CSDDD; proposed amendments to the provisions of the CSRD and CSDDD; and proposed amendments to the delegated acts under the EU Taxonomy Regulation.	The Omnibus Regulation proposal introduces beneficial changes in relation to the CSRD, CSDDD, and the EU Taxonomy, reducing reporting and regulatory burdens, including by limiting the number of data points collected and published annually and simplifying reporting requirements. This translates into a simpler and more efficient framework for conducting business operations.

5. Activities of PGE Capital Group and operational segments

5.1. Key operational data of PGE Capital Group

Key operational data of PGE Capital Group							
	Renewables	Gas-fired Generation	Conventional Generation	District Heating	Distribution	Railway Energy Services	Supply
Key assets of the segment	21 wind farms 43 photovoltaic power plants 29 run-of-river hydro power plants 4 pumped-storage power plants, including 2 with natural flow	1 gas-fired power plant ¹	5 conventional power plants 2 lignite mines	16 CHP plants	304.1 th km of distribution lines	18.4 th km of distribution lines	-
Installed capacity electricity/heat	2 661 MWe/-	1 366 MWe ¹ /-	12 392 MWe/958 MWt	2 477 MWe/6 222 MWt	-	-	-
Electricity volumes	Net electricity generation 3.21 TWh	Net electricity generation 2.55 TWh	Net electricity generation 43.18 TWh	Net electricity generation 7.23 TWh	Electricity distribution volume 36.28 TWh ²	Electricity distribution volume 4.27 TWh; Sales to final off-takers 3.01 TWh	Sales to final off-takers 30.65 TWh ³
Heat volumes	-	-	Net heat production 3.00 PJ	Net heat production 45.42 PJ	-	-	-
Market position	PGE Group is the largest electricity producer from RES with market share of approx. 6%	Gryfino power plant - the largest gas-fired power plant in Poland	PGE Group is a national leader in electricity and district heat generation		Second domestic electricity distributor with regard to number of customers	Leader of energy services for railway infrastructure and the largest distributor and seller of electricity to the traction grid	Leader in wholesale and retail trading in Poland

¹ Unit no. 9 commissioned on August 14, 2024, unit no. 10 on October 18, 2024.

² Data for PGE Dystrybucja S.A.

³ Data for PGE Obrót S.A.

BALANCE OF ENERGY OF PGE CAPITAL GROUP

Table: Sales, purchase, production and consumption of electricity in the PGE Capital Group (TWh).

Sales volume	Q4 2024	Q4 2023	% change	2024	2023	% change
A. Sales of electricity outside the PGE Capital Group:	17.28	22.38	-23%	68.66	81.96	-16%
Sales to end-users ¹	8.36	8.75	-4%	33.70	34.71	-3%
Sales on the wholesale and balancing market	8.92	13.63	-35%	34.96	47.25	-26%
B. Purchases of electricity from outside of PGE Group (wholesale and balancing market)	3.04	9.06	-66%	16.97	30.12	-44%
C. Net production of electricity in units of PGE Capital Group	15.49	15.65	-1%	56.16	56.77	-1%
D. Own consumption DSO, lignite mines, pumped-storage power plants (D=C+B-A)	1.25	2.33	-46%	4.47	4.93	-9%

¹ Sale realised mainly by PGE Obrót S.A. and Railway Energy Services segment

The total volume of purchased and generated electricity is higher than the volume of electricity sold. The difference presented in point D results from the necessity to cover grid losses in the distribution business (DSO), consumption of energy at lignite mines and consumption of energy at pumped-storage power plants.

Lower sales and purchases of energy on the wholesale and balancing market are mainly the result of securing electricity supplies for the retail portfolio on the internal portfolios of PGE CG generators. In addition, the lower purchase on the wholesale market is mainly the result of PGE Obrót's lower sales to end customers in the corporate client and large business segments, who tend to diversify energy sources, mainly with greater use of RES. At the same time, an increase was recorded in sales to the end customers in PKP Energetyka Kolejowa S.A. as a result of the inclusion of electricity sales realised in four quarters of 2024, which in the corresponding period of the previous year took place in only three quarters (Railway Energy Services segment consolidated since April 3, 2023).

Table: Net production of electricity (TWh).

Production volume	Q4 2024	Q4 2023	% change	2024	2023	% change
NET ELECTRICITY PRODUCTION IN TWh, including:	15.49	15.65	-1%	56.16	56.77	-1%
Lignite-fired power plants	7.90	7.80	1%	30.83	29.75	4%
Coal-fired power plants	3.50	4.25	-18%	12.35	15.07	-18%
<i>Including co-combustion of biomass</i>	<i>0.01</i>	<i>0.01</i>	<i>0%</i>	<i>0.04</i>	<i>0.02</i>	<i>100%</i>
Gas-fired power plants	1.05	0.00	-	2.55	0.00	-
Coal-fired CHP plants	1.10	1.16	-5%	3.21	3.83	-16%
Gas-fired CHP plants	1.09	1.31	-17%	3.62	4.21	-14%
Biomass-fired CHP plants	0.10	0.11	-9%	0.37	0.44	-16%
Communal waste-fired CHP plants	0.01	0.00	-	0.03	0.03	0%
Pumped-storage power plants	0.14	0.31	-55%	0.87	1.20	-28%
Hydroelectric plants	0.07	0.10	-30%	0.40	0.44	-9%
Wind power plants	0.51	0.60	-15%	1.78	1.77	1%
PV plants	0.02	0.01	100%	0.15	0.03	400%
including RES generation	0.72	0.83	-13%	2.77	2.73	1%

The level of electricity generation in 2024 was 1% lower than in 2023.

The slightly lower level of electricity generation in the PGE CG is mainly due to the high coverage of domestic demand by renewable sources and gas.

Lower production in hard coal-fired power plants (total decrease of 2.7 TWh) took place mainly at the Opole Power Plant (by 2.2 TWh) and the Dolna Odra Power Plant (by 0.5 TWh). The change was caused by lower average load factor of units at the Opole Power Plant (by 48 MW) and Dolna Odra Power Plant (by 4 MW). Opole and Dolna Odra power plants were in reserve downtime longer by 4 513 hours and stayed longer in repairs by 1 676 hours.

The lower production from coal-fired CHP, gas-fired CHP and biomass-fired CHP (a total decrease of 1.3 TWh) is the result of lower CHP production due to weather conditions (higher average temperatures).

Lower production at pumped storage plants (decrease by 0.3 TWh) is due to the nature of the operation of the generating units, which were less utilised by PSE in 2024.

Lower hydropower production due to poorer hydrological conditions in 2024.

CCGT units in Gryfino power plant generated 2.6 TWh of electricity.

Higher generation at lignite-fired power plants (increase by 1.1 TWh) is due to higher production at Bełchatów Power Plant (increase by 1.8 TWh) caused by higher average load factor of units by 24 MW. At the same time, there was lower production at the Turów Power Plant (decline by 0.7 TWh), which operated with average load factor of units lower by 18 MW.

Higher photovoltaic generation is due to new capacity being commissioned.

Slightly higher production at wind farms was achieved due to better windiness.

HEAT PRODUCTION

Table: Net production of heat (PJ).

Heat production volume	Q4 2024	Q4 2023	% change	2024	2023	% change
Net production of heat in PJ	17.85	17.60	1%	48.42	50.25	-4%
Lignite-fired power plants	0.78	0.78	0%	2.36	2.46	-4%
Coal-fired power plants	0.21	0.20	5%	0.64	0.64	0%
Coal-fired CHP plants	11.38	11.76	-3%	32.07	34.95	-8%
Gas-fired CHP plants	4.73	3.86	23%	10.56	9.89	7%
Biomass-fired CHP plants	0.59	0.87	-32%	2.05	1.87	10%
CHP plants fuelled by municipal waste	0.06	0.02	200%	0.15	0.11	33%
Other CHP plants	0.10	0.11	-9%	0.59	0.33	79%

External temperatures contributed more than any other factor to lower net generation of heat in 2024 (y/y). The average temperatures in 2024 were by 1.1° C higher y/y, which translated into decreased production of heat.

HEAT SALES

The above result was mainly influenced by lower heat demand due to higher average outdoor temperatures compared to 2023

In 2024 the heat sales volume in PGE Capital Group totalled 47.3 PJ and were lower by 1.7 PJ y/y. The above result was caused mainly by lower demand for heat due to the higher average outside temperatures than in 2023.

KEY OPERATING RESULTS OF PGE GROUP FOR 5 YEARS

Table: Key operating results.

Key operating results	Unit	2024	2023	2022	2021	2020
Electricity generation, net	TWh	56.16	56.77	66.13	68.95	58.13
including RES generation	TWh	2.77	2.73	2.24	2.33	2.32
Sales of electricity outside the PGE Capital Group	TWh	68.66	81.96	100.19	107.83	115.80
Sales of electricity to final off-takers ¹	TWh	33.70	34.71	34.28	37.48	41.17
Heat production	PJ	48.42	50.25	52.79	56.77	50.12
Heat sales	PJ	47.28	49.03	51.28	55.07	48.58
Electricity distribution	TWh	40.55	38.88	37.07	37.74	35.67

¹ After eliminating sales within the PGE Group, sales carried out mainly by PGE Obrót S.A. and PGE Energia Ciepła S.A.

Table: Installed capacity.

Installed capacity	Unit	2024	2023	2022	2021	2020
Electricity	MWe	18 896	17 912	17 888	17 791	17 957
Conventional Generation	MWe	12 392	12 852	12 852	12 852	13 285
District Heating	MWe	2 477	2 580	2 608	2 608	2 346
Renewables	MWe	2 661	2 480	2 428	2 331	2 326
Gas-fired Generation	MWe	1 366	0	0	0	0
Thermal energy	MWt	7 180	7 088	7 766	7 686	7 835
Conventional Generation	MWt	958	958	844	844	1 339
District Heating	MWt	6 222	6 130	6 922	6 842	6 496

5.2. PGE Group's key financial results

The best way to measure the profitability of energy companies is recurring EBITDA. This is a result before depreciation, amortization, income tax and financial activities, including interest from drawn debt. EBITDA makes it possible to compare the results of companies regardless of the value of their assets, level of debt and existing income tax rates. Additionally, recurring EBITDA is adjusted for one-offs. PGE Group's consolidated EBITDA is composed of the financial results of each of its operating segments.. The following segments have the largest share in the Group's recurring EBITDA for 2024: Distribution (42%), District Heating (14%), Supply (13%), Renewables (12%), Railway Energy Services (10%) and Conventional Generation (8%). Other segments have an insignificant share in the result.

Chart: Recurring EBITDA of PGE Capital Group (PLN million)

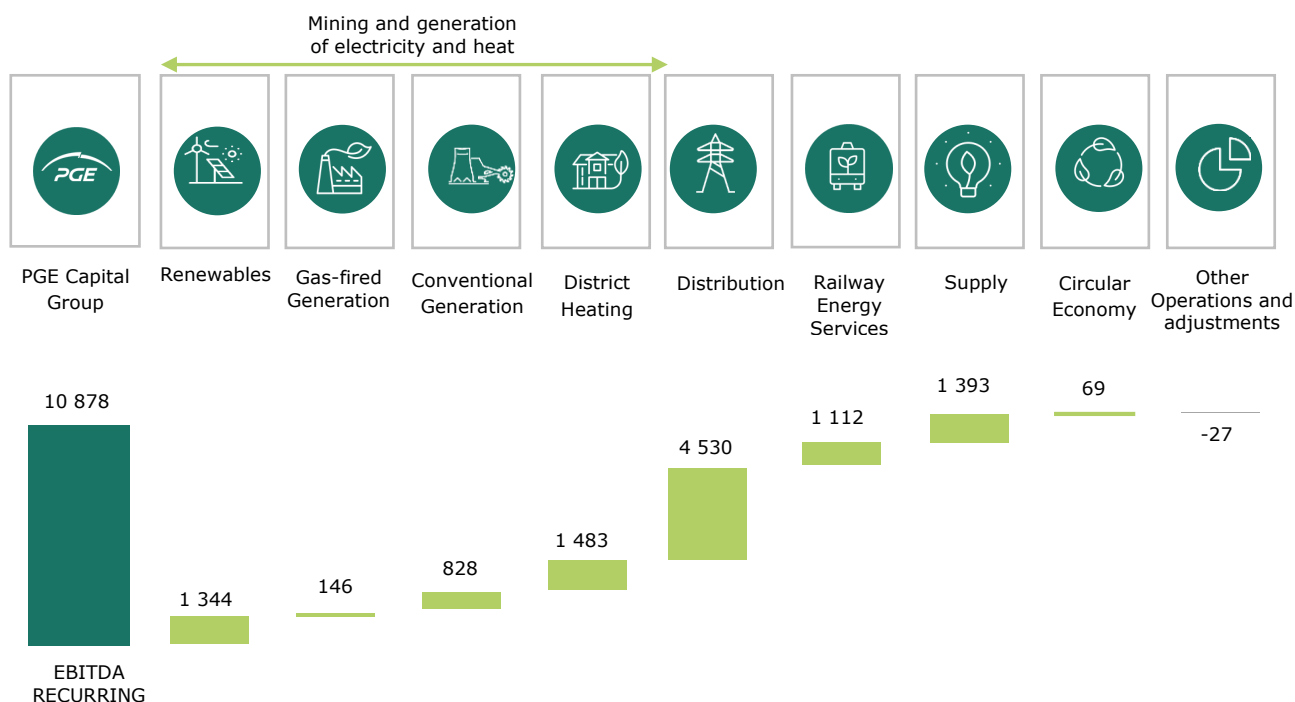


Chart: Reported EBITDA of PGE Capital Group (PLN million)

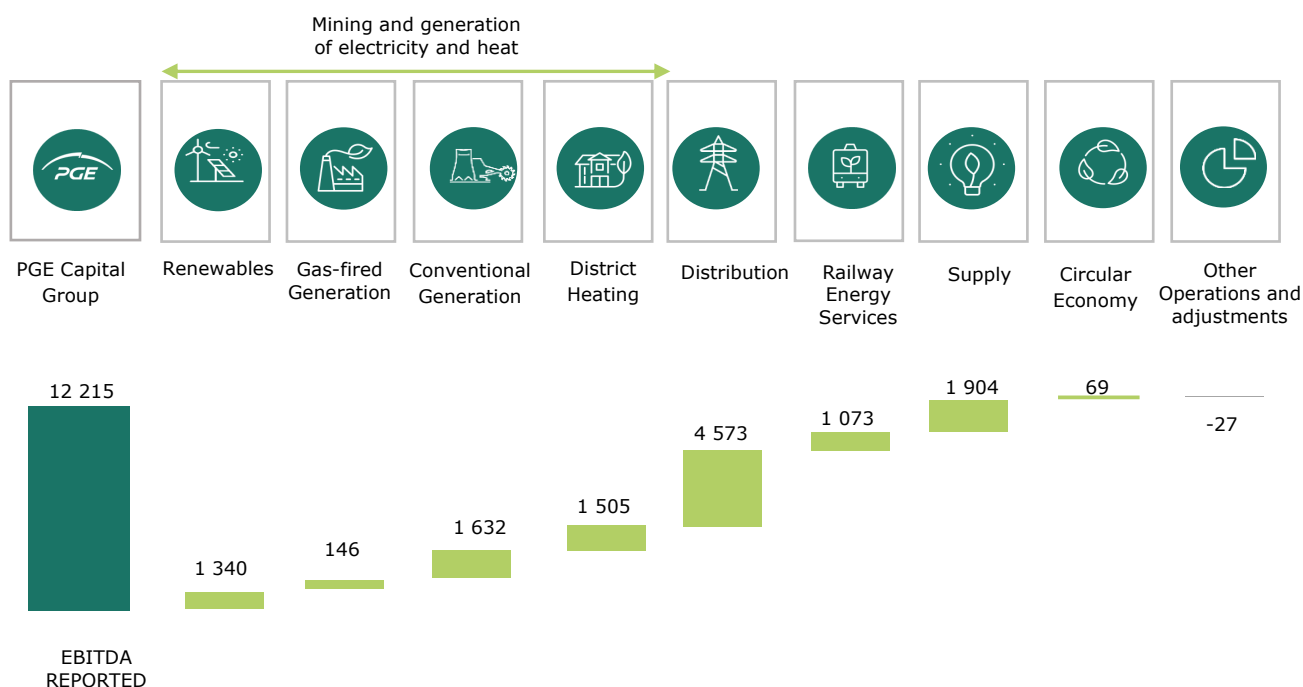


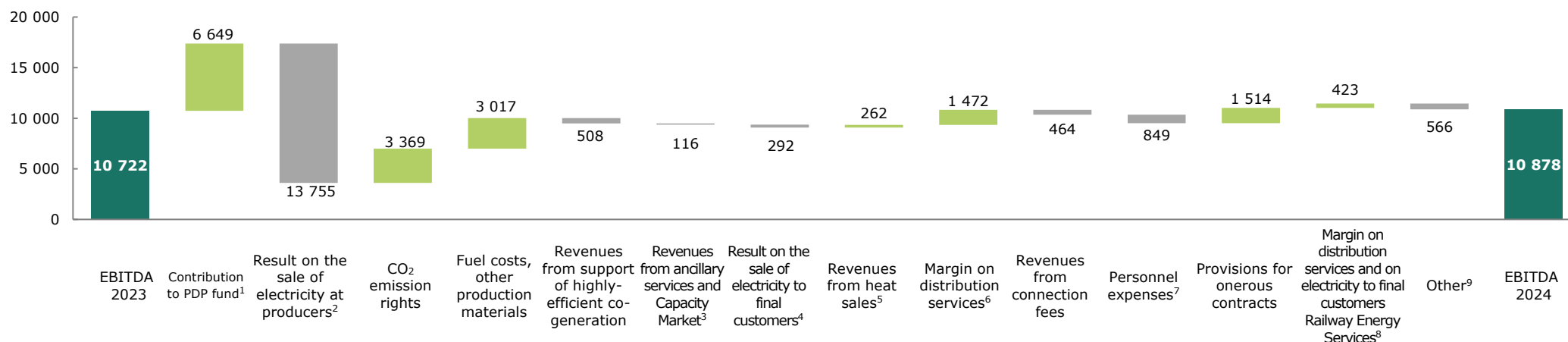
Table: Key financial figures of the PGE Capital Group for 5 years (PLN million).

Key financial figures	2024	2023	% change	2022	2021	2020
Sales revenues	64 483	95 964	-33%	73 435	52 772	45 766
EBIT reported	-65	-3 431	-98%	4 299	5 123	1 408
EBIT recurring	6 337	5 963	6%	2 866	3 933	2 574
EBITDA reported	12 215	10 028	22%	8 657	9 535	5 966
EBITDA recurring	10 878	10 722	1%	7 120	8 129	6 184
One-offs ²³	1 337	-694	-	1 537	1 406	-218
Net profit/loss	-3 088	-4 902	-37%	3 390	3 945	148
Net debt	11 045	11 121	-1%	-2 656	4 228	7 267
Net debt /LTM EBITDA reported (x)	0.90	1.11		-0.31	0.44	1.22
Net debt /LTM EBITDA recurring (x)	1.02	1.04		-0.37	0.52	1.18
Working capital	-7 024	-7 107	-1%	-1 250 ²⁴	890	71
Capital expenditures	10 689	10 088	6%	7 053	4 662	5 495

²³ One-offs at the EBITDA level.

²⁴ Przekształcenie danych porównawczych w celu zapewnienia większej spójności prezentowanych danych finansowych.

Chart: Key factors affecting EBITDA in PGE Capital Group (PLN million).



Change	6 649	-13 755	3 369	3 017	-508	-116	-292	262	1 472	-464	-849	1 514	423	-566	
Reported EBITDA 2023	10 028														
One-offs 2023	-694														
Recurring EBITDA 2023	10 722	6 649	46 457	23 714	11 917	584	4 425	258	4 764	5 385	704	7 324	-798	996	2 449
Recurring EBITDA 2024		0	32 702	20 345	8 900	76	4 309	-34	5 026	6 857	240	8 173	716	1 419	3 015
One-offs 2024															
Reported EBITDA 2024															10 878
															1 337
															12 215

¹ Without impact of correction of contribution to the PDP fund for previous period (one-off).

² Revenue from the sale of electricity reduced by the purchase cost of electricity.

³ Including revenues from the balancing services.

⁴ Including compensation (except for correction for the previous years), margin adjustment on certificates at PGE Group; without additional estimation of the cost of the balancing difference.

⁵ Including compensations.

⁶ Including revenues from distribution services, compensations (except for correction for the previous years), transmission services (PSE), balance of transferred and transit fees and costs of electricity purchased to cover balancing difference; without additional estimation of the cost of the balancing difference.

⁷ Excluding change in actuarial provision and Retirement Program (one-offs).

⁸ Including revenues from compensations (except for correction for the previous years) and change in calculation method.

⁹ Without LTC compensations, change in reclamation provision and recognition of write-down on receivables from PKP Cargo S.A. (one-offs).

Chart: Structure of assets and equity and liabilities (PLN million).

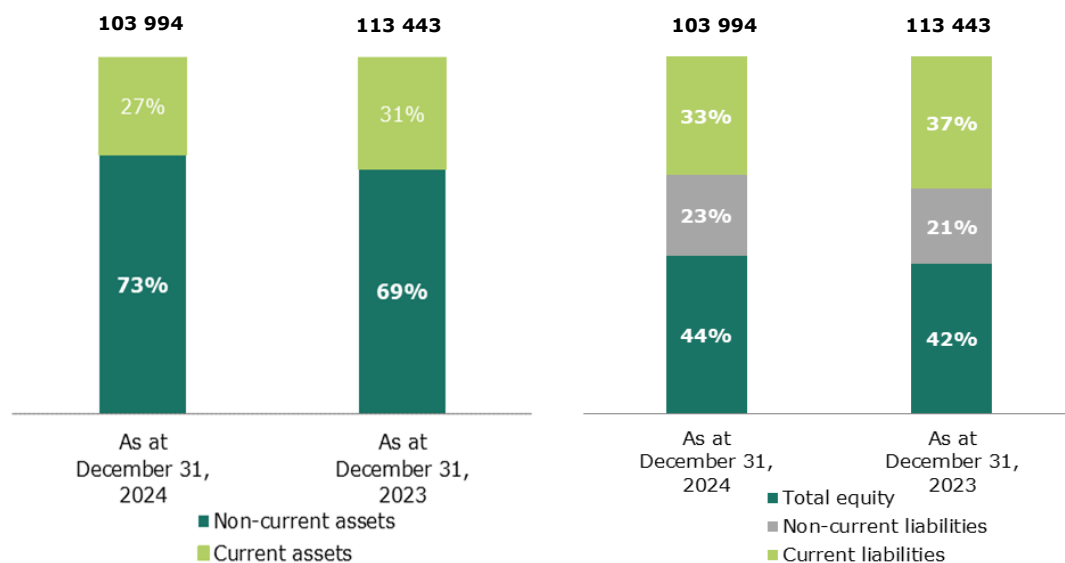


Chart: Net change in cash (PLN million).

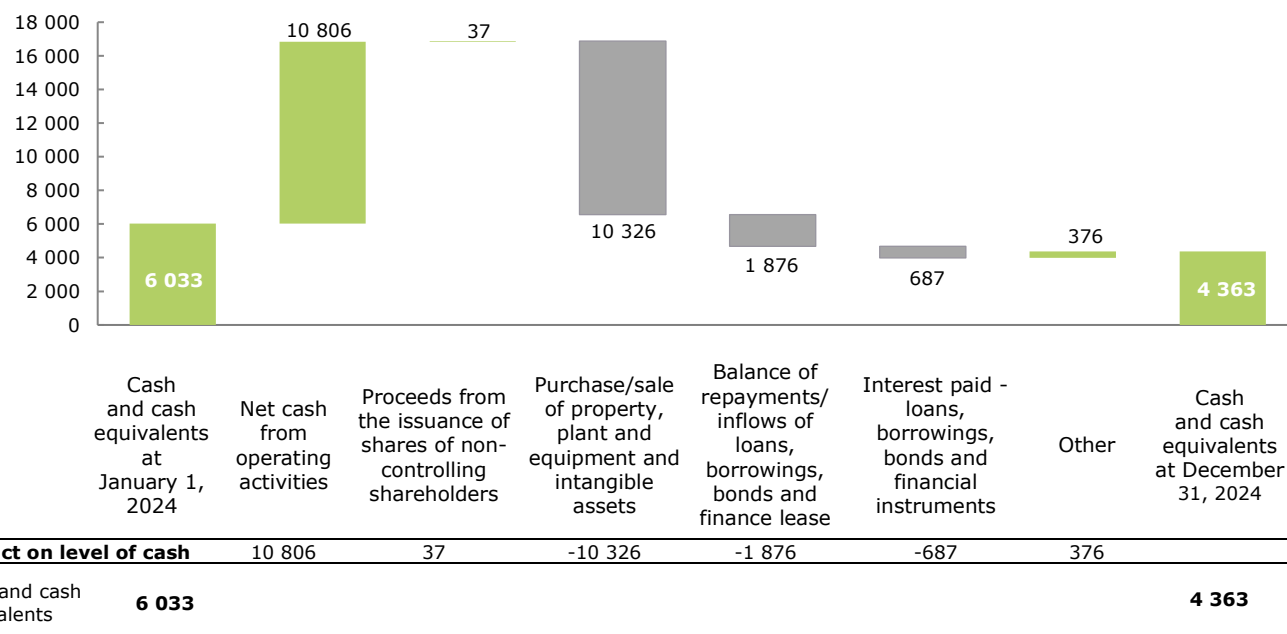
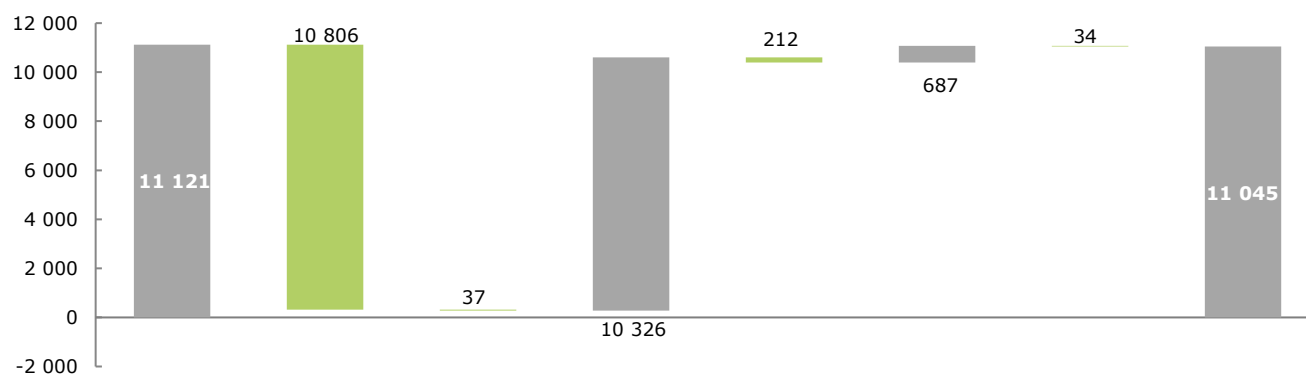


Chart: Net financial debt (PLN million).



Net financial debt December 31, 2023	Net cash from operating activities	Proceeds from the issuance of shares of non- controlling shareholders	Purchase/ sale of property, plant and equipment and intangible assets	Value change of restricted cash	Interest on debt	Other	Net financial debt December 31, 2024 ¹

**Impact on level of
net debt**

Financial net debt

11 121

-10 806

-37

10 326

-212

687

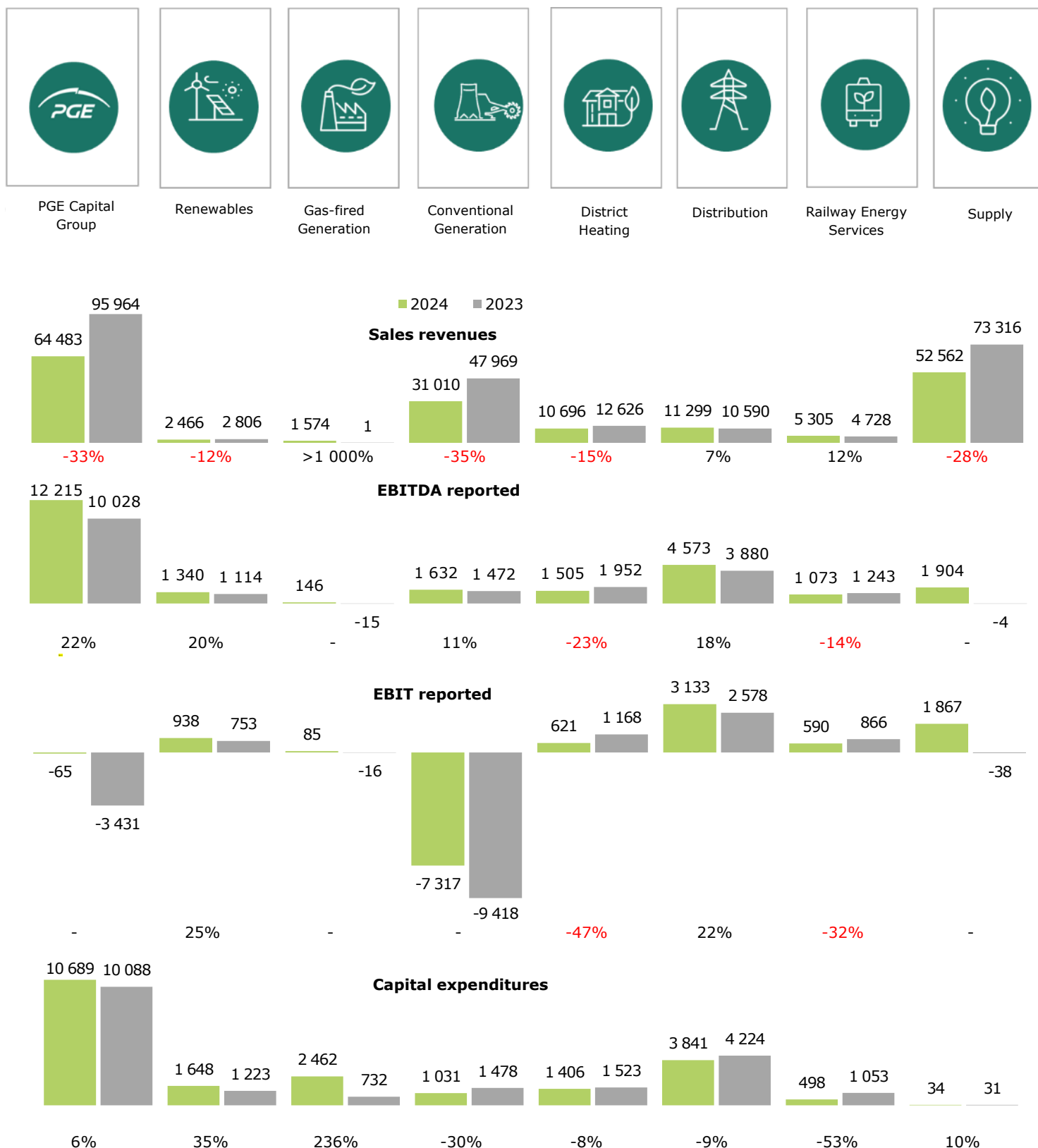
-34

11 045

¹ Estimated level of net economic debt (taking into account forward payment for CO₂ emission rights) amounts to PLN 17 204 million.

5.3. Characteristics of business segments

5.3.1. Key results in business segments²⁵



²⁵ From 2024 a Gas-fired Generation segment was established and the data of the Other Operations segment for 2023, which in previous reporting periods included companies transferred to the newly created segment, were adjusted for comparability.



ASSETS AND OPERATIONAL DATA

The PGE Capital Group's operations in renewable energy are managed by the PGE Energia Odnawialna S.A. Due to the profile of operations, the segment also includes companies from the Offshore area, which are responsible for all activities related to offshore wind energy.

Assets in the segment include:

- 21 wind farms,
- 49 photovoltaic power plants,
- 29 run-of-river hydro power plants,
- 4 pumped-storage power plants, including 2 with natural flow.

Diagram: Main assets of the Renewables segment and their installed capacity.

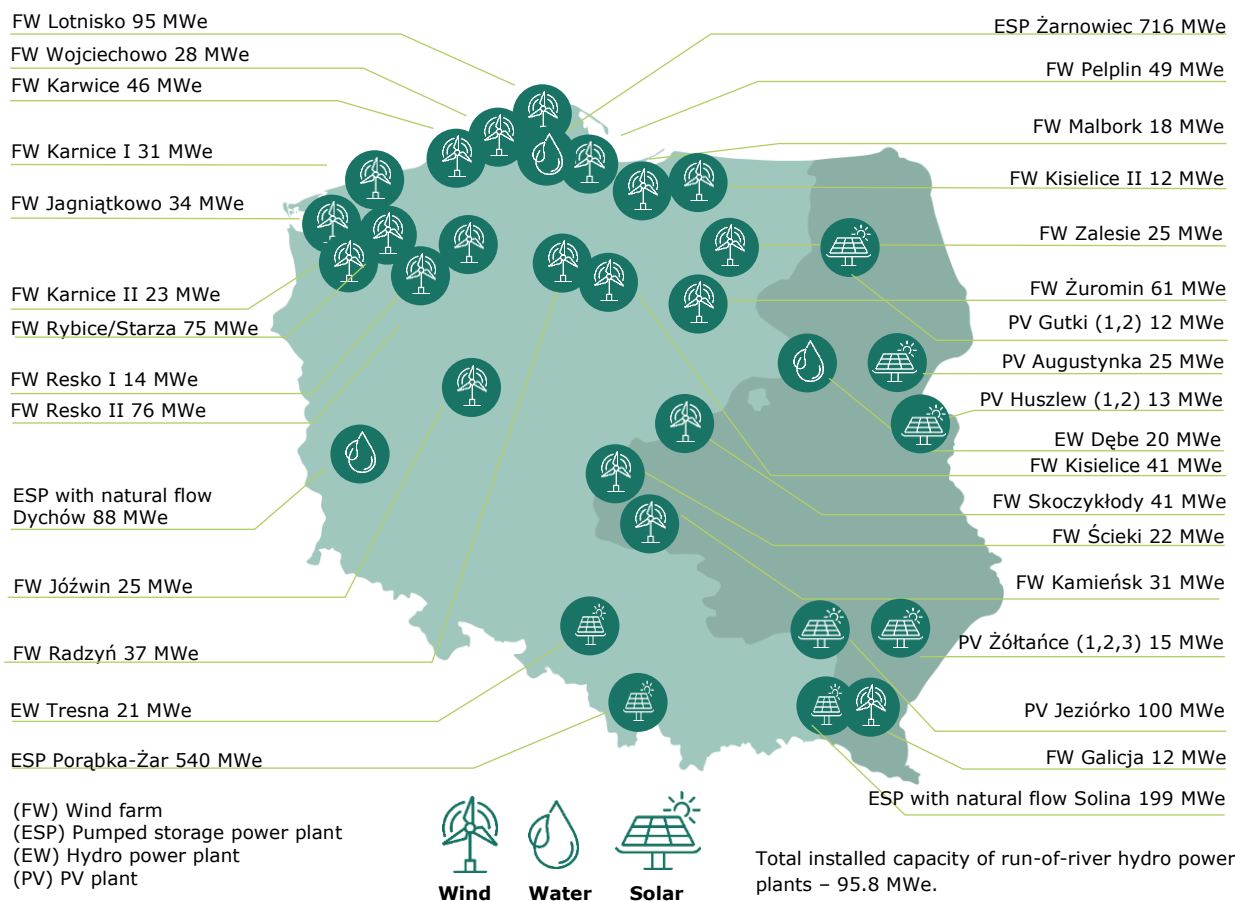


Chart: Change of installed capacity in Renewables (MWe).

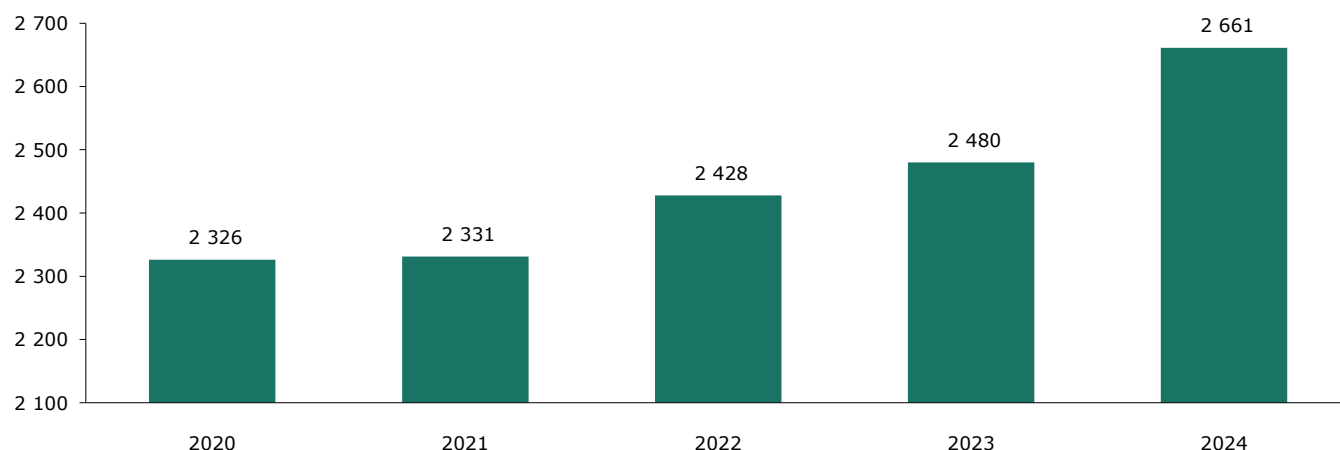


Table: Data on installed capacity in power plants in Renewables (MWe).

Type of power plant	2024	2023	% change
Run-of-river hydro power plants	96	96	0%
Pumped-storage power plants	1 251	1 251	0%
Pumped-storage power plants with natural flow	287	287	0%
Wind farms	797	797	0%
PV (including projects without final acceptance)	230	49	369%
Total	2 661	2 480	7%

Table: Energy production (GWh).

Type of power plant	Q4 2024	Q4 2023	% change	2024	2023	% change
Pumped-storage power plants	142	310	-54%	871	1 201	-27%
Run-of-river hydro power plants	68	103	-34%	403	441	-9%
Wind farms	514	608	-15%	1 782	1 774	0%
PV	22	3	633%	149	25	496%
Total	746	1 024	-27%	3 205	3 441	-7%

Table: Availability and capacity factor in Renewables.

	2024	2023	2022	2021	2020
Availability					
Run-of-river hydro power plants	93.1%	89.6%	92.1%	88.6%	90.1%
Wind farms	96.2%	97.1%	97.6%	97.2%	97.0%
Capacity factor					
Run-of-river hydro power plants	27.2%	35.3%	31.8%	35.3%	31.7%
Wind farms	26.6%	26.7%	26.0%	25.7%	28.0%

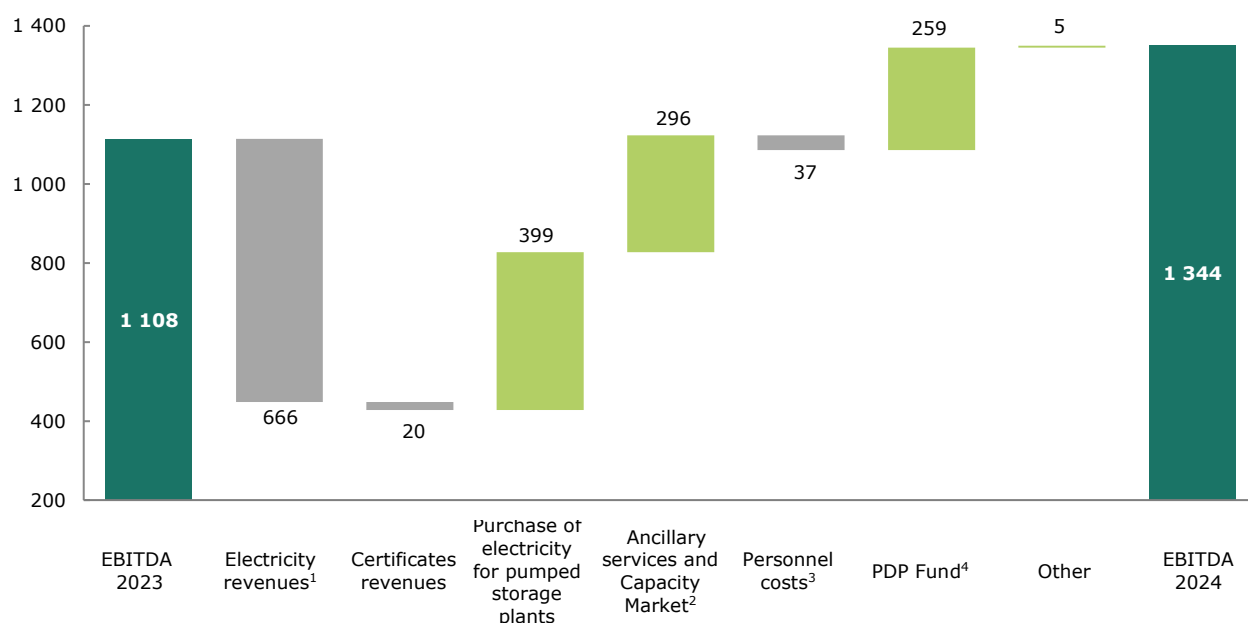
KEY FINANCIAL FIGURES IN THE SEGMENT

Table: Data on key financial figures in Renewables (PLN million).

	2024	2023	% change	2022	2021	2020
Sales revenues	2 466	2 806	-12%	3 401	1 672	1 091
EBIT reported	938	753	25%	1 440	686	405
EBITDA reported	1 340	1 114	20%	1 795	1 016	597
EBITDA recurring	1 344	1 108	21%	1 796	1 013	597
One-offs ¹	-4	6	-	-1	3	-
Capital expenditures	1 648	1 223	35%	458	189	715
	Q4 2024	Q4 2023	% change			
Sales revenues		587		712		-18%
EBIT reported		206		178		16%
EBITDA reported		312		268		16%
EBITDA recurring		316		272		16%
One-offs ¹		-4		-4		0%
Capital expenditures		566		411		38%

¹ One-offs at the EBITDA level.

Chart: Key changes of EBITDA in Renewables (in PLN million) – managerial perspective.



Change	-666	-20	399	296	-37	259	5	
Reported EBITDA 2023	1 114							
One-offs 2023	6							
Recurring EBITDA 2023	1 108	2 291	214	821	273	195	259	395
Recurring EBITDA 2024		1 625	194	422	569	232	0	390
One-offs 2024								-4
Reported EBITDA 2024								1 340

¹ Electricity revenues include revenues from main generation technologies (wind, water, PV, pumped storage).

² Including income from balancing services.

³ Without impact of change in actuarial provision (one-off).

⁴ Contribution to PDP Fund without impact of settlement in 2024 (one-off).

Table: Data on one-offs in Renewables segment (PLN million).

One-offs	2024	2023	% change
Change in actuarial provision	-2	-5	-60%
Change in reclamation provision	0	11	-100%
Correction of the contribution to the PDP Fund for previous period	-2	0	-
Total	-4	6	-

Key factors affecting the y/y results of Renewables:

- **Lower revenues from electricity sales** results from: lower average electricity sale price by PLN 127/MWh y/y, what translated into decrease of revenues by PLN 476 million and lower sales volume by 338 GWh, what translated into decrease of revenues by PLN 190 million.
- **Lower revenues from sales of certificates** resulting from: lower sales volume by 82 GWh, what translated into decrease of revenues by PLN 13 million, lower average electricity sale price by PLN 5 PLN/MWh y/y, what translated into decrease of revenues by PLN 7 million.
- **The decrease in electricity purchase costs** for pumping in pumped storage power plants results from lower purchase volume by 758 GWh, contributing to a decrease in costs by PLN 295 million and lower average electricity purchase price by PLN 77/MWh y/y, what translated into decrease of costs by PLN 104 million.
- **Higher revenues from the Capacity Market and ancillary services** result mainly from revenue from balancing services introduced from June 2024 and higher utilisation of production units in the power system.

- **The increase in personnel costs** is mainly a result of higher employment due to the development of the Offshore Energy and Renewable Energy areas and concluded wage agreements.
- Lack of contribution to PDP Fund, which occurred in 2023.
- **Value change in item Other** results mainly from higher revenues from the sale of guarantees of origin for electricity.

CAPITAL EXPENDITURES

Table: Capital expenditures incurred in Renewables segment (PLN million).

	2024	2023	% change
Investments in generating capacities, including:	1 631	1 218	34%
▪ Development	1 293	1 001	29%
▪ Modernisation and replacement	338	217	56%
Other	17	5	240%
Total	1 648	1 223	35%

KEY EVENTS IN RENEWABLES

Offshore wind farms construction program

The strategic goal of the PGE Group in the offshore energy area is to build at least 6.5 GW of capacity by 2040.

The group has 8 location permits for an offshore wind farms in the Baltic Sea. 3 location permits were obtained by the Group in 2012 while 5 permits (with a total capacity potential of 3.9 GW) were obtained by the PGE Group in 2023. Commissioning of the first project carried out jointly with Ørsted - Baltica 2 with a capacity of approx. 1.5 GW is planned in the fourth quarter of 2027.

- **The Baltica 1 project** (approximately 0.9 GW) is in the early stages of preparation for implementation. In the first half of 2024, environmental and geotechnical surveys were conducted, along with wind measurements. In the third quarter of 2024, the environmental report for the OWF area was submitted to the Regional Directorate for Environmental Protection. Geotechnical studies and a post-validation campaign for wind measurements were also conducted. In addition, an agreement was concluded with the contractor of the basic design for the power derivation from the installation (Energoprojekt-Katowice S.A.) and conceptual work began. In the fourth quarter of 2024, a transboundary environmental impact report for the Offshore Wind Farm was submitted to the Regional Directorate for Environmental Protection as part of the so-called Espoo procedure. The final report from the preliminary geotechnical campaign is planned for the second quarter of 2025.
- The **project Baltica 2** (approx. 1.5 GW) is currently in the implementation phase, following the Final Investment Decision taken in the first quarter of 2025. The conclusion of key contracts was completed already in 2024 with regard to contracts for construction and installation works and delivery of components. During the second half of 2024, work was carried out under the contract for the construction of the power derivation system in the onshore section, for which a notice to proceed was issued in June 2024. To date, the foundations for the 275 kV and 400 kV GIS switchgear buildings of the Onshore Transformer Station (OTS) have been completed. Currently, construction works are being carried out on the aforementioned OTS switchgear buildings and the 275 kV cable route.
- **The Baltica 3 project** (approx. 1 GW) is under preparation for implementation and in reconfiguration phase. In the first half of 2024, geotechnical surveys were completed as part of the preliminary and intermediate campaign. In the second half of 2024, the geotechnical documentation of the subsoil was completed and environmental surveys for migratory birds and bats in the area of the so-called buffer zone as well as project optimization works were carried out.
- **Construction of the O&M Port in Ustka** – At the beginning of 2024, demolition works were carried out on the site of the future operations and maintenance base in Ustka, which were completed in August 2024. In the third quarter of 2024, tender procedures began for the selection of the General Contractor (GC) and the Contract Engineer (CE). In the fourth quarter of 2024, announcements of the selection of the GC and CE were published. The agreement with the CE – Sweco Polska sp. z o.o. – was concluded in December 2024. Signing of the contract with the General Contractor took place in March 2025.

PGE Group PV Development Program

So far, projects with a total capacity of approx. 197 MW have been commissioned under the programme (230 MW including projects without final acceptance), including final acceptances of photovoltaic farms with a capacity of approx. 149 MW in 2024 – inter alia: PV Jeziórko with a capacity of 100 MW. In parallel, the implementation of photovoltaic farm projects with a total capacity of approx. 205 MW was continued.

Comprehensive modernisation program of Porąbka-Żar pumped-storage power plant

The scope of works includes the modernization of the technological part of the upper reservoir and the construction facilities of the waterway. The main works related to the modernisation of the upper reservoir and the fairway have been completed at the end of 2024. Work on the technological part, i.e. the modernisation of the four hydrosets, will be carried out sequentially so that partial operation of the power station is possible. At present, dismantling work is starting for hydroset no. 3, then the main modernisation work will commence. Design work is also continuing.



Diagram: Main assets of the Gas-fired Generation segment and their installed capacity.

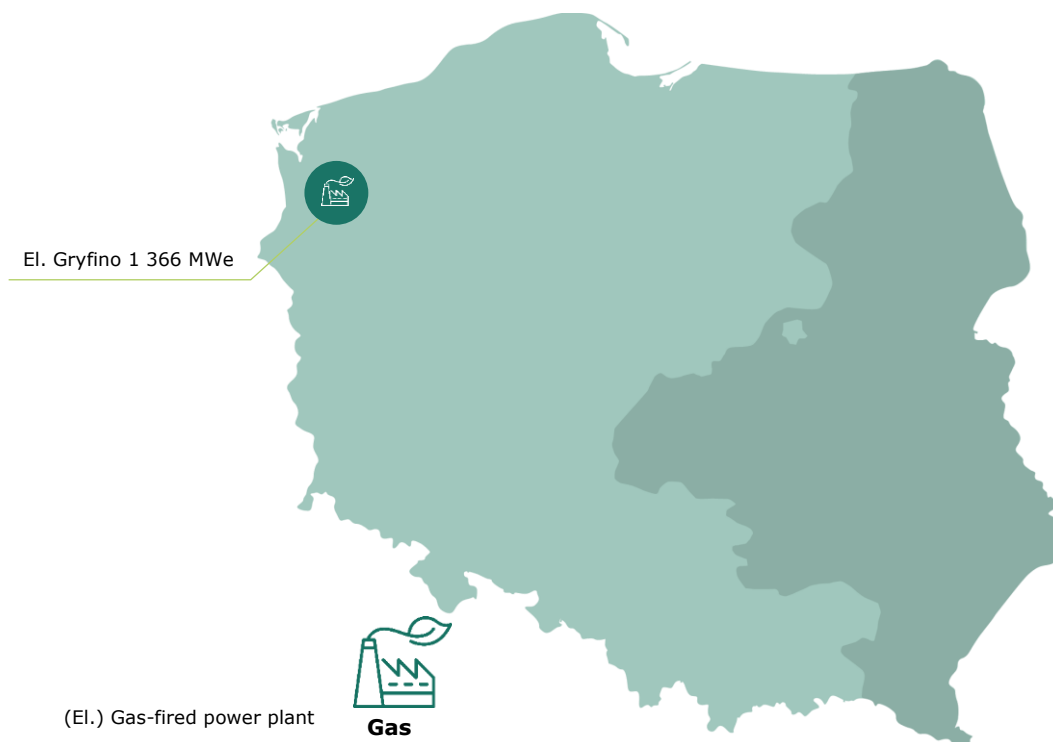


Table: Data on installed capacity in power plants in Gas-fired Generation (MWe).

Main fuel type	Installed capacity (MWe)	
	2024	
Natural gas		1 366
Total		1 366

Table: Electricity generation (TWh).

Main fuel type	Q4 2024	2024
Natural gas	1.05	2.55
Total	1.05	2.55

Table: Availability and capacity factor in Gas-fired Generation.

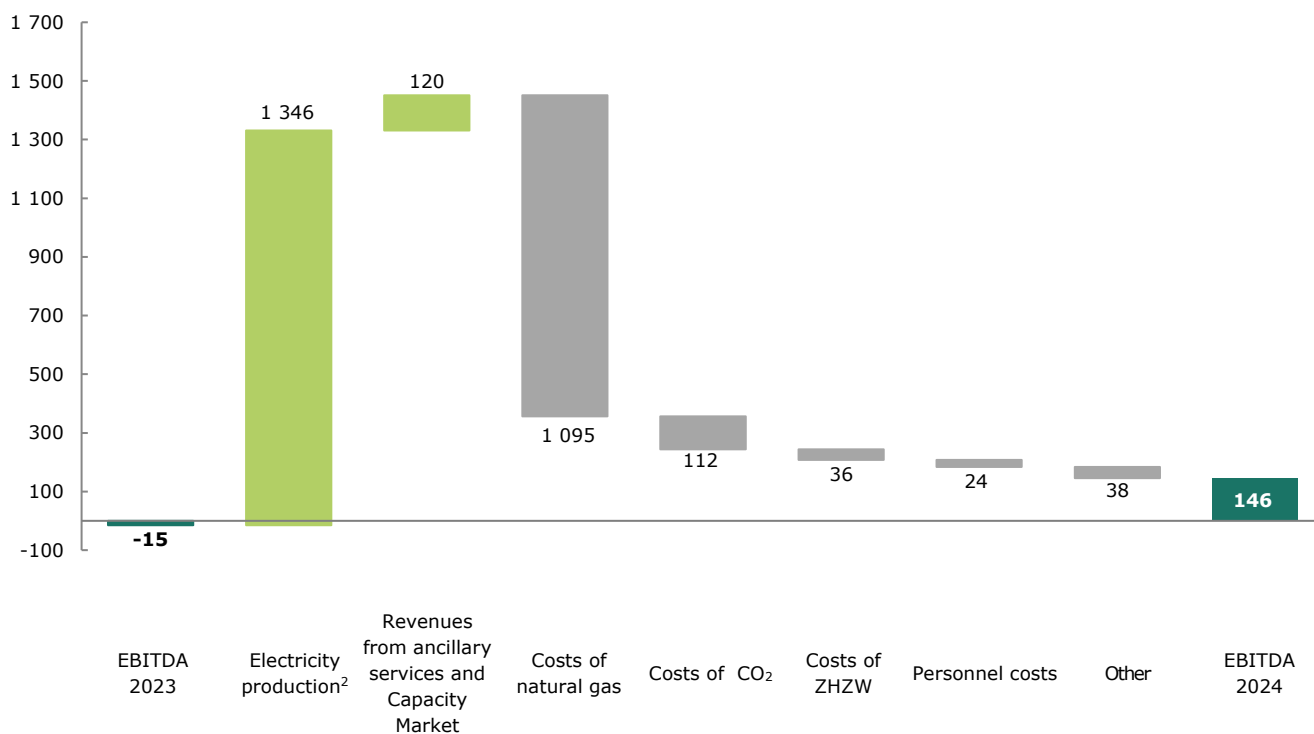
	2024
Availability	
Gas-fired power plants	89.21%
Capacity factor	
Gas-fired power plants	34.04%

KEY FINANCIAL FIGURES IN THE SEGMENT

Table: Data on key financial figures in Gas-fired Generation (PLN million).

	Q4 2024	Q4 2023	% change	2024	2023	% change
Sales revenues	825	1	>1 000%	1 574	1	>1 000%
EBIT	53	-4	-	85	-16	-
EBITDA	106	-4	-	146	-15	-
Capital expenditures	589	177	233%	2 462	732	236%

Chart: Key changes of recurring EBITDA in Gas-fired Generation (in PLN million) – managerial perspective¹.



¹ Due to separation of the Gas-fired Generation segment from Other Operations segment data for 2023 were restated for comparability.

² Managerial perspective.

Key factors affecting EBITDA of Gas-fired Generation segment y/y:

- **Revenues from the sale of electricity**, as a result of the sale of 2.6 TWh of electricity.
- **Revenue from the Capacity Market**, i.e. remuneration for the performance of the capacity obligation and **revenues from ancillary services** for operational reserve.
- **Costs of natural gas consumption**, as a result of consumption of 16.3 GJ million (4.5 TWh) of the fuel in the production process.
- **CO₂ costs**, as a result of emission of 0.39 tonnes million in the production process.
- **Costs of ZHZW** i.e. costs of commercial management of generation capacities.
- **Higher personnel costs**, mainly due to the start of the production process at the Gryfino Power Plant.
- **The item Other**, mainly takes into account other variable costs incurred in the production process and the costs of repairs and assets operations.

Table: Data on production fuels consumption in Gas-fired Generation.

Fuel type	2024	
	Volume	Cost
	(m ³ ths)	(PLN m)
Gas	431 475	1 095
Total	431 475	1 095

Table: Data on CO₂ costs in Gas-fired Generation.

Data on CO ₂	2024
CO ₂ emission (tons)	389 906
Average CO ₂ costs (PLN/t CO ₂)	287.2

CAPITAL EXPENDITURES

Table: Capital expenditures incurred in Gas-fired Generation segment (PLN million)¹

	2024	2023	% change
Investments in generating capacities, including:	2 462	732	236%
▪ Development	2 457	732	236%
▪ Modernisation and replacement	5	0	-
Total	2 462	732	236%

¹ Segment separated from the Other Operations segments as from 2024 (data for 2023 restated for comparability).

KEY EVENTS IN GAS-FIRED GENERATION

- In 2024, work continued on the project to build a **CCGT unit** with a gross capacity of 882 MW in Rybnik (**PGE Nowy Rybnik sp. z o.o.**). Foundation work for the main buildings were completed. Components for the recovery boiler support structure were delivered to the site. Additional works were carried out involving the installation of the steel structure of the gas and steam engine room building and preparation of the site for the implementation of the cooling water system.
- In 2024 works were continued and completed on the construction of two **new gas-and-steam units** of 683 MWe each (**PGE Gryfino Dolna Odra sp. z o.o.**). Unit no. 9 was commissioned on August 14, 2024, unit no. 10 – on October 18, 2024.

KEY PROJECTS IN GAS-FIRED GENERATION SEGMENT

Aim of the project	Budget	Expenditures incurred ¹	Capital expenditures in 2024 ¹	Fuel/ Net efficiency	Contractor	Investment completion date
Construction of two CCGT units at PGE Gryfino Dolna Odra sp. z o.o.	PLN 4.3 bn	PLN 4.0 bn	PLN 790 m	Natural gas / 63.2%	Syndicate of companies: General Electric (consortium leader) and Polimex Mostostal	Completed: Unit no. 9 – August 14, 2024 Unit no. 10 – October 18, 2024
Construction of gas-steam unit at PGE Nowy Rybnik sp. z o.o.	PLN 4.0 bn	PLN 1.5 bn	PLN 1 479 m	Natural gas / 63.9%	Syndicate of companies: Polimex Mostostal S.A. (consortium leader), Siemens Energy sp. z o.o., Siemens Energy Global GmbH & Co. KG	December 2026

¹ Expenditures incurred do not include financing costs and expenses in the form of advances paid to the General Contractor for the Investment and to the other contractors.



Diagram: Main assets of the Conventional Generation segment with their installed capacity.

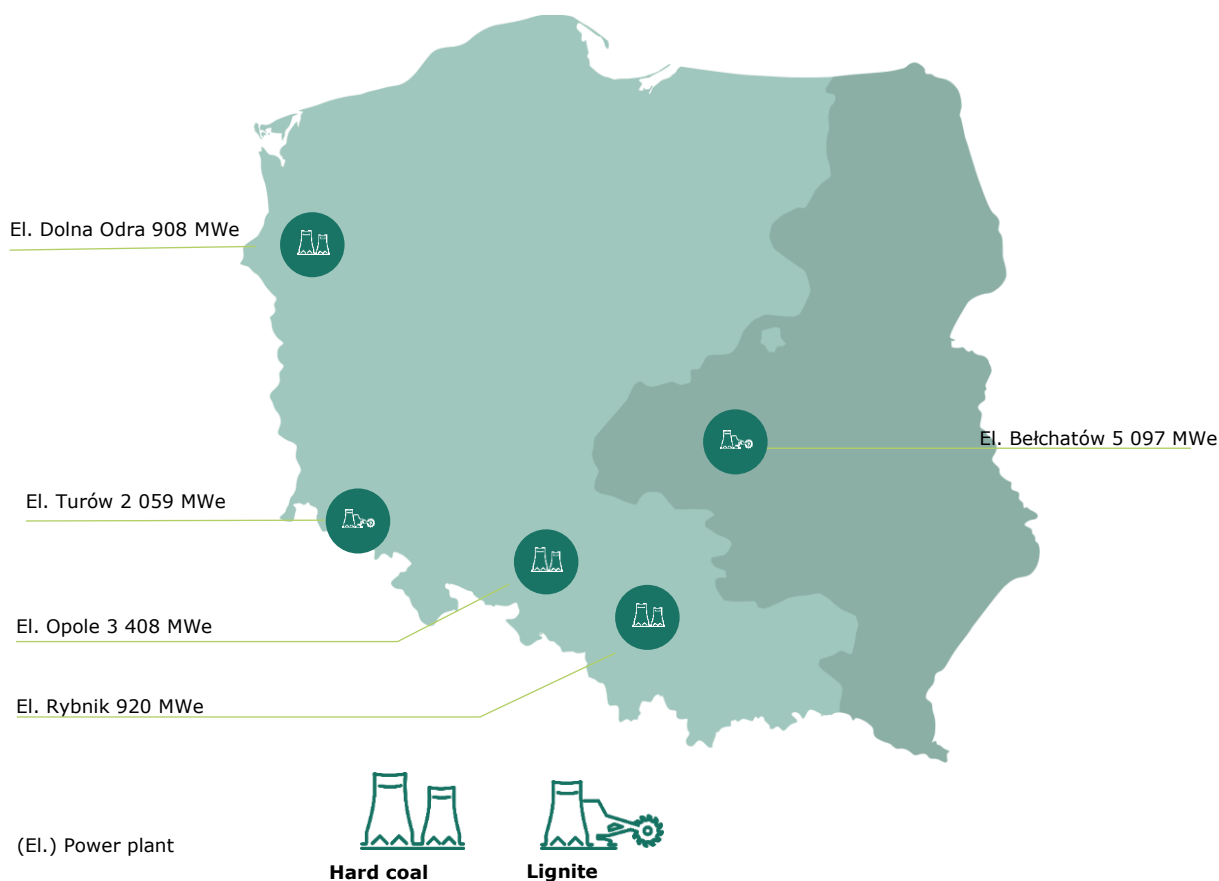


Chart: Change of installed capacity in Conventional Generation.

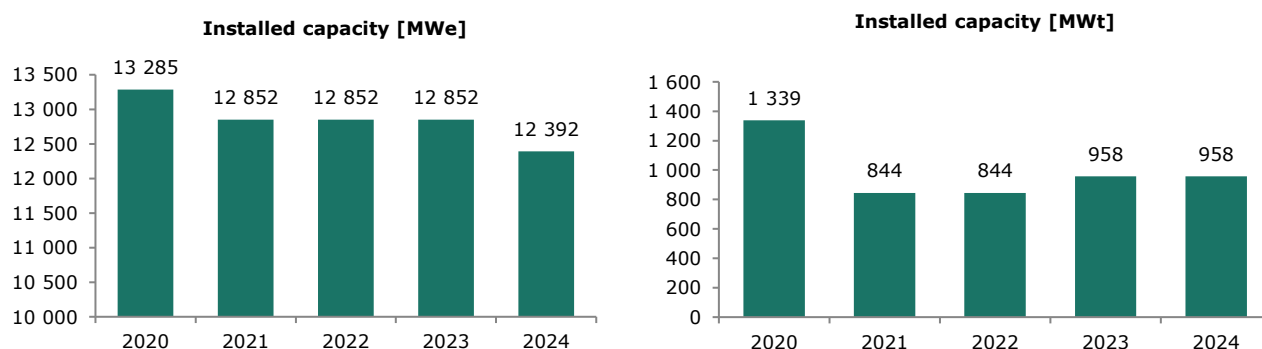


Table: Data on installed capacity in Conventional Generation.

Main fuel types	Installed capacity (MWe)		% change	Installed capacity (MWt)		% change
	2024	2023		2024	2023	
Hard coal	5 236	5 696	-8%	251	251	0%
Lignite	7 156	7 156	0%	707	707	0%
Total	12 392	12 852	-4%	958	958	0%

Table: Electricity production (TWh).

Main fuel types	Q4 2024	Q4 2023	% change	2024	2023	% change
Hard coal	3.49	4.24	-18%	12.31	15.05	-18%
Lignite	7.90	7.80	1%	30.83	29.75	4%
Biomass	0.01	0.01	0%	0.04	0.02	100%
Total	11.40	12.05	-5%	43.18	44.82	-4%

Table: Heat production (PJ).

Main fuel types	Q4 2024	Q4 2023	% change	2024	2023	% change
Hard coal	0.21	0.20	5%	0.64	0.64	0%
Lignite	0.78	0.78	0%	2.36	2.46	-4%
Total	0.99	0.98	1%	3.00	3.10	-3%

Table: Availability and capacity factors in Conventional Generation.

Details	2024	2023	2022	2021	2020
Availability¹					
Power plants - lignite	82.8%	82.2%	86.0%	82.7%	82.2%
Power plants - hard coal	86.2%	90.6%	87.4%	78.2%	80.2%
Capacity factor¹					
Power plants - lignite	54.7%	57.2%	75.2%	70.8%	58.3%
Power plants - hard coal	29.8%	33.3%	35.8%	42.6%	34.2%

¹ Without units no. 1-2 in Dolna Odra power plant, unit no. 1 in Bełchatów power plant and units no. 1-2 in Rybnik power plant.

LIGNITE MINING

Table: Lignite resources data as at the end of 2024 and lignite output in 2024.

Deposit	Type	Resources - as at the end of 2024 (Mg million)	Output in 2024 (Mg million)
Bełchatów – Field Bełchatów	industrial	2.98	2.23
Bełchatów – Field Szczerców	industrial	440.79	29.55
Turów	industrial	245.88	7.24
Total	industrial	689.65	39.02

KEY FINANCIAL FIGURES IN THE SEGMENT

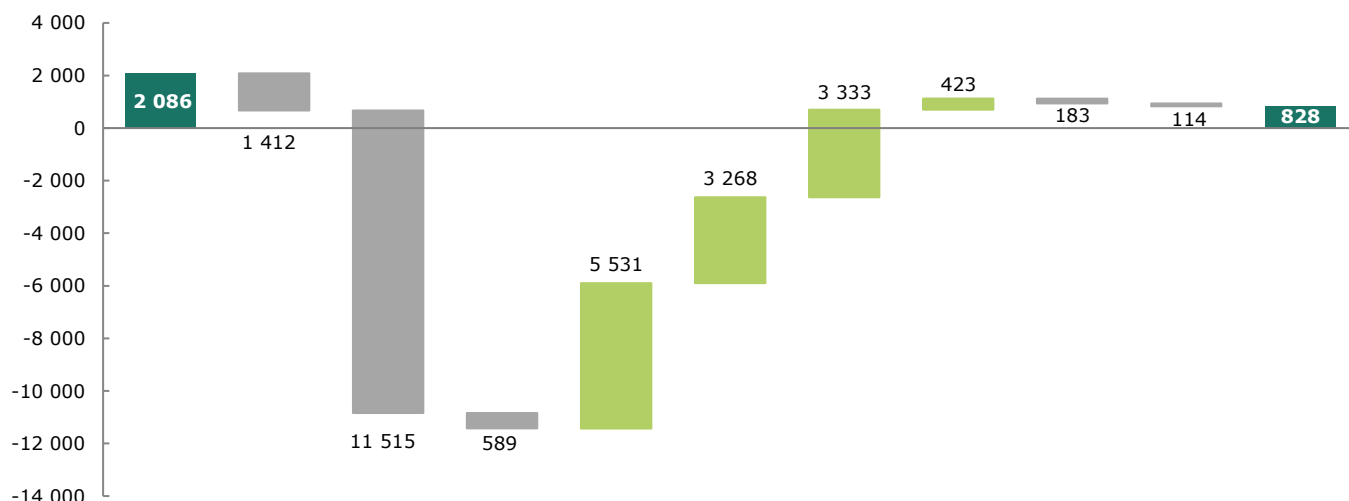
Table: Data on key financial figures in the Conventional Generation (PLN million).

Details	2024	2023	% change	2022	2021	2020
Sales revenues	31 010	47 969	-35%	36 460	28 764	25 251
EBIT reported	-7 317	-9 418	-	127	1 998	-647
EBITDA reported	1 632	1 472	11%	2 065	4 078	1 725
EBITDA recurring	828	2 086	-60%	618	2 613	1 905
One-offs ¹	804	-614	-	1 447	1 465	-180
Capital expenditures	1 031	1 478	-30%	750	1 759	2 372

Details	Q4 2024	Q4 2023	% change
Sales revenues	8 550	11 602	-26%
EBIT reported	-6 029	-9 223	-
EBITDA reported	1 846	149	1 139%
EBITDA recurring	1 019	404	152%
One-offs ¹	827	-255	-
Capital expenditures	428	666	-36%

¹ One-offs at EBITDA level.

Chart: Key changes of recurring EBITDA in Conventional Generation (in PLN million) – managerial perspective.



	EBITDA 2023	Electricity production - volume ¹	Electricity production - price ¹	Ancillary services and Capacity Market ²	PDP Fund ³	Costs of fuel	Costs of CO ₂	Costs of ZHW	Personnel costs ⁴	Other ⁵	EBITDA 2024
Change		-1 412	-11 515	-589	5 531	3 268	3 333	423	-183	-114	
Reported EBITDA 2023	1 472										
One-offs 2023	-614										
Recurring EBITDA 2023	2 086	38 431		3 900	5 531	6 693	21 013	1 429	3 488	2 091	
Recurring EBITDA 2024		25 504		3 311	0	3 425	17 680	1 006	3 671	2 205	828
One-offs 2024											804
Reported EBITDA 2024											1 632

¹ Managerial perspective.

² Including revenue from balancing services.

³ Without impact of correction of contribution to PDP Fund for previous period (one-off).

⁴ Personnel costs without impact of the change in actuarial provision and costs of Retirement Program (one-offs).

⁵ Item Other without impact of the change in reclamation provision (one-off).

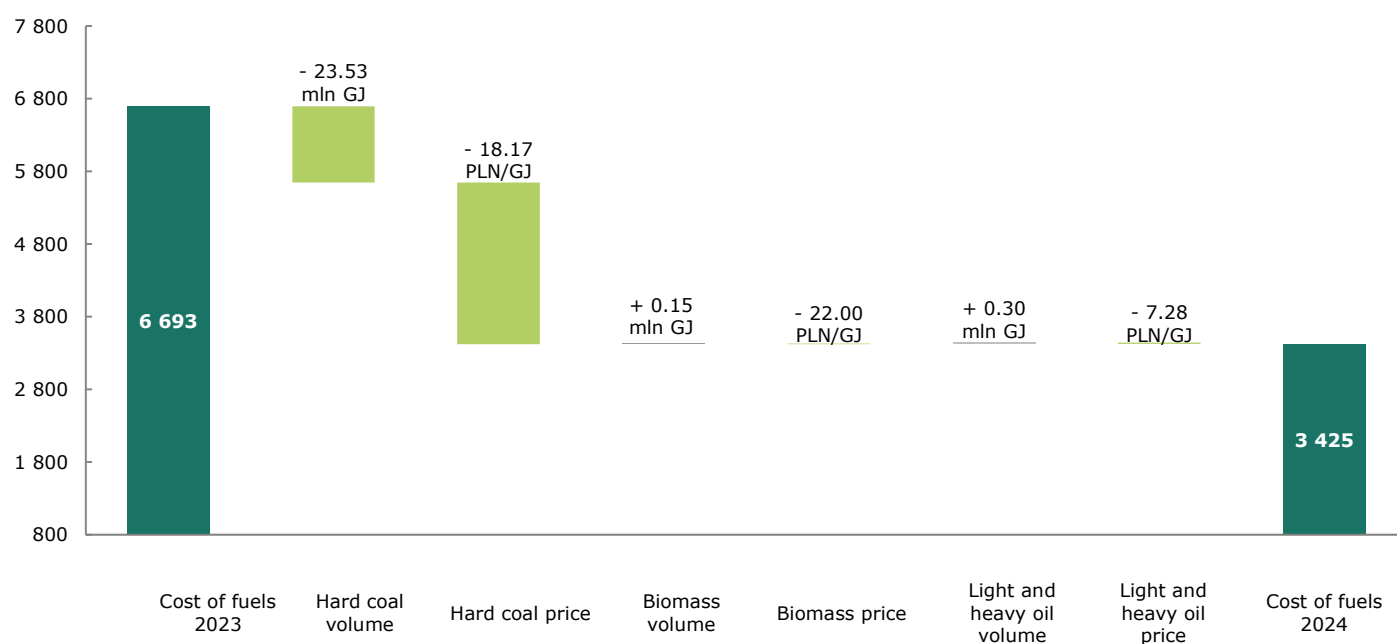
Table: Data on one-offs in the Conventional Generation segment (PLN million).

One-offs	2024	2023	% change
Change in reclamation provision	617	-541	-
Change in actuarial provision	28	-73	-
Correction of contribution to PDP Fund for previous period	164	0	-
Retirement Program	-5	0	-
Total	804	-614	-

Key factors affecting the EBITDA result of Conventional Generation segment on y/y basis:

- **Decrease in revenues from the sale of electricity**, which results from: lower average selling price of electricity by PLN 273/MWh y/y, which translated into a decrease in revenues by approx. PLN 11 515 million; lower sales volume by 1.6 TWh, which resulted in a decrease in revenues by approx. PLN 1 412 million.
- **Higher result obtained from the Capacity Market**, as a result of the higher average price and higher revenues from the secondary market and **lower revenues from ancillary services**, mainly as a result of the high 2023 base, i.e. revenues from settlements with the TSO due to the reallocation of electricity production between PGE GiEK branches within the Balancing Market, which was partly offset by revenue from new balancing services at the end of the second quarter and in the third and fourth quarter of 2024.
- Lack of contribution to PDP Fund, which occurred in 2023.
- **Lower fuel consumption costs**, mainly hard coal as a result of lower price by PLN 18.17/GJ and lower consumption of this fuel by 23.5 GJ million due to lower electricity production. Main changes on different types of fuel are presented in the chart below.
- **Lower CO₂ costs** as a result of lower average cost of CO₂ by PLN 53.5/t and lower CO₂ emissions by 1.9 tons million as a result of lower electricity production. Main changes are shown in the chart below.
- **Lower ZHZW costs** results mainly due to lower average price of electricity.
- **Higher personnel costs** mainly in connection with the implementation of agreements concluded with the social party.

Chart: Costs of production fuels consumption in Conventional Generation (PLN million).

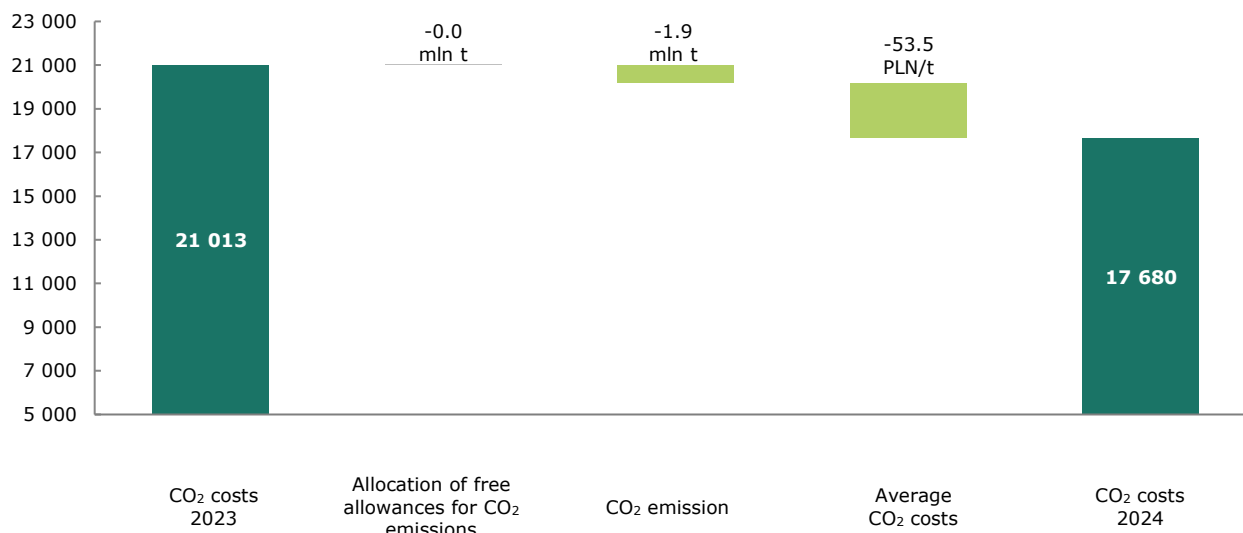


Change	-1 049	-2 224	10	-8	21	-18	
Cost of fuels 2023	6 693	6 505	14		174		
Cost of fuels 2024		3 232	16		177		3 425

Table: Data on use of production fuels consumption in Conventional Generation.

Fuel type	2024		2023	
	Volume	Cost	Volume	Cost
	(tons ths)	(PLN million)	(tons ths)	(PLN million)
Hard coal	5 463	3 232	6 513	6 505
Biomass	22	16	13	14
Fuel oil – light and heavy	67	177	60	174
Total		3 425		6 693

Chart: CO₂ costs in Conventional Generation segment (PLN million).



Change	1	-822	-2 512
CO ₂ costs 2023	21 013		
CO ₂ costs 2024			17 680

Table: Data on CO₂ costs in Conventional Generation (PLN million).

Data on CO ₂	2024	2023	% change
Allocation of free allowances for CO ₂ emissions (tons)	59 649	62 772	-5%
CO ₂ emission (tons)	47 032 418	48 944 703	-4%
Average CO ₂ costs (PLN/t CO ₂)	376.4	429.9	-12%

CAPITAL EXPENDITURES

Table: Capital expenditures incurred in Conventional Generation segment (PLN million).

	2024	2023	% change
Investments in generating capacities, including:	1 005	1 464	-31%
▪ Development	8	36	-78%
▪ Modernisation and replacement	997	1 428	-30%
Other	26	14	86%
Total	1 031	1 478	-30%

KEY EVENTS IN CONVENTIONAL GENERATION

- As part of the construction of the start-up station at the **Dolna Odra Power Plant** on September 18, 2024, an amended Heat Generation Licence was issued for period from October 15, 1998 to December 31, 2025.
- As part of the task called **The construction of a steam generator at the Rybnik Power Plant** on October 18, 2024, a Heat Generation Licence was issued. Defect rectification has been completed.
- In the scope of the task of the Extension of the industrial wastewater treatment plant at the Turów Power Plant:
 - On November 8, 2024, warranty measurements of six process lines were completed,
 - On December 3, 2024, six process lines were handed over for operation,
 - In March 2025 the task was accepted by the investor.
- Further contractual penalties for the contractor were accrued in respect of the completed task of the **Construction of Unit No. 7 at the Turów Power Plant**. A detailed description can be found in Note 27.3 of the consolidated financial statements.

Core business of the District Heating segment includes production of electricity and heat from cogeneration sources as well as distribution of heat.

[illegible]² Adjusted for one-offs.

Weather conditions substantially affect the segment's results. Temperatures directly shape the level of heat demand. Simultaneously, the level of heat production determines the level of electricity production in co-generation, which is an additional source of revenues that decisively affects the CHP plant's profitability.

Under the provisions of the Emergency Measures in 2023 Act, electricity generating entities were required to make a **contribution to the Price Difference Payment Fund**.

ASSETS

The following companies are included in the segment: PGE Energia Ciepła S.A., KOGENERACJA S.A., EC Zielona Góra S.A., PGE Toruń S.A., MEGAZEC sp. z o.o. and the district heating network in Gryfino.

Currently, the segment includes 16 combined heat and power plants.

District Heating is the largest heat producer in Poland. Generation is based mainly on hard coal and natural gas.

Diagram: Main assets of the District Heating segment and their installed capacity.

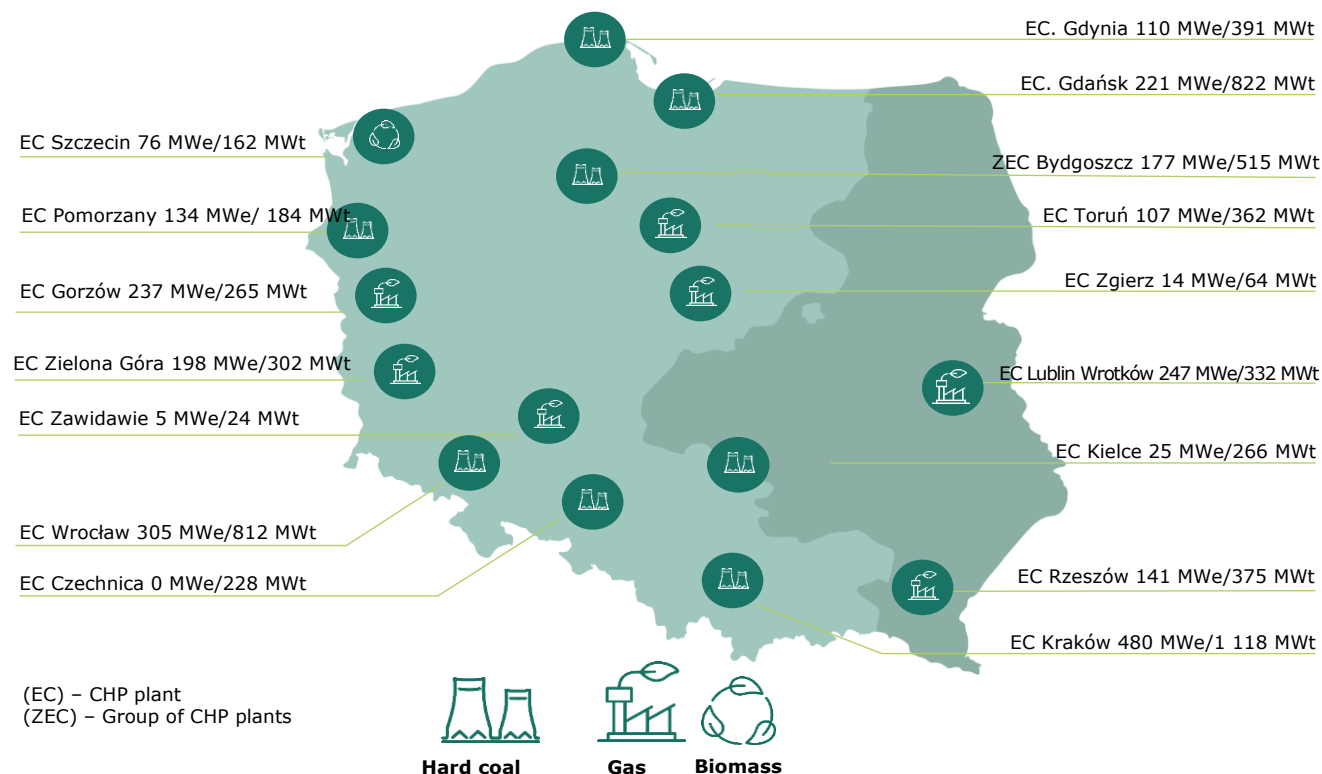


Chart: Change of installed capacity in District Heating.

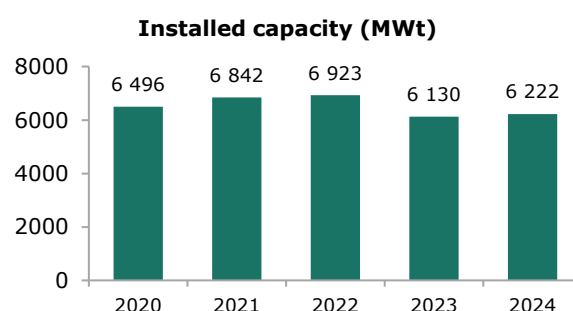
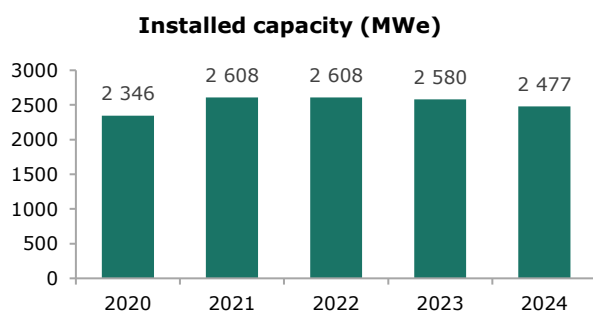


Table: Data on installed capacity in District Heating.

Main fuel types	Installed capacity (MWe)		% change	Installed capacity (MWt)		% change
	2024	2023		2024	2023	
Hard coal	1 438	1 548	-7%	3 362	3 925	-14%
Gas	947	940	1%	2 002	1 557	29%
Biomass	83	83	0%	209	176	19%
Other	9	9	0%	649	472	38%
Total	2 477	2 580	-4%	6 222	6 130	2%

Table: Electricity production (TWh).

Main fuel types	Q4 2024	Q4 2023	% change	2024	2023	% change
Hard coal	1.10	1.16	-5%	3.21	3.79	-15%
Gas	1.09	1.31	-17%	3.62	4.21	-14%
Biomass	0.09	0.11	-18%	0.37	0.44	-16%
Other	0.00	0.00	-	0.03	0.07	-57%
Total	2.28	2.58	-12%	7.23	8.51	-15%

Table: Heat production (PJ).

Main fuel types	Q4 2024	Q4 2023	% change	2024	2023	% change
Hard coal	11.38	11.76	-3%	32.07	34.73	-8%
Gas	4.73	3.85	23%	10.56	9.86	7%
Biomass	0.59	0.87	-32%	2.05	1.87	10%
Other	0.16	0.15	7%	0.74	0.69	7%
Total	16.86	16.63	1%	45.42	47.15	-4%

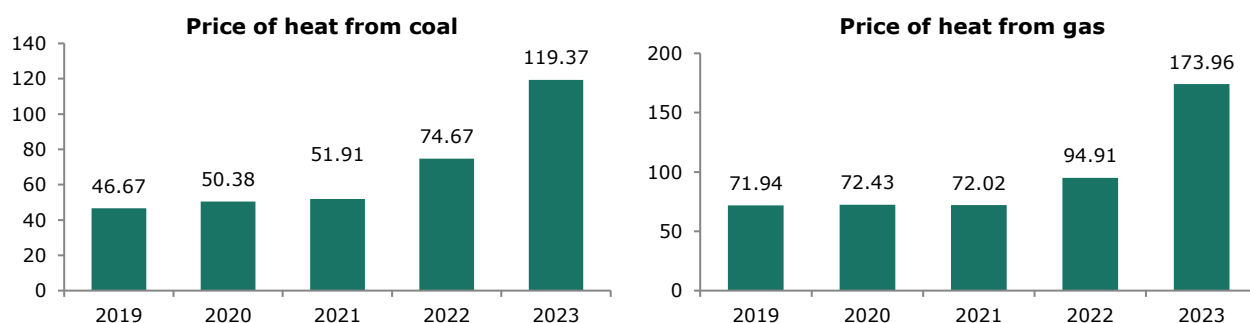
Table: Availability and capacity factors in District Heating.

	2024	2023	2022	2021	2020
Availability	81.1%	84.0%	75.3%	79.7%	75.8%
Capacity factor	37.7%	42.2%	36.8%	41.0%	46.7%

TARIFFS IN DISTRICT HEATING

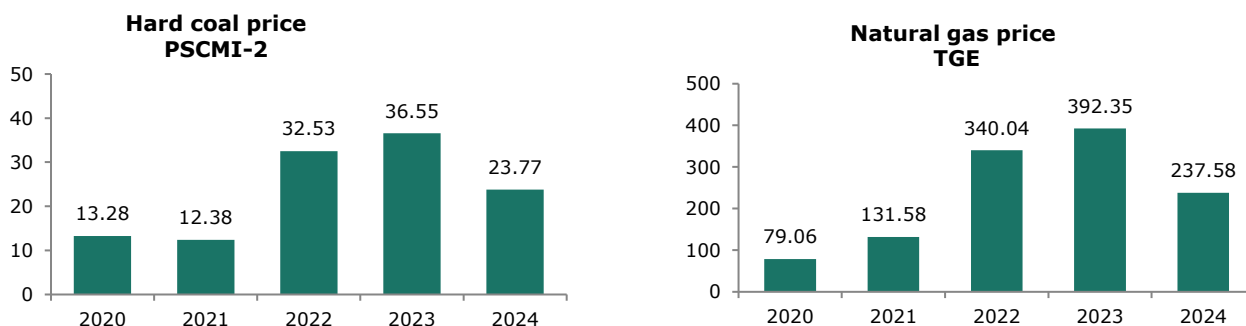
Income on heat sales for CHP plant are tarified as part of the so-called simplified method, so they are characterised by a relative delay in the transfer of costs (annual or two-year). They are based on the year-to-year dynamics of average costs (including fuels used) incurred by entities that are not co-generation entities for the year preceding the time of tariff setting.

Charts: Changes in the reference price of heat for hard coal and natural gas (PLN/GJ).



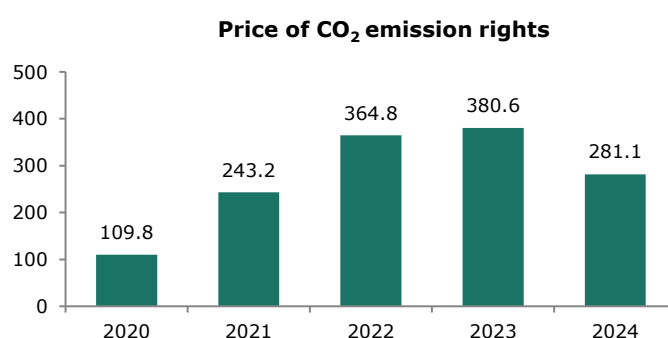
Source: ERO.

Charts: Changes in costs of fuels – hard coal (PLN/GJ) – PSCMI-2²⁸ and gas (PLN/MWh) - TGE.



Source: ARP, TGE.

Chart: Changes in price of CO₂ emission rights²⁹ (PLN/t).



Source: ICE.

Reflecting previous cost increases, the reference price of heat produced from hard coal increased by 60% in 2023. It is a base to the increase in heat prices for co-generation entities establishing the tariff during 2024. In 2024 the average market price of coal decreased by 35%, while the average price of CO₂ emission rights decreased by 26% in comparison to 2023.

Tariffs for the production of heat from gas in 2024 are set based on a change in the reference price, whereas in 2024 gas prices are lower than in previous periods. Prices of gas in TGE forward contracts stood at approx. PLN 238/MWh (i.e. decrease by 39%).

KEY FINANCIAL FIGURES IN THE SEGMENT

Table: Data on key financial figures in District Heating (PLN million).

	2024	2023	% change	2022	2021	2020
Sales revenues	10 696	12 626	-15%	7 690	6 239	4 899
EBIT reported	621	1 168	-47%	-713	104	304
EBITDA reported	1 505	1 952	-23%	39	805	947
EBITDA recurring	1 483	2 061	-28%	33	844	928
One-offs ¹	22	-109	-	6	-39	19
Capital expenditures	1 406	1 523	-8%	1 140	610	671

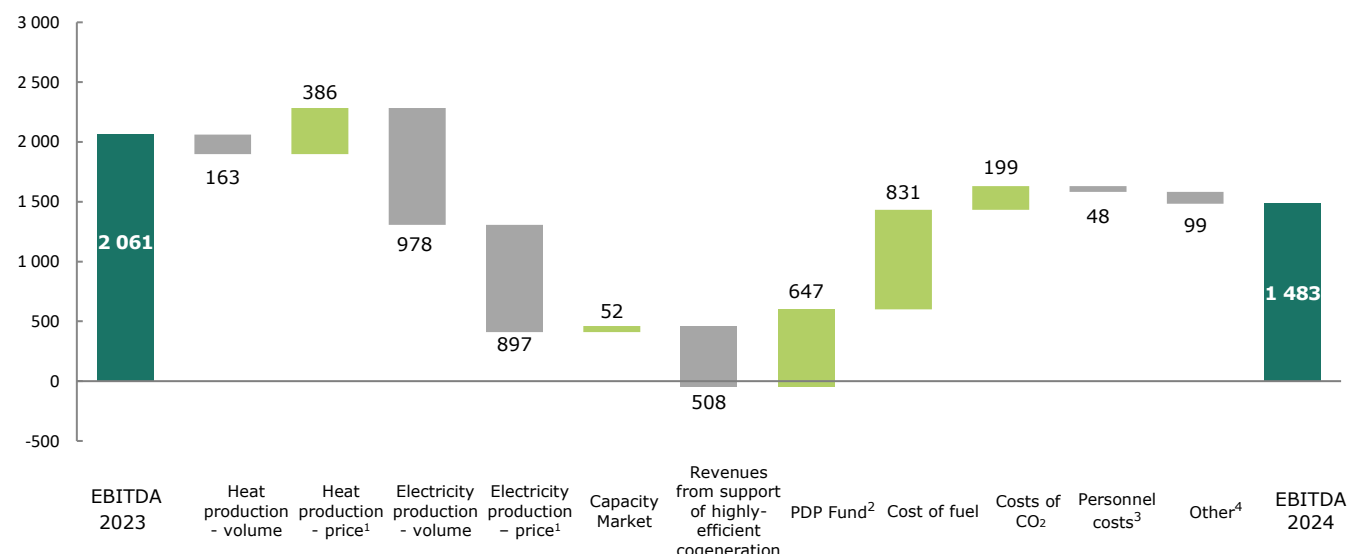
	Q4 2024	Q4 2023	% change
Sales revenues	3 647	4 068	-10%
EBIT reported	311	424	-27%
EBITDA reported	578	635	-9%
EBITDA recurring	554	706	-22%
One-offs ¹	24	-71	-
Capital expenditures	535	533	0%

¹ One-offs at EBITDA level.

²⁸ PSCMI-2 Polish Steam Coal Market Index 2 - the average prices for pulverised coals sold on the domestic heating market.

²⁹ Arithmetic average of the daily and monthly records in a given period (spot price).

Chart: Key changes of EBITDA in District Heating (in PLN million) – managerial perspective.



Change	-163	386	-978	-897	52	-508	647	831	199	-48	-99	
Reported EBITDA 2023	1 952											
One-offs 2023	-109											
Recurring EBITDA 2023	2 061	4 588	6 520	218	584	647	4 869	3 021	621	691		
Recurring EBITDA 2024		4 811	4 645	270	76	0	4 038	2 822	669	790	1 483	
One-offs 2024											22	
Reported EBITDA 2024											1 505	

¹ Value adjusted for costs of certificates redemption; data for 2023 adjusted to current presentation method - including heat price compensation.

² Without impact of correction of contribution to PDP Fund for previous period (one-off).

³ Personnel costs without taking into account of change in the actuarial provision (one-off).

⁴ Item Other without taking into account the impact of changes in the LTC compensations and change in the reclamation provision (one-offs).

Table: Data on one-offs in District Heating (PLN million).

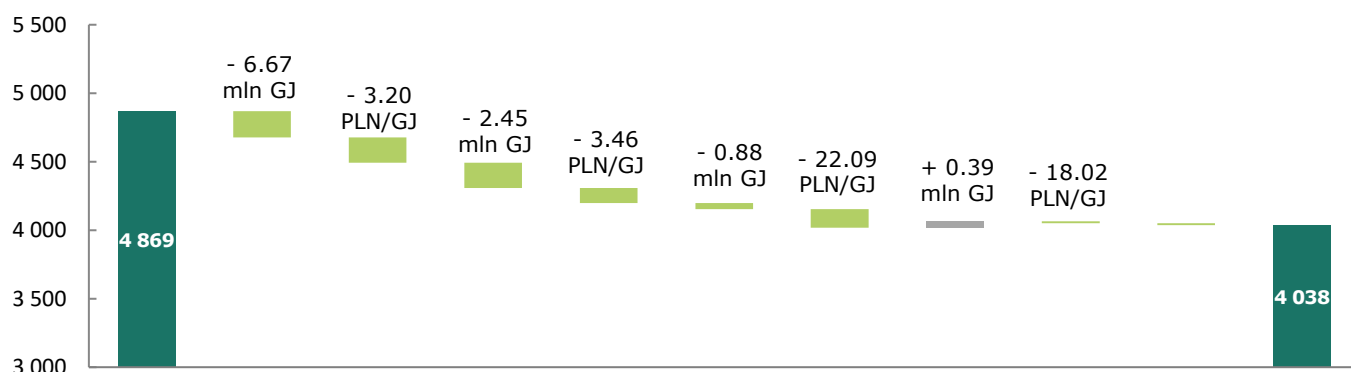
One-offs	2024	2023	% change
Change in the reclamation provision	5	3	67%
Change in the actuarial provision	-3	-3	-
LTC compensations	4	-109	-
Correction of contribution to PDP Fund for previous period	16	-	-
Total	22	-109	-

Key factors affecting the EBITDA result of District Heating segment on y/y basis:

- **Lower volume of net heat production** in 2024 y/y is a result of higher outside temperatures compared to 2023. The average temperatures in 2024 were by 1.1° C higher, what translated into decreased heat production (by 1.7 PJ)
- **Increase of heat sale price** is a result of increased tariffs for heat for the CHP plants in the second half of 2024 following the publication by the ERO of reference prices for heat production in units not being co-generation units.
- **Decrease in revenues from the sale of electricity** results from: lower sales volume by 0.8 TWh, which resulted in a decrease in revenues by approx. PLN 978 million; lower average selling price of electricity by PLN 124/MWh y/y, which translated into a decrease in revenues by approx. PLN 897 million.
- **Higher revenues from Capacity Market**, due to the higher volume of dispatch capacity.
- **Lower revenues due to support for high-efficiency cogeneration** due to the granting of a lower individual cogeneration bonus for gas-fired units.
- **Lack of contribution to PDP Fund**, which occurred in 2023. In 2024, the final settlement of the contribution took place.
- **Lower fuel consumption costs** which are caused by lower volume of hard coal used. The details are shown in the chart below.
- **Lower CO₂ costs** are mainly a result of lower volume of emissions. The details are shown in the chart below.

- **Higher personnel costs** mainly in connection with the implementation of agreements concluded with the social side.
- **Change in item 'Other'** results mainly from lower revenues from sale of certificates.

Chart: Consumption costs of production fuels in District Heating (PLN million).

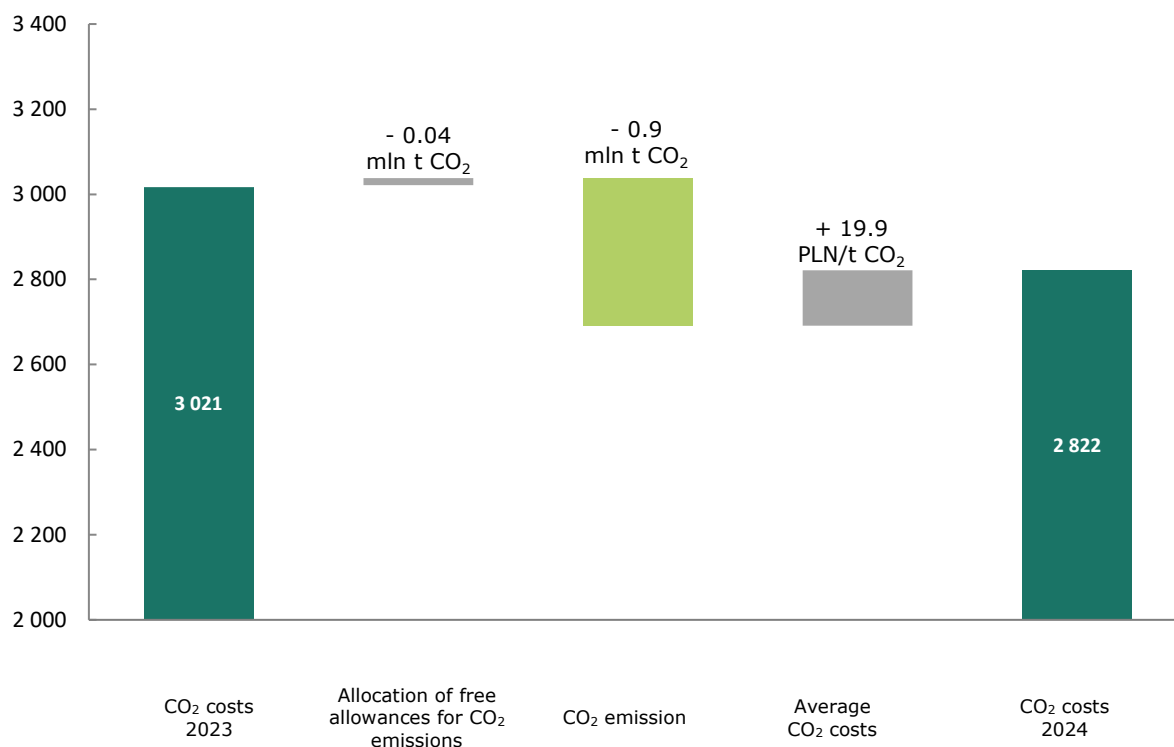


	Costs 2023	Hard coal volume	Hard coal price	Gas volume	Gas price	Biomass volume	Biomass price	Fuel oil volume	Fuel oil price	Other raw materials	Costs 2024
Change		-192	-184	-184	-110	-46	-135	48	-16	-12	
Costs of fuel 2023	4 869	1 849		2 583		365		59		13	
Costs of fuel 2024		1 473		2 289		184		91		1	4 038

Table: Data on production fuels consumption in District Heating.

Fuel type	2024		2023	
	Volume	Cost	Volume	Cost
	(tons ths)	(PLN million)	(tons ths)	(PLN million)
Hard coal	2 575	1 473	2 903	1 849
Gas (cubic metres ths)	1 057 928	2 289	1 142 204	2 583
Biomass	687	184	763	365
Fuel oil and other raw materials	-	92	-	72
Total		4 038		4 869

Chart: CO₂ costs in District Heating (PLN million).



Change	17	-347	131
CO ₂ costs 2023	3 021		
CO ₂ costs 2024			2 822

Table: Data on CO₂ costs in District Heating.

Data on CO ₂	2024	2023	% change
Allocation of free allowances for CO ₂ emissions (tons)	535 580	578 524	-7%
CO ₂ emission (tons)	7 150 009	8 005 915	-11%
Average CO ₂ costs (PLN/t CO ₂) ¹	426.6	406.7	5%

¹ Managerial perspective.

CAPITAL EXPENDITURES

Table: Capital expenditures incurred in District Heating segment.

PLN million	2024	2023	% change
Investments in generating capacities, including:	1 401	1 507	-7%
▪ Development	870	1 144	-24%
▪ Modernisation and replacement	531	363	46%
Other	5	16	-69%
Total	1 406	1 523	-8%

KEY EVENTS IN DISTRICT HEATING

- The turnkey construction of the **New Czechnica CHP plant, i.e. CCGT unit** with a total gross capacity of 179 MWe and 163 MWt, heat accumulator and four water boilers with total capacity of 152 MWt. The water boiler plant, which was commissioned on November 16, 2023, operates as a part of the district heating system of Siechnice and Wrocław. In 2024, assembly works for the gas and steam unit were completed. Commissioning works also commenced. On November 27, 2024, the unit was synchronised with the National Power System. The contractual deadline for completing the investment is the second quarter of 2024, but mediation is currently underway in this regard at the Arbitration Court at the General Prosecutor's Office of the Republic of Poland. On March 19, 2025, KOGENERACJA S.A. and a consortium comprising Polimex Mostostal S.A. and Polimex Energetyka sp. z o.o. entered into a partial mediation settlement. The subject of the settlement is, in particular, the determination by the parties of the contractual remuneration for the works performed by the Contractor.

- The construction of a reserve-peak boiler plant with a total capacity of 182 MWt continued at **Lublin CHP plant**. Assembly work has been completed and the project is at the start-up stage. Commissioning is planned for the second quarter of 2025.
- At **Kielce CHP plant** the start-up and regulation run of the cogeneration system was carried out based on a 7.32 MWe and 12.42 MWt gas turbine with a recovery boiler took place in the first half of 2024. The plant was commissioned in August 2024.
- At **Rzeszów CHP plant** the construction of the second line with a capacity of 80 000 tons of waste / year of the **Waste-to-Energy Incinerator** is in progress. During 2024, installation work was carried out on the main equipment and auxiliary installations. Currently, electrical and automation installation works are being carried out, along with the installation of equipment.
- At **Bydgoszcz CHP plant** (EC II) the contract is being pursued for construction of a cogeneration source based on five gas engines with a total capacity of 52.6 MWe/ 50.8 MWt and a reserve-peak heat source. In 2024, all generating units were delivered and installed: gas engines, the backup-peak boiler, steam generator, and electrode boiler. The installation of electrical and heating power output systems was completed. In the fourth quarter of 2024, works began to prepare for the commissioning of the gas engines. The contractual deadline for putting the investment into operation expired in the first quarter of 2025.
- In selected locations, PGE Energia Ciepła S.A. is implementing a **Programme to build photovoltaic power plants** with a total capacity of approx. 13 MW to partially meet own energy needs. In 2024, the following installations were commissioned: PV Rzeszów I with a capacity of 0.3 MW and PV Kielce with a capacity of 0.3 MW. At the same time, the following projects were being implemented: PV Rzeszów II, PV Zgierz and PV Lublin with a total capacity of approx. 3.5 MW. In November 2024, preferential loan funding was obtained from the National Fund for Environmental Protection and Water Management (NFOŚiGW) for the PV installation in Zielona Góra. Simultaneously, the required administrative decisions are being obtained and tenders are being conducted for the selection of general contractors for the remaining sites.
- At **Gdynia CHP plant** scope of work is the construction of new generation sources - gas engines of up to 50 MWe and two biomass boiler with total capacity of 30 MWt. Design work was carried out in 2024 for the gas engines. At the end of 2024, construction works began, primarily involving the foundations. In the case of biomass boilers, work is ongoing on the detailed designs, pending the building permit. Commencement of construction works is scheduled for the second quarter of 2025.
- At the **Kraków CHP Plant**, a tender procedure was announced in 2024 for the selection of the General Investment Contractor for the construction of gas engines with a capacity of up to 100 MWe, which has not been yet finalised. A construction permit decision has been obtained for this part of the investment.

KEY PROJECT IN DISTRICT HEATING

Aim of the project	Budget ¹	Expenditures incurred ¹	Capital expenditures in 2024 ¹	Fuel/ Net efficiency	Contractor	Investment completion date
Construction of New Czechnica CHP Plant	PLN 1.4 bn	PLN 1.16 bn	PLN 223 m	Natural gas/ Co-generation 85%	Syndicate of: Polimex Mostostal S.A. (Leader) / Polimex Energetyka sp. z o.o.	Contractual date: Q2 2024 (mediation in progress)

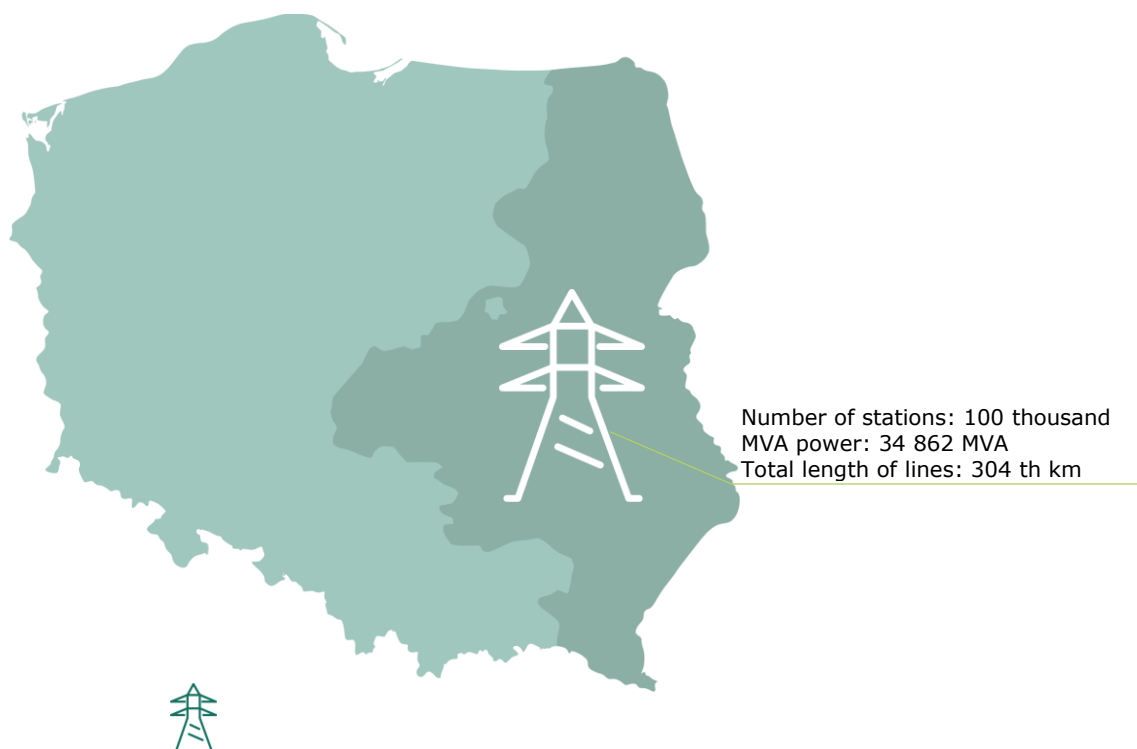
¹ Expenditures incurred do not include financing costs and expenses in the form of advances paid to the General Contractor for the Investment and to the other contractors.



AREA, VOLUME, CUSTOMERS

PGE Dystrybucja S.A. operates in the area³⁰ of 129 938 sq. km and delivers electricity to approximately 5.8 million customers.

Chart: Main assets of the Distribution segment and their parameters



Network area of the Distribution segment

Table: Volume of distributed energy (TWh).

Tariff	Q4 2024	Q4 2023	% change
A tariff group	1.27	1.28	-1%
B tariff group	3.60	3.54	2%
C+R tariff groups	1.72	1.69	2%
G tariff group	2.94	2.81	5%
Total	9.53	9.32	2%

Table: Volume of distributed energy (TWh).

Tariff	2024	2023	% change	2022	2021	2020
A tariff group	5.13	5.01	2%	5.35	5.40	5.16
B tariff group	14.26	14.01	2%	14.81	14.96	13.99
C+R tariff groups	6.35	6.32	0%	6.66	6.84	6.50
G tariff group	10.54	10.44	1%	10.25	10.54	10.02
Total	36.28	35.78	1%	37.07	37.74	35.67

Table: Number of customers according to power take-off points.

Tariff	2024	2023	% change	2022	2021	2020
A tariff group	161	147	10%	134	118	111
B tariff group	14 671	14 097	4%	13 484	13 029	12 504
C+R tariff groups	475 988	472 503	1%	480 663	488 553	486 272
G tariff group	5 302 912	5 235 146	1%	5 163 322	5 089 033	5 030 101
Total	5 793 732	5 721 893	1%	5 657 603	5 590 733	5 528 988

³⁰ The area of municipalities in which PGE Dystrybucja S.A. operates.

Table: Key operational data.

Operational data	Unit	2024	2023	2022	2021	2020
Number of stations	thousand pcs.	100.0	99.0	96.6	96.0	95.6
MVA power	MVA	34 862	33 723	33 524	32 956	32 663
Total length of power lines	thousand km	304.1	301.3	298.7	297.0	295.6
HV lines	thousand km	10.6	10.5	10.4	10.4	10.4
MV lines	thousand km	117.4	116.6	115.6	115.0	114.5
LV lines	thousand km	176.1	174.2	172.7	171.6	170.7
Grid loss ratio	%	4.2	4.3	4.5	4.7	5.2
SAIDI, including:	minutes	303	313	495	368	251
Planned	minutes	38	41	35	34	40
Unplanned with catastrophic	minutes	265	272	460	334	211
SAIFI, including:	per customer	4.13	4.29	5.20	4.28	3.67
Planned	per customer	0.24	0.25	0.20	0.19	0.24
Unplanned with catastrophic	per customer	3.89	4.04	5.00	4.09	3.43
Connection time	days	276	298	341	267	206

KEY FINANCIAL FIGURES IN THE SEGMENT

Table: Data on key financial figures in Distribution (PLN million).

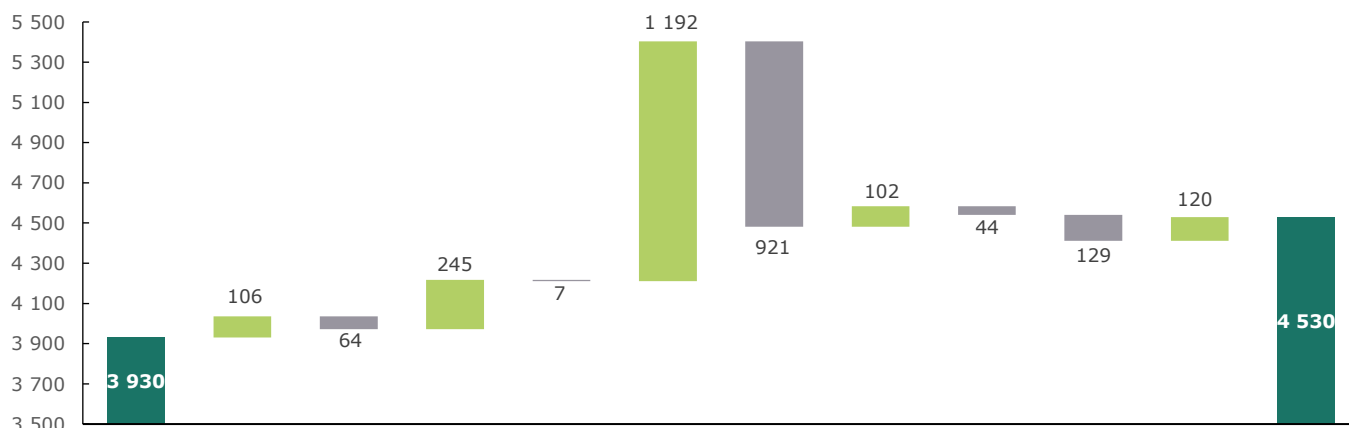
	2024	2023	% change	2022	2021	2020
Sales revenues	11 299	10 590	7%	6 803	6 492	6 396
EBIT reported	3 133	2 578	22%	1 616	1 559	1 093
EBITDA reported	4 573	3 880	18%	2 850	2 779	2 306
EBITDA recurring	4 530	3 930	15%	2 836	2 746	2 331
One-offs ¹	43	-50	-	14	33	-25
Capital expenditures	3 841	4 224	-9%	2 576	1 358	1 680

	Q4 2024	Q4 2023	% change
Sales revenues	3 054	2 832	8%
EBIT reported	824	290	184%
EBITDA reported	1 211	628	93%
EBITDA recurring	1 168	657	78%
One-offs ¹	43	-29	-
Capital expenditures	1 165	1 289	-10%

¹ One-offs at the EBITDA level

KEY FACTORS FOR THE RESULTS OF THE SEGMENT

Chart: Key changes of EBITDA in Distribution (in PLN million) – managerial perspective.



	EBITDA 2023	Electricity distribution volume	Change of distribution tariffs ¹	Other revenue from distribution services	Result on transit	Network losses ²	Additional estimation of network losses ³	Revenues from connection fees	Real estate tax	Personnel costs ⁴	Other	EBITDA 2024
Change		106	-64	245	-7	1 192	-921	102	-44	-129	120	
Reported EBITDA 2023	3 880											
One-offs 2023	-50											
Recurring EBITDA 2023	3 930	7 579		367	36	2 597	-533	236	506	1 616	-102	
Recurring EBITDA 2024		7 621		612	29	1 405	388	338	550	1 745	18	4 530
One-offs 2024												43
Reported EBITDA 2024												4 573

¹ Excluding cost of transmission services from PSE S.A. and taking into account revenues from compensations (taking into account the correction of electricity compensation for the previous period – one-off) .

² Adjusted for revenues from the Balancing market.

³ Neutral for PGE Capital Group.

⁴ Personnel costs without impact of the change in the actuarial provision (one-off).

Table: Data on one-offs in Distribution (PLN million).

One-offs	2024	2023	% change
Change in actuarial provision	-2	-50	-
Correction of electricity compensation for the previous period	45	0	-
Total	43	-50	-

Key factors affecting results of Distribution segment y/y:

- **An increase in the volume of distributed** electricity by 0.5 TWh, resulting mainly from higher demand for electricity in the industrial customers, large companies and households.
- **Decrease in rates of distribution services in 2024** by an average of PLN 1.8/MWh compared to the rates valid in the previous year, resulting among others from actual electricity consumption. In addition, the item includes revenues from compensations related to the act limiting the increase in electricity prices in 2024.
- Increase in other revenue from distribution services mainly due to reactive power fees.
- **A lower result on transit services** was due to reduced variable rate charges, both on the cost and revenue side.
- **Lower costs of electricity purchases** to cover network losses mainly as a result of drop in electricity prices.
- **Negative impact of the additional estimation of the cost of network losses** as a result of changes in electricity prices. The additional estimation has a neutral impact on the results of the PGE Capital Group.

- **Increase in connection fee revenue** as a result of higher completion of connection projects during the reporting period.
- **Increase of costs of tax on real estate** results from higher tax rates and an increase in the value of grid assets as a result of the investments and expansion of the power grid.
- **Increase in personnel costs** mainly due to realisation of agreements concluded with the social side.
- **Value change in item Other**, results mainly from increased capitalised costs, offset by higher costs of external services and repair and operating costs.

CAPITAL EXPENDITURES

Table: Capital expenditures incurred in Distribution segment (PLN million).

	2024	2023	% change
Investments in generating capacities, including:	3 841	4 224	-9%
▪ Development	1 736	1 742	0%
▪ Modernisation and replacement	2 105	2 482	-15%
Total	3 841	4 224	-9%

KEY EVENTS IN DISTRIBUTION

Connecting new customers

The New Customer Connection Program to the distribution network was implemented, under which in 2024 expenditures were incurred in the amount of PLN 1 569 million.

Program LTE450

The objective of the Programme is the construction of a modern Special Communications Network in the LTE450 technology for the provision of services such as critical communication, control of energy infrastructure and remote reading for PGE Dystrybucja S.A. The entity responsible for the execution of this task within the PGE Capital Group is PGE Systemy S.A.

In 2024, in accordance with the framework schedules resulting from the concluded contracts, implementation work continued in the main project streams covering the deployment of further components of the CORE core network, the RAN radio network and the backbone telepresence network. In November 2024, following a tender procedure, a contract was signed for the Purchase of Power Supply Systems. The subject of the contract is the last of the key components required to launch the LTE450 service. In December 2024, the first stage of the modernisation of towers owned by PGE Dystrybucja S.A., designated for the installation of the system's base stations, was completed, with 61 upgraded facilities accepted.

According to the current schedule the launch of the LTE450 service is planned by the end of the second quarter of 2025 and the full coverage of the PGE Dystrybucja S.A. operating area by the end of second quarter of 2026.

The LTE450 programme received support under the National Recovery Plan. The relevant funding agreement with the Ministry of State Assets was signed on January 14, 2025.

Cabling program

In 2024 PGE continued to implement its cabling program for medium-voltage (MV) grids up to the level of 30% of MV networks owned by PGE Dystrybucja S.A., incurring expenditures in amount of PLN 430 million.

4 858 kms of MV cable lines were completed from the start of the Program in 2019.

Installation program for Remote Reading Meters

This project implementation is mandatory and results from the requirements imposed on Distribution System Operators (DSO) by the legislator in the amended Energy Law. In 2024, the tasks with a value of PLN 586 million were realized in order to:

- supply of meters for end customers connected to the LV network and for MV/LN substations,
- modernisation of MV/LN substations with regard to ensuring the possibility of installing remote reading balancing meters,
- installation of meters at off-takers and at substations,
- selection of suppliers of remote reading meters for end off-takers for the years 2024 – 2025.

According to the provisions of the law, the DSO until December 31, 2028 is to install remote reading meters connected to a remote reading system at power take-off points, representing at least 80% of the total number of end-customer energy consumption points.

Implementation of central systems CRM and Billing (NCB Program)

The aim of the NCB Program is the implementation of a comprehensive, central IT solution to support key business processes at PGE Group being performed by PGE Obrót S.A. and PGE Dystrybucja, consisting of two billing systems – separate for each of the companies – and a CRM system for PGE Obrót S.A. The entity responsible for the execution of this task within the PGE Capital Group is PGE Systemy S.A.

In the fourth quarter of 2024 implementation works of the pilot stage were continued, covering selected local billing systems. At the same time, as part of dedicated accompanying projects included in the Programme, works were carried out to ensure the necessary integration of the new solution with other components of the IT environment in the PGE Capital Group. In the stream dedicated to the adaptation of PGE CG's IT environment to the requirements of the Central Energy Market Information System (CSIRE), in accordance with the schedule set by PSE S.A., initial feed-in data were submitted in October 2024, achieving the agreed Success Criteria. Joint technical tests of the communication module within Pilot 1 were also successfully conducted together with PSE S.A.

5.3.7. Railway Energy Services

The segment include activities by the PGE Capital Group mainly in field of 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 overhead contact line network, together with other ancillary services.



Railway Energy Services

Main revenue items	PLN m				Main cost items	PLN m
Sale of electricity ²	2 238		Volume of distributed electricity	4.27 TWh	Electricity purchase	1 919
including compensations ²	14				including for network losses	120
Sale of distribution services	2 167		Number of customers – Electricity distribution	57.2 th	Cost of electricity transit services	1 036
including compensations	3				Personnel costs ²	591
Revenues from sales of services	553		Volume of electricity sold to OF¹	3.01 TWh	Other external services	270
Sale of fuels	220		Number of customers – electricity trading	37.9 th	Purchase of fuels	204
					Taxes and fees ²	88
					including real estate tax	43
			Main result items	PLN m		
			Main result items	664		
			EBIT recurring	590		
			EBIT reported	1 112		
			EBITDA recurring	1 073		

¹ OF – Final Off-takers.

² Adjusted for one-offs.

One of the primary sources of revenue in the Railway Energy Services segment is the **sale of electricity**. This revenue is derived from the supply of energy to railway operators and entities connected to the segment's distribution network. Rail operators are additionally the recipients of fuel sales services.

Another important source of revenue is the **revenue from the distribution of electricity**. Similarly to the Distribution segment, this revenue is subject to applicable regulations and based on a tariff approved by the ERO President. In principle, this tariff ensures a transfer of reasonable costs and a return on the capital invested in the distribution network. The activities of the Railway Energy Services segment as a distribution network operator are limited to the areas along railway lines throughout the country.

The most significant cost items of the segment include the purchase of the distribution services, as well as the purchase of electricity and fuels for resale.

The scope of the Railway Energy Services segment's activities comprises works related to the maintenance of the overhead contact line network and the performance of local modernisation works on this network. The segment also provides power engineering services outside the ranges of the overhead contact line network, such as equipment maintenance, as well as the construction and maintenance of railway traffic control systems. In this type of activity, the most significant costs are **personnel costs**.

Additionally, on the basis of the provisions of the Act of December 7, 2023 amending the acts to support consumers of electricity, gas fuels and heat, the system of compensation for trading companies for the application of capped prices and discounts was extended until June 30, 2024. In addition, as a result of the Act of May 23, 2024 on the energy voucher and amendments to other acts, from July 1, 2024, maximum prices for households, SMEs and local authorities were introduced.

VOLUMES, CUSTOMERS AND OPERATING DATA

The main part of the segment's assets consists of electricity distribution assets held by PGE Energetyka Kolejowa SA. Among other elements, these assets include 545 overhead contact line network substations supplying power to railway lines throughout the country. The total length of the company's network lines is 18.4 thousand kilometres. The network of PGE Energetyka Kolejowa S.A. serves approximately 57 thousand customers.

Chart: Main assets of the Railway Energy Services segment and their parameters

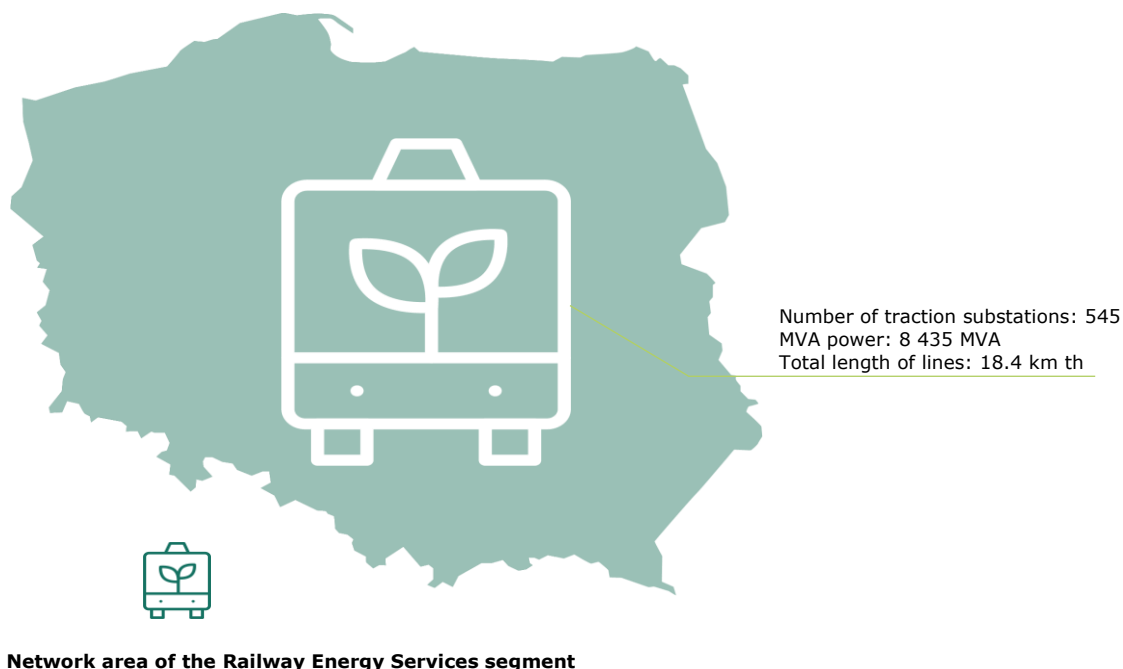


Table: Volume of electricity sold to final off-takers (TWh).

Tariff	Q4 2024	Q4 2023	% change	2024	2023 ¹	% change
B tariff group	0.74	0.73	1%	2.85	2.09	36%
C+R tariff groups	0.03	0.03	0%	0.11	0.09	22%
G tariff group	0.01	0.02	-50%	0.05	0.04	25%
Total	0.78	0.78	0%	3.01	2.22	36%

Table: Number of retail sale customers by power take-off points.

Tariff	2024	2023 ¹	% change
B tariff group	295	319	-8%
C+R tariff groups	7 255	8 412	-14%
G tariff group	30 301	27 993	8%
Total	37 851	36 724	3%

Table: Volume of distributed electricity (TWh).

Tariff	Q4 2024	Q4 2023	% change	2024	2023 ¹	% change
B tariff group	0.94	0.92	2%	3.64	2.66	37%
C+R tariff groups	0.16	0.17	-6%	0.57	0.40	43%
G tariff group	0.02	0.01	100%	0.06	0.04	50%
Total	1.12	1.10	2%	4.27	3.10	38%

Table: Number of distribution customers by power take-off points.

Tariff	2024	2023 ¹	% change
B tariff group	676	644	5%
C+R tariff groups	25 906	26 167	-1%
G tariff group	30 617	28 256	8%
Total	57 199	55 067	4%

¹ In 2023, data from the date of acquisition, i.e. April 3, 2023.

Table: Key operational data.

Operational data	Unit	2024	2023
Number of stations	thousand pcs.	6.9	6.7
MVA power	MVA	8 435	8 292
Total length of power lines	thousand km	18.4	18.6
HV lines	thousand km	0.4	0.4
MV lines	thousand km	14.8	15.0
LV lines	thousand km	3.2	3.2
Grid loss ratio	%	3.91	3.94
SAIDI, including:	minutes	125	92
Planned	minutes	13	13
Unplanned with catastrophic	minutes	112	79
SAIFI, including:	per customer	2.18	1.96
Planned	per customer	0.14	0.09
Unplanned with catastrophic	per customer	2.04	1.87
Connection time	days	441	319

KEY FINANCIAL FIGURES IN THE SEGMENT

Table: Data on key financial figures in Railway Energy Services (PLN million).

	2024	2023 ¹	% change
Sales revenues	5 305	4 728	12%
EBIT reported	590	866	-32%
EBITDA reported	1 073	1 243	-14%
EBITDA recurring	1 112	1 238	-10%
One-offs ²	-39	5	-
Capital expenditures	498	1 053	-53%

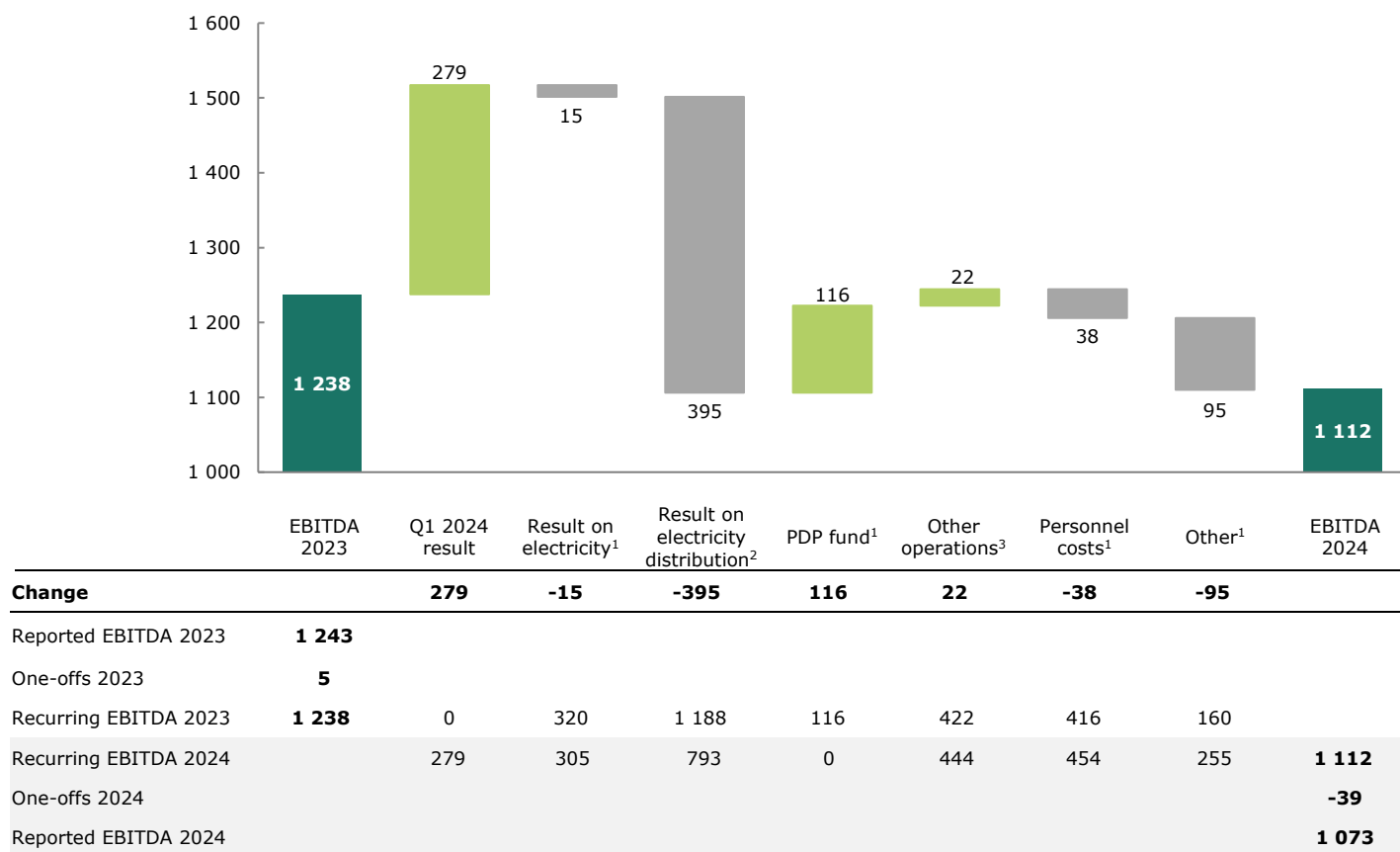
	Q4 2024	Q4 2023	% change
Sales revenues	1 475	1 761	-16%
EBIT reported	198	440	-55%
EBITDA reported	348	618	-44%
EBITDA recurring	267	613	-56%
One-offs ²	81	5	1 520%
Capital expenditures	199	428	-54%

¹ In 2023, data from the date of acquisition, i.e. April 3, 2023.

² One-offs at the EBITDA level.

KEY FACTORS FOR THE RESULTS OF THE SEGMENT

Chart: Key changes of recurring EBITDA in Railway Energy Services (in PLN million) – managerial perspective.



¹ Adjusted for one-offs.

² Excluding the costs of transmission services from PSE S.A., including compensation revenues, connection revenues, resumption of supplies and adjusted for the cost of the balancing difference.

³ Other activities mainly concern the sale of fuel and traction services.

Table: Data on one-offs in Railway Energy Services segment (PLN million).

One-offs	2024	2023	% change
Recognition of write-down of receivables from PKP Cargo S.A.	-121	0	-
Change in actuarial provision	-4	5	-
Correction of contribution to the PDP Fund for previous period	6	0	-
Correction of electricity compensation for the previous period	80	0	-
Total	-39	5	-

Key factors affecting results of Railway Energy Services segment y/y:

- **The result for the first quarter of 2024**, amounting to PLN 279 million, is presented separately due to the lack of comparable data in 2023 – the takeover took place on April 3, 2023 – and comprises a PLN 263 million result on electricity distribution, PLN 127 million from other activities including traction, power services and fuel sales, and a PLN 103 million margin on electricity sales. These were offset by personnel costs of PLN 137 million, external services costs of PLN 53 million – mainly related to traction network maintenance and rail contracting – and other costs amounting to PLN 24 million.
- **Lower result on electricity** in the period from April to December 2024 due to lower margin on sales of products to traction customers.
- The **lower result on distribution** in the period from April to December 2024 is mainly the result of a decrease in connection fee revenue due to the schedule of the Power Supply System Modernisation Program (MUZa) offset in part by a lower cost of energy purchased for losses due to a decrease in electricity prices and higher capacity realisation.
- **Lack of contribution to the PDP Fund**, which occurred in 2023.
- **Higher result on other activities** in the period from April to December 2024 mainly relates to operations in area of traction services in connection with the indexation of contracts with contractors and is due to the change in presentation method applied in 2024, resulting in an increase in the result on Other

operations and a decrease on item Other, partially compensated by lower revenues from rail contracting due to a different scope of work performed.

- **Higher personnel costs** in the period from April to December 2024 mainly in connection with realization of the agreements with the social party and increased employment.
- **The change in the item 'Other'** in the period from April to December 2024 was primarily due to the execution of intra-group contracts and a presentational adjustment applied in 2024, which resulted in an increase in the result under 'Other activities' and a decrease under the 'Other' item.

CAPITAL EXPENDITURES

Table: Capital expenditures in Railway Energy Services segment (PLN million).

	2024	2023	% change
Investment in generation capacities, including:	498	1 053	-53%
▪ Development	395	925	-57%
▪ Modernisation and replacement	103	128	-20%
Total	498	1 053	-53%

KEY EVENTS IN THE SEGMENT

MUZa Program - Power Supply Systems Modernisation programme

The MUZa programme was continued, that is being implemented on the basis of the "Agreement on the principles of establishing a connection to the distribution network" entered into with PKP Polskie Linie Kolejowe S.A. (PKP PLK) and its objectives are the following:

- enabling an increase in the capacity of railway lines (increase in train traffic),
- introducing locomotives with higher power (of the order of 6 MW) allowing for an increase in speed up to 200 km/h,
- electrifying railway lines,
- reducing the distribution network and equipment failure rate as well as improving the quality parameters of electricity,
- meeting the power supply requirements according to the standards set out in the Technical Specifications for Interoperability (TSI) of the "Energy" subsystem – obtained authorisation from the President of the Railway Transport Office (RTO).

On the part of the Railway Energy Services segment, the programme consists in the modernisation and construction of overhead contact line network substations in accordance with the agreements for network connections entered into with PKP PLK. In 2024 expenditures incurred amounted to PLN 266 million. Since the start of the programme in 2012, 296 connection agreements were signed, of which 271 were completed.

Connection of new electricity consumers

The program for connecting new customers to the distribution network was pursued, under which expenditures of PLN 60 million were incurred in 2024.

ZUBI project - project aimed at installing remote reading balancing meters

Project aimed at installing remote reading balancing meters (Balancing Systems Installation – BSI) was continued. The implementation of the project is mandatory under the requirements imposed on DSOs by the Legislator in the Energy Law of May 20, 2021. The deadline for the completion of the task is determined for December 31, 2025. In 2024, tasks were carried out aimed at:

- purchase of balancing cabinets with installed remote reading metres for MV/LV substations,
- purchasing current transformers for MV/LV substations,
- purchasing installation services for balancing cabinets at MV/LV substations,
- installing balancing cabinets at MV/LV substations.

Currently, 3 599 MV/LV substations out of the 5 763 owned by PGE Energetyka Kolejowa S.A. have been equipped with metering systems.

Expenditures of PLN 45 million were incurred in 2024 for this project.

Supply segment activities include Group's wholesale and retail trading of electricity. Wholesale trading includes mainly electricity trading on behalf of and for Conventional Generation segment, Gas-fired Generation segment, District Heating segment and Renewables segment.



Main revenue items	PLN m					Main cost items	PLN m
Sale of electricity ²	23 963		Volume of electricity sold to final customers¹	30.65 TWh		Electricity purchase ²	23 081
including compensations	2 338					Segment operating expenses	1 340
Sales management	1 244					Purchase of fuels ²	1 130
Sale of fuels ²	990					including transport costs	39
including compensations	41					Redemption of certificates	350
Sale of gas	200					Purchase of gas	187
			Main result items	PLN m			
					Main result items	1 356	
					EBIT recurring	1 867	
					EBIT reported	1 393	
					EBITDA recurring	1 904	

VOLUME, CUSTOMERS AND OPERATING DATA

Table: Volume of electricity sales to final off-takers (TWh)¹.

Tariffs	Q4 2024	Q4 2023	% change
A tariff group	0.95	1.30	-27%
B tariff group	2.74	2.77	-1%
C+R tariff groups	1.53	1.57	-3%
G tariff group	2.35	2.30	2%
Total	7.57	7.94	-5%

¹ Data for PGE Obrót S.A.

Table: Volume of electricity sales to final off-takers (TWh)¹.

Tariffs	2024	2023	% change	2022	2021	2020
A tariff group	4.10	5.79	-29%	7.32	7.29	9.35
B tariff group	11.19	11.27	-1%	11.85	13.68	14.79
C+R tariff groups	6.05	6.10	-1%	5.85	6.31	6.75
G tariff group	9.31	9.25	1%	9.18	10.04	9.75
Total	30.65	32.41	-5%	34.20	37.32	40.64

¹ Data for PGE Obrót S.A.

Table: Number of customers according to power take-off points¹.

Tariffs	2024	2023	% change	2022	2021	2020
A tariff group	142	159	-11%	154	139	142
B tariff group	11 086	11 209	-1%	11 072	11 877	12 575
C+R tariff groups	394 292	415 274	-5%	405 766	421 164	446 253
G tariff group	5 303 419	5 233 092	1%	5 102 455	5 021 702	4 954 863
Total	5 708 939	5 659 734	1%	5 519 447	5 454 882	5 413 833

¹ Data for PGE Obrót S.A.

KEY FINANCIAL FIGURES IN THE SEGMENT

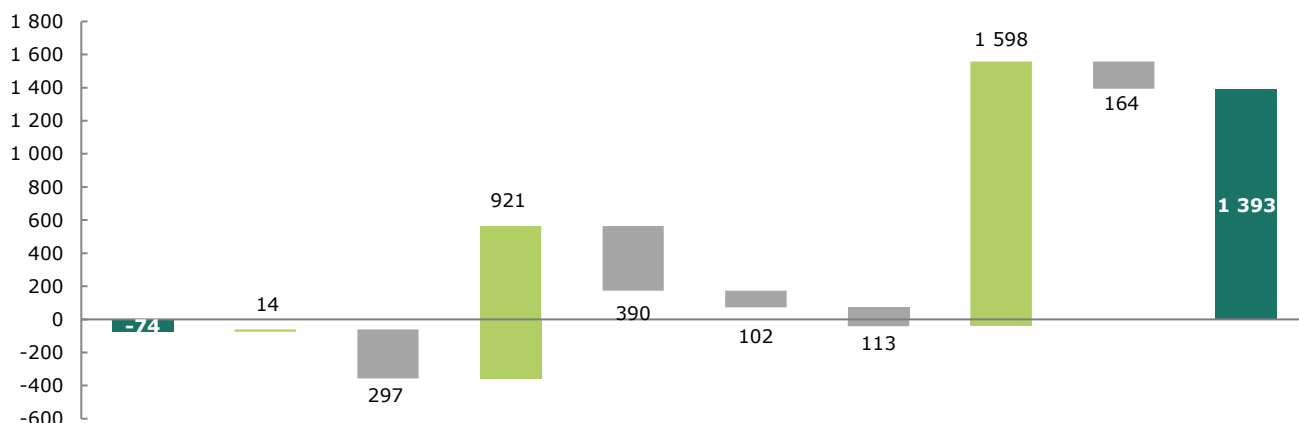
Table: Data on key financial figures in Supply (PLN million).

	2024	2023	% change	2022	2021	2020
Sales revenues	52 562	73 316	-28%	46 566	38 223	29 017
EBIT reported	1 867	-38	-	2 010	794	577
EBITDA reported	1 904	-4	-	2 043	827	612
EBITDA recurring	1 393	-74	-	1 950	905	637
One-offs ¹	511	70	630%	93	-78	-25
Capital expenditures	34	31	10%	17	8	16

	Q4 2024	Q4 2023	% change
Sales revenues	21 644	23 263	-7%
EBIT reported	269	-517	-
EBITDA reported	279	-508	-
EBITDA recurring	220	-495	-
One-offs ¹	59	-13	-
Capital expenditures	13	20	-35%

¹ One-offs at the EBITDA level.

Chart: Key changes of EBITDA in Supply (in PLN million) – managerial perspective.



	EBITDA 2023	Result on electricity - volume ¹	Result on electricity - price ¹	Additional estimation of network losses ²	Revenues from services provided to other segments of the PGE Group ³	Result on sale of CO ₂	Personnel costs ⁴	Result on other operating activities	Other ⁵	EBITDA 2024
Change		14	-297	921	-390	-102	-113	1 598	-164	
Reported EBITDA 2023	-4									
One-offs 2023	70									
Recurring EBITDA 2023	-74	264		533	1 910	453	661	-937	-570	
Recurring EBITDA 2024		-19		-388	1 520	351	774	661	-734	1 393
One-offs 2024										511
Reported EBITDA 2024										1 904

¹ Item adjusted for correction of electricity compensation revenues for previous period (one-off).

² Neutral for the PGE Capital Group.

³ This item does not include the margin on CO₂ transactions with PGE Group companies.

⁴ Item adjusted for impact of the change in actuarial provision (one-off).

⁵ Item adjusted for one-off – contribution to the PDP Fund for previous period in PGE Obrót S.A.

Table: Data on one-offs in Supply segment (PLN million).

One-off	2024	2023	% change
Correction of contribution to Price Difference Payment Fund for previous period	24	80	-70%
Adjustment of electricity compensation revenues for previous period	489	-	-
Actuarial provision	-2	-10	-
Total	511	70	630%

Key factors affecting EBITDA of Supply segment y/y:

- **The lower result on sale of electricity** is mainly the result of a lower margin on tariff products.
- **Negative impact of additional estimation of balancing difference** as a result of changes in electricity prices. The additional estimation has a neutral impact on the results of the PGE Capital Group.
- **Decrease of revenues from services performed within the Capital Group** resulting from the decrease in revenues under the ZHZW agreement, which is a consequence of the lower value of trade in electricity under management.
- **Lower result on CO₂ sales** mainly as a result of lower interim valuation of CO₂ forward contracts.
- **Higher personnel costs** as a consequence of organisational changes and in connection with the implementation of wage agreements.
- **Better result on other operating activities** mainly as a consequence of releasing the provision for onerous contracts for G tariff and SME, with a low 2023 base due to the recognition of this provision.
- **The change in the 'Other' item value** was mainly due to a deterioration in the result on the sale of the distribution service.



Table: Data on the volume of combustion by-products collected from suppliers in the Circular Economy segment.

	2024	2023	% change	2022	2021
UPS volume collected (Mg thousand)	3 454	3 508	-2%	3 629	3 283

KEY FINANCIAL FIGURES IN THE SEGMENT

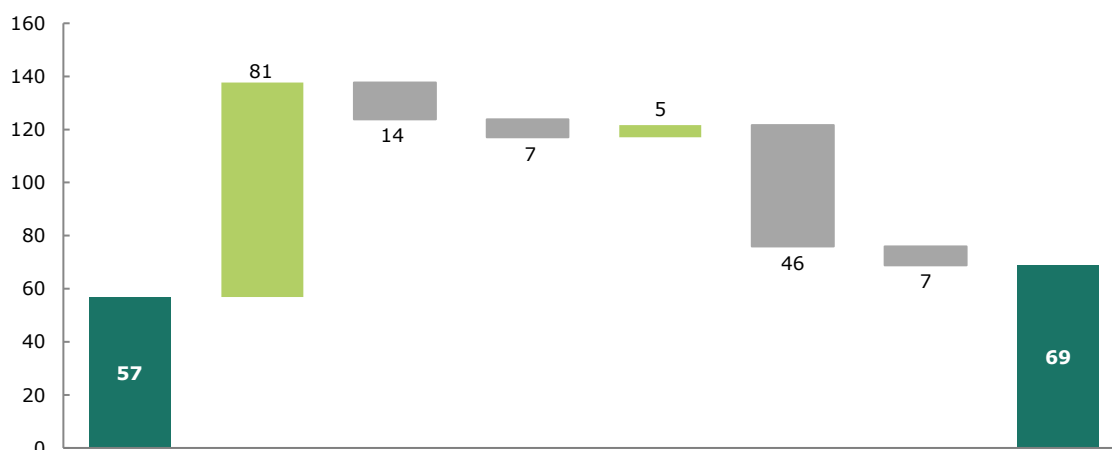
Table: Data on key financial figures in Circular Economy (PLN million).

	2024	2023	% change	2022	2021
Sales revenues	442	376	18%	354	311
EBIT reported	55	42	31%	28	36
EBITDA reported	69	56	23%	37	45
EBITDA recurring	69	57	21%	37	45
One-offs ¹	-	-1	-	-	-
Capital expenditures	19	17	12%	16	9

	Q4 2024	Q4 2023	% change
Sales revenues	114	107	7%
EBIT reported	-32	-8	-
EBITDA reported	-27	-2	-
EBITDA recurring	-27	-1	-
One-offs ¹	-	-1	-
Capital expenditures	11	10	10%

¹ One-offs at the EBITDA level.

Chart: Key changes in recurring EBITDA in Circular Economy segment (in PLN million) – managerial perspective.



	EBITDA 2023	Revenues from sale of combustion by-products	Revenue from sale of services	Personnel costs ¹	External services	Value of goods and materials sold	Other	EBITDA 2024
Change		81	-14	-8	5	-46	-6	
Reported EBITDA 2023	56							
One-offs 2023	-1							
Recurring EBITDA 2023	57	206	170	144	95	58	22	
Recurring EBITDA 2024		287	156	152	90	104	28	69
One-offs 2024								0
Reported EBITDA 2024								69

¹ Adjusted for one-offs

Table: Data on one-offs in Circular Economy segment (PLN million).

One-off	2024	2023	% change
Actuarial provision	0	-1	-
Total	0	-1	-

Key factors affecting EBITDA of Circular Economy segment y/y:

- **Higher revenues from sale of combustion by-products**, due to the higher sales volume and higher sale price of UPS.
- **Lower revenues from the sale of services** mainly due to the adjustment of transfer prices.
- **Higher personnel costs** due to increased employment and the implementation of wage agreements.
- **Lower costs of external services**, resulting from, among others, lower costs of transport services and UPS management services.
- **Higher costs of goods and materials sold**, resulting mainly from an increase in the purchase price of UPS due to implementation of rates applicable in 2024.
- **The change in the value of the 'Other' item** was primarily due to a change in inventory levels.

5.3.10. Other Operations

Core activities of the segment include provision of services to PGE Capital Group, inter alia organisation of capital raising in form of Eurobonds (PGE Sweden), provision of IT ser, provision of security services.

The segment also includes the company PGE Ventures sp. z o.o., which is responsible for investments in start-ups at every stage of the investment cycle: from projects in the earliest phase of development, through projects in the early growth phase, to mature start-ups in the late growth and expansion phase.



Other Operations

Main revenue items	PLN m				Main cost items	PLN m
Revenues from IT services and other services	532	➔	Provision of services for PGE Capital Group	➔	Personnel costs	303
Revenues from support services	9				IT services	114
			Investments in start-ups		Amortisation and depreciation	53
					Including capitalised depreciation	2
					Advisory services	35
			Main result items			
			EBIT			
			EBITDA			

KEY FINANCIAL FIGURES IN THE SEGMENT

Table: Data on key financial figures in Other Operations (PLN million).

	2024	2023 ¹	% change	2022	2021	2020
Sales revenues	541	362	49%	317	432	501
EBIT reported	46	38	21%	6	-2	-138
EBITDA reported	97	88	10%	57	60	18
EBITDA recurring	97	89	9%	58	59	-7
One-offs ¹	0	-1	-	-1	1	25
Capital expenditures	142	97	46%	2 200	845	170

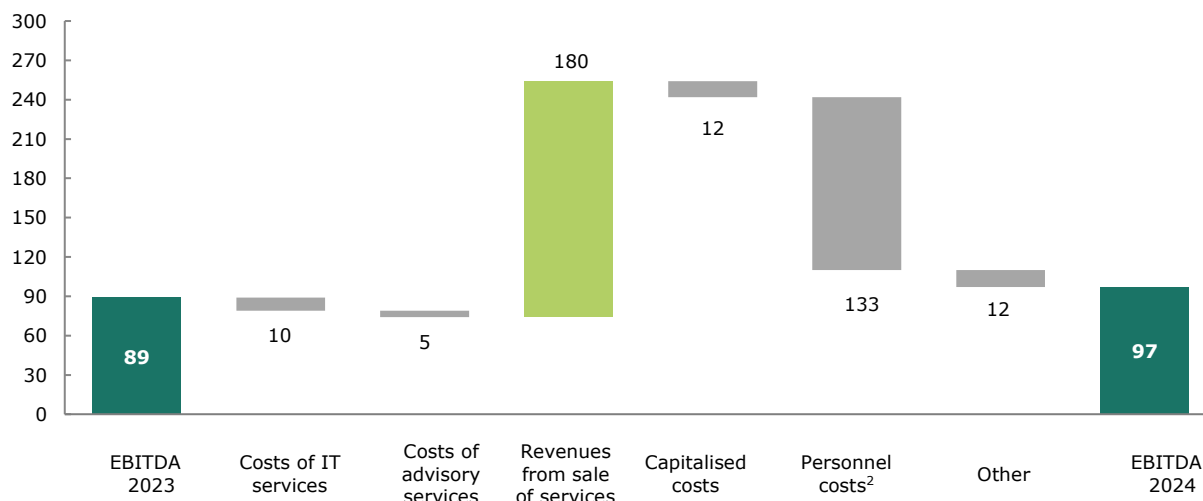
	Q4 2024	Q4 2023 ²	% change
Sales revenues	174	117	49%
EBIT reported	19	6	217%
EBITDA reported	33	19	74%
EBITDA recurring	33	20	65%
One-offs ²	0	-1	-
Capital expenditures	61	32	91%

¹ Due to the separation of the Gas-fired Generation segment from the Other Operations segment, the data for 2023 have been adjusted for comparability.

² One-offs at the EBITDA level.

KEY FACTORS FOR THE RESULTS OF THE SEGMENT

Chart: Key change in recurring EBITDA in Other Operations segment (in PLN million) – managerial perspective¹.



Change	-10	-5	180	-12	-133	-12	
Reported EBITDA 2023	88						
One-offs 2023	-1						
Recurring EBITDA 2023	89	104	30	44	170	12	
Recurring EBITDA 2024	114	35	541	32	303	24	97
One-offs 2024							0
Reported EBITDA 2024							97

¹ Due to the separation of the Gas-fired Generation segment from the Other Operations segment, data for 2023 have been adjusted for comparability.

² Without impact of actuarial provision (one-off).

Table: Data on one-offs in Other Operations (PLN million).

One-off	2024	2023	% change
Change in actuarial provision	0	-1	-
TOTAL	0	-1	-

Key factors affecting EBITDA of Other Operations segment y/y:

- **Higher IT service costs** were incurred due to the purchase of external services to enable PGE Systemy S.A. to provide a broader scope of services to the PGE Group and to carry out new investment programmes, in particular LTE450, as well as due to higher prices for services provided by external companies.
- **Higher costs of advisory services** due to a wider range of projects being implemented by PGE Systemy S.A.
- **Higher revenues from the sale of services** due to a wider range of services provided by PGE Systemy S.A. for companies in the PGE Group and moving Elbest Security sp. z o.o. to Other Operations segment as from the beginning of 2024. In 2023 company was reported in Conventional Generation segment.
- **Lower capitalized costs** as a result of lower allocation of costs to assets in 2024 due to projects implemented by PGE Systemy S.A.
- **Higher personnel costs** due moving Elbest Security sp. z o.o. to Other Operations segment, the increase in the minimum wage, inflation pressure, realisation of wage agreements and hiring of new employees in PGE Systemy S.A. in connection with the development of the LTE450 program and the takeover of PGE Energetyka Kolejowa S.A. employees.
- **Change of value on item 'Other'** mainly as a result of settlement of acquisition of part of the activities of PGE Synergia sp. z o.o. by PGE S.A.

CAPITAL EXPENDITURES

Table: Capital expenditures incurred in Other Operations segment (PLN million)¹

	2024	2023	% change
Investments in generation capacities, including:	142	97	46%
▪ Development	71	0	-
▪ Modernisation and replacement	71	97	-27%
Total	142	97	46%

¹ Due to the separation of the Gas-fired Generation segment from the Other Operations segment, data for 2023 have been adjusted for comparability.

KEY EVENTS IN OTHER OPERATIONS

- At company **PGE Inwest 14 sp. z o.o.** work was in progress on a Battery Electricity Storage System (BESS) project in Żarnowiec, which will be one of the largest energy storage facilities of its kind in Europe. In the fourth quarter of 2024, the final environmental decision was obtained. Two bids were received in November 2024 as part of the tender published in July 2024 for the selection of a General Contractor for the construction of the storage facility including the power derivation system. The contract with the EPC (Engineering, Procurement, Construction) contractor was signed on March 7, 2025. The commissioning date has been set for April 30, 2027.

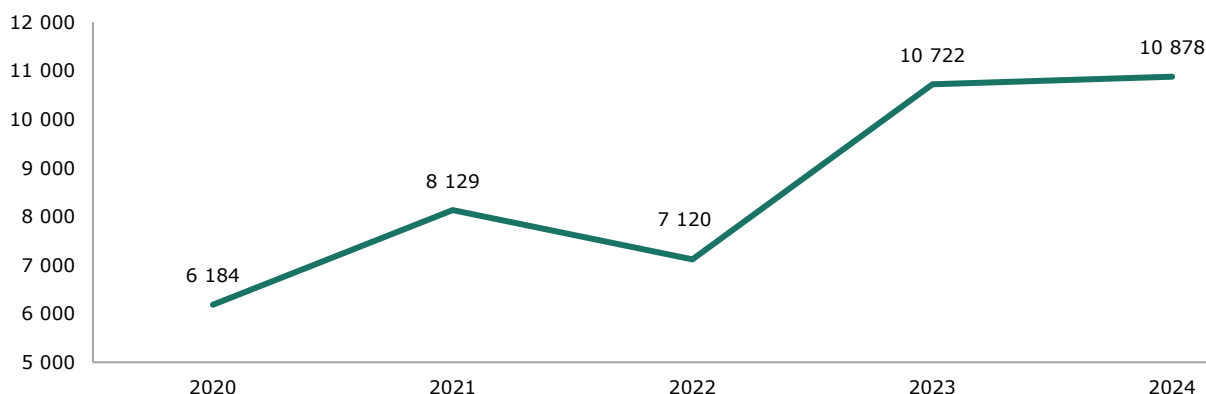
In parallel, work is being carried out to prepare the site for construction (logging, dividers, geotechnical studies).

- At **PGE Inwest 12 sp. z o.o.**, work was underway on the project **Construction of the Młoty pumped storage power plant**. In June 2024, efforts were formally initiated to issue a decision on environmental conditions. An environmental impact report is currently being prepared and will be submitted to the Regional Directorate for Environmental Protection. On November 26, 2024, a contract was signed for the preparation of a legal due diligence report on the real estate for the implementation of the Pumped-Storage Power Plant (PSPP) Młoty. On December 9, 2024, PSE S.A. issued grid connection conditions for the PSPP Młoty. The project is currently in the early preparation phase.

5.4. Management of financial resources and financial liquidity

5.4.1. Key financial ratios

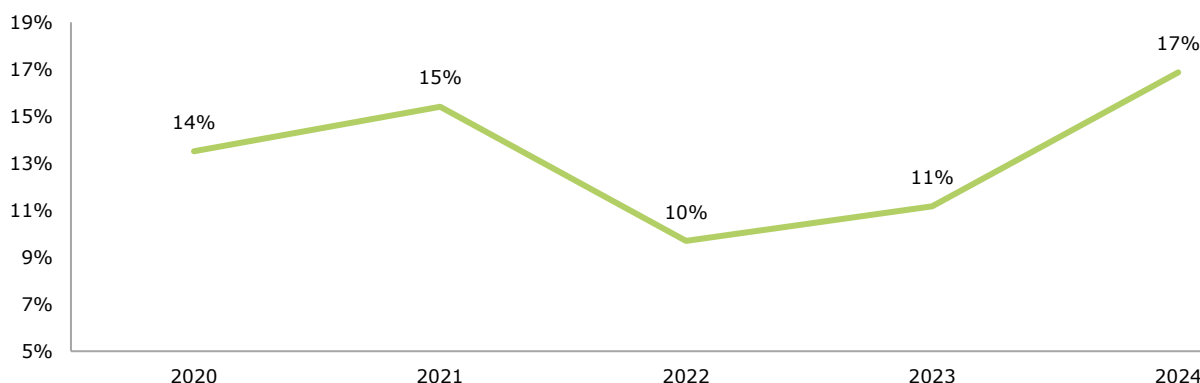
Chart: Recurring EBITDA (PLN million).



The PGE Capital Group maintains a stable, positive EBITDA despite significant changes in market conditions. Slightly lower values were recorded in 2022, undoubtedly influenced by the war in Ukraine and the increase in commodity prices, particularly hard coal, natural gas and CO₂ emission allowances.

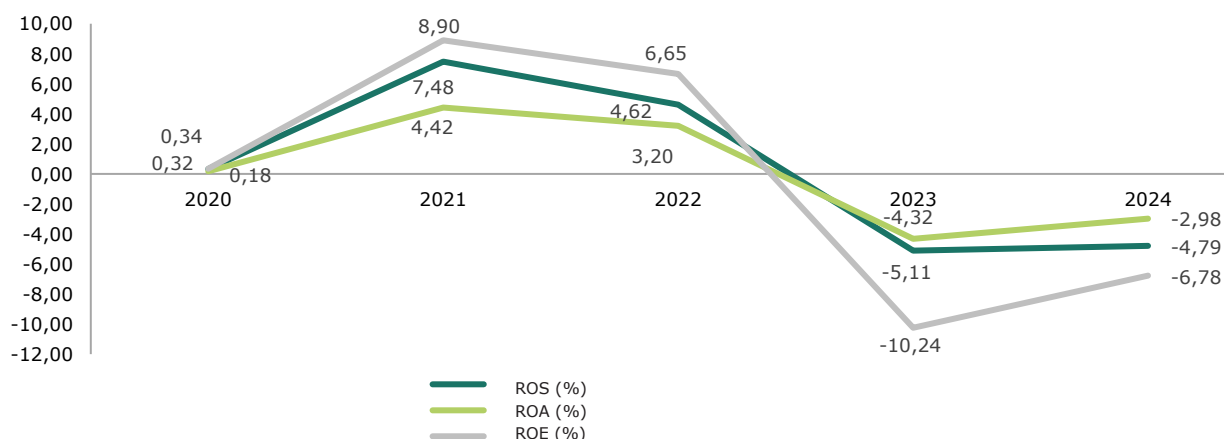
In 2024, we observed stabilisation in results. Recurring EBITDA amounted to PLN 10 878 million, an increase of PLN 156 million compared to the previous year.

Chart: Recurring EBITDA margin (%).



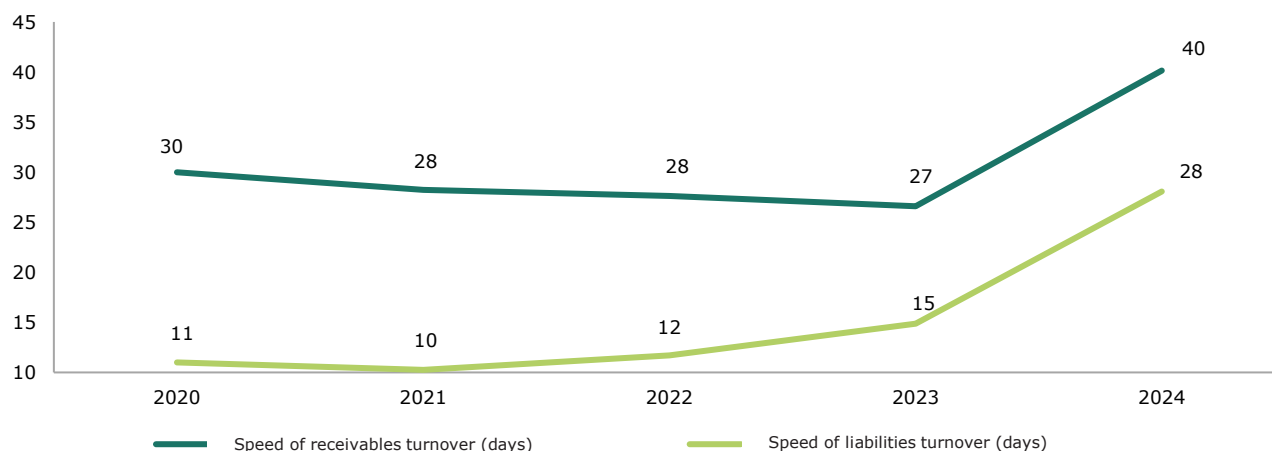
Following the decline in 2022, the EBITDA margin has shown an upward trend. In 2024, it reached its highest value in the past five years, i.e. 17%.

Chart: Profitability ratios (%).



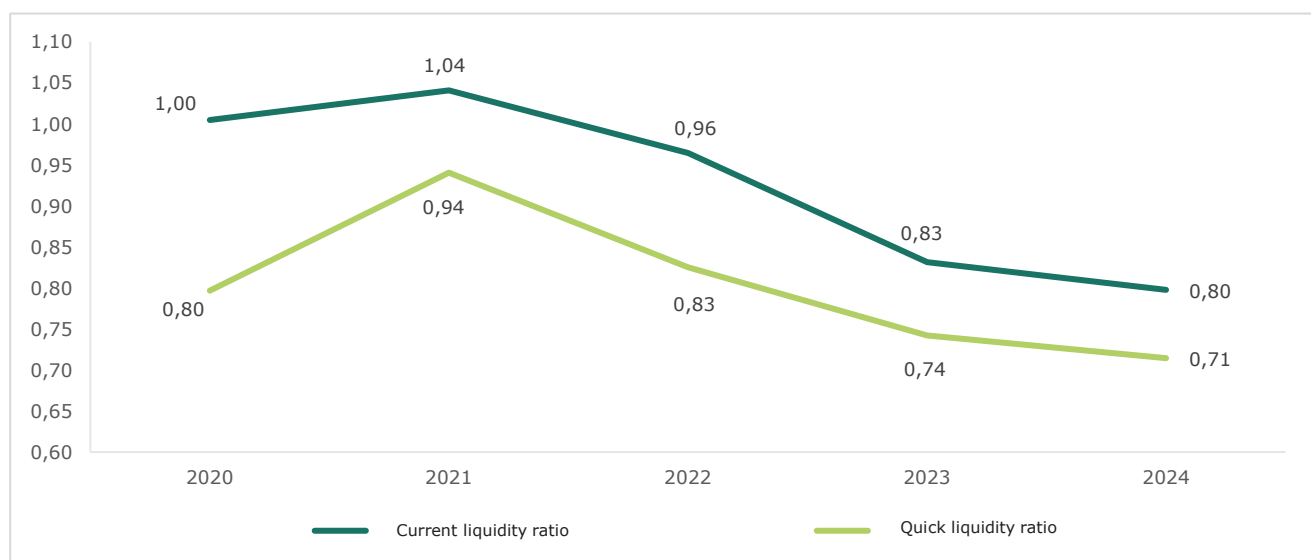
Profitability indicators for 2024 and 2023 were negative, due to a net loss incurred by the Group. Key factors affecting the net result over the past two years were mainly related to impairment adjustments of the PGE Group's tangible fixed assets (non-cash nature).

Chart: Receivables and liabilities turnover speed indicators (days).



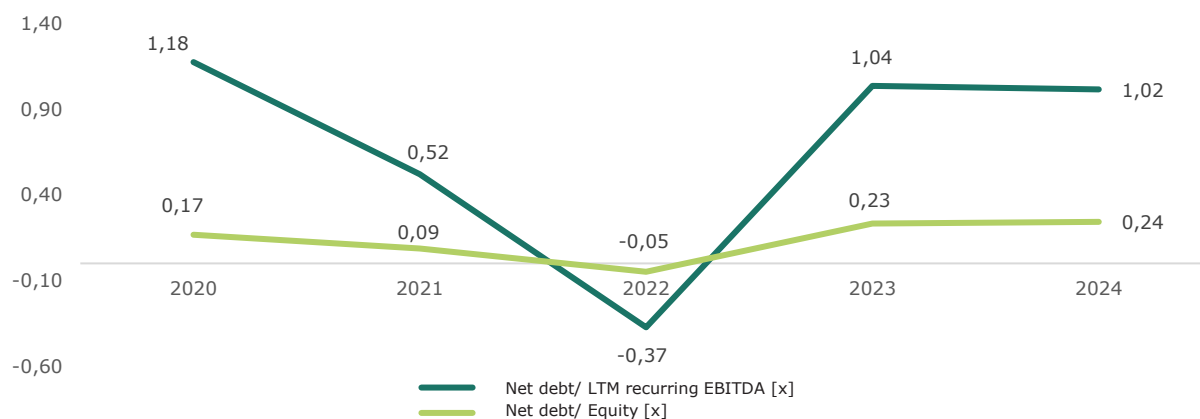
In 2024, the receivables turnover cycle lengthened – from 27 days in 2023 to 40 days in 2024, meaning that the waiting period for receivables within the PGE Group increased this year. The trade liabilities turnover ratio also increased – from 15 days in 2023 to 28 days in 2024.

Chart: Liquidity ratios.



In 2024, the current liquidity ratio stood at 0.80 and the quick liquidity ratio at 0.71, which were lower than the previous year's figures of 0.83 and 0.74 respectively. This was mainly due to a decrease in current assets by PLN 7 411 million, i.e. 21% y/y, relating in particular to a reduction in other financial receivables of PLN 2 322 million, other short-term assets of PLN 1 976 million and cash and cash equivalents of PLN 1 670 million, with a simultaneous decrease in short-term liabilities of PLN 7 494 million, i.e. 18% y/y.

Chart: Debt ratios



As part of its liquidity assessment, the Group monitors the net debt / EBITDA ratio at a level that ensures the maintenance of investment-grade credit ratings, and thereby the ability to finance the Group's ambitious investment programme.

In 2024, the net debt / LTM recurring EBITDA ratio was 1.02, slightly lower than the previous year (1.04). This change was primarily driven by higher recurring EBITDA (PLN 10 878 million) compared to 2023 (PLN 10 722 million), along with a slightly lower level of net debt: PLN 11 045 million in 2024 vs. PLN 11 121 million in 2023.

The net debt / equity ratio in 2024 stood at 0.24, similar to the 2023 figure of 0.23.

5.4.2. Net debt of the PGE Capital Group

Table: PGE Group's net debt (PLN million).

	As at December 31,				
	2024	2023	2022	2021	2020
Cash on hand and cash at bank	1 830	2 760	1 428	5 059	1 415
Overnight deposits	60	103	791	5	309
Short-term deposits	693	236	6 147	1 124	1 423
Proceeds from the issue of shares	508	1 309	2 727	0	0
Funds on VAT accounts	1 272	1 625	794	545	1 042
Cash and cash equivalents	4 363	6 033	11 887	6 733	4 189
Adjustment for restricted cash	-207	-419	-295	-212	-93
Loans granted	0	0	0	77	46
Cash at PGE Group's disposal	4 156	5 614	11 592	6 598	4 142
Current loans and borrowings	2 581	4 376	2 062	2 099	1 318
Bonds issued - current	18	18	21	13	10
Current lease	132	119	54	48	56
Current liabilities from factoring	2 009	1 838	0	0	0
Non-current loans and borrowings	7 057	7 018	3 808	5 757	7 105
Bonds issued - non-current	1 989	1 999	2 046	2 033	2 035
Non-current lease	1 415	1 367	945	876	885
Gross financial debt (short and long-term)	15 201	16 735	8 936	10 826	11 409
Net financial debt	11 045	11 121	-2 656	4 228	7 267

The debt level in 2024 amounted to PLN 11 045 million and was lower by PLN 76 million than in 2023.

5.4.3. Financial resources

5.4.3.1. Liquidity management

The PGE Capital Group's liquidity management consists, among other things, in planning and monitoring operating cash flows in the short and long terms as well as taking measures to ensure funds for the conduct of the PGE Capital Group's activities while minimising costs.

Long-term liquidity management allows for the determination of the PGE Capital Group's ability to incur debt and supports decisions on financing long-term investments.

Periodic planning and monitoring of liquidity of the PGE Capital Group makes it possible to secure funds for any liquidity gaps by allocating funds among the PGE Group companies (cash pooling) as well as using external financing.

The PGE Capital Group uses a central financing model according to which, as a matter of principle, external financing agreements are entered into by PGE S.A. Long-term debt may also be incurred by PGE Sweden AB (a Swedish special purpose company issuing Eurobonds). In addition for selected investments in the PGE Capital Group project finance formula is applied. PGE Capital Group companies have long-term debt under preferential financing from such entities as the National Environmental Protection and Water Management Fund or the Provincial Environmental Protection and Water Management Fund. Furthermore, subsidiaries within the PGE Capital Group use various sources of intragroup financing such as loans, bonds or bank account consolidation agreements and agreements for cash management in a group of accounts. The 26 PGE Group companies participate in cash pooling. The main objective of cash pooling is to ensure current liquidity in the Capital Group, while limiting the costs of external short-term financing and minimising the financial costs associated with maintaining surplus cash balances on bank accounts. Thanks to the functioning of the cash pooling structure, Group companies with short-term shortages of funds can use the funds of their sister companies with financial surpluses without the need to resort to external financing.

PGE Group's existing financing model takes into account the use of funds from its core activities and debt financing in the form of bond programmes, commercial bank credit facilities, credit facilities from Bank Gospodarstwa Krajowego ("BGK"), credit facilities from multilateral institutions such as the European Investment Bank ("EIB") or the European Bank for Reconstruction and Development ("EBRD") as well as in the form of preferential financing.

The most important available external financing sources for PGE Group at December 31, 2024 are as follows:

- 2 credit facilities from BGK as part of the "Inwestycje polskie" ("Polish investments") programme, amounting to PLN 1.5 billion in total – amount withdrawn: PLN 0.6 bn.
- Term loan from BGK with a contractual value of PLN 3.9 billion – amount withdrawn: PLN 0 billion.
- 6 credit facilities from the EIB with a total value of PLN 6.7 billion - PLN 4.9 billion were used for projects related to distribution network modernisation and expansion, PLN 1.0 billion for the modernisation of railway power supply systems, PLN 0.5 billion for financing and re-financing of the construction of cogeneration units and PLN 0.3 billion for the construction of wind farm – total amount withdrawn: PLN 5.2 billion.
- PLN 0.5 billion credit facility from the EBRD to support implementation of a long-term programme for distribution network development and modernisation – amount withdrawn: PLN 0.25 billion.
- Term loan with a contractual value of PLN 0.5 billion from Industrial and Commercial Bank of China – amount withdrawn: PLN 0.5 billion.
- Revolving syndicated loan of the total contractual value of PLN 3.2 billion – amount withdrawn: PLN 0 billion.
- Revolving loan with a contractual value of PLN 1.5 billion from BGK – amount withdrawn: PLN 0.9 billion.
- Revolving loan with a contractual value of PLN 1.0 billion (*not committed*) from Santander – amount withdrawn: PLN 0 billion.
- Revolving loan with a contractual value of PLN 0.75 billion from Pekao S.A. – amount withdrawn: PLN 0.75 billion.
- Domestic bond programme of up to PLN 5.0 billion (*not committed*) – amount withdrawn: PLN 1.4 billion.
- Euro Medium Term Note (EMTN) bond programme of up to EUR 2.0 billion (*not committed*) – amount withdrawn: EUR 138 million.
- Preferential loans.
- Current-account overdraft facilities.

As part of its liquidity management, the PGE Group in 2024 also used factoring agreements (including reverse factoring) which allowed it to raise additional funds, to support financial liquidity and to help buyers repay their liabilities on time.

During 2024, the PGE Group invested surplus cash in bank deposits. Decisions on bank deposits are based on maximising the rate of return with set concentration limits for each bank and the current assessment of the financial standing of the banks requiring a bank to have a short-term rating for deposits at an investment level. All entities with which the PGE Capital Group enters into deposit transactions operate in the financial sector. These are exclusively banks registered in Poland or operating in Poland in the form of branches of foreign banks.

Currently, the most significant bank deposit positions result from the share issue of PLN 3.2 billion carried out in 2022. Majority of funds has already been used for investments in the areas of renewable energy, decarbonisation of district heating and distribution. The manner in which funds from the issue are spent is subject to detailed reporting and auditing. The PGE Group uses the funds in accordance with the investment agreement. Cash that will be spent at a later date in accordance with the agreement is invested in bank deposits.

In 2024, the Company and the Capital Group were fully capable of settling their liabilities as they fall due.

Additional information on liquidity risk management is described in note 25.2 to the consolidated financial statements.

Diagram: Currency profile of the Group's debt and the Group's debt breakdown by fixed and floating rate (including hedging transactions).

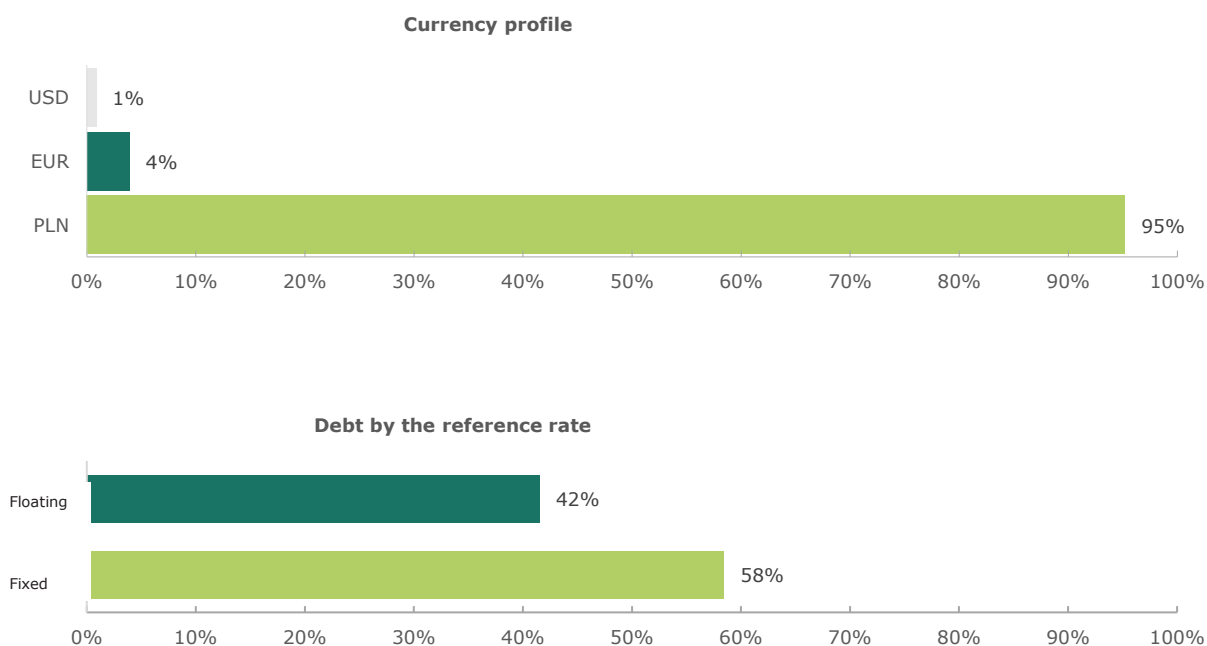
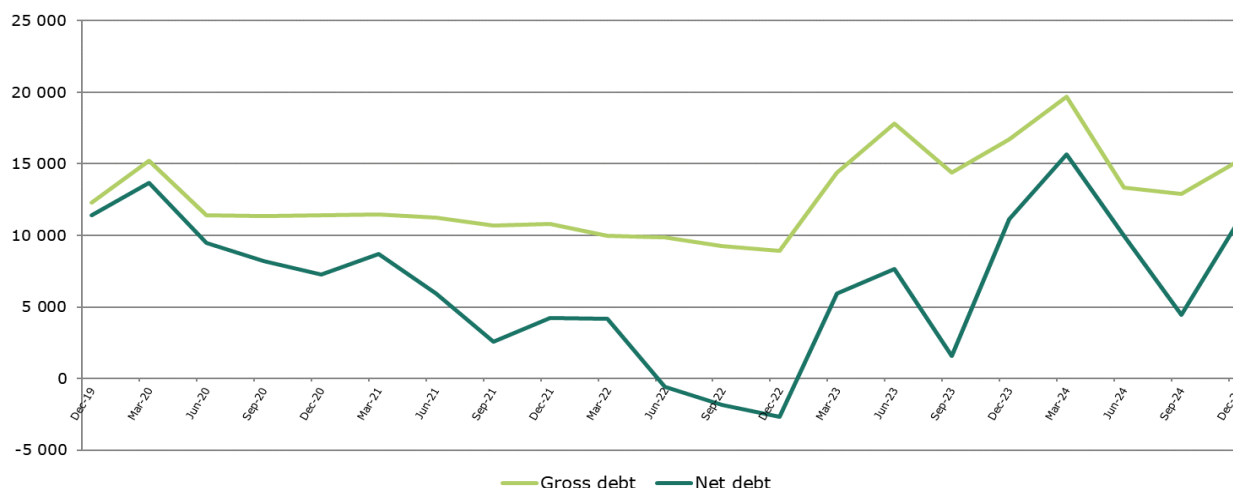
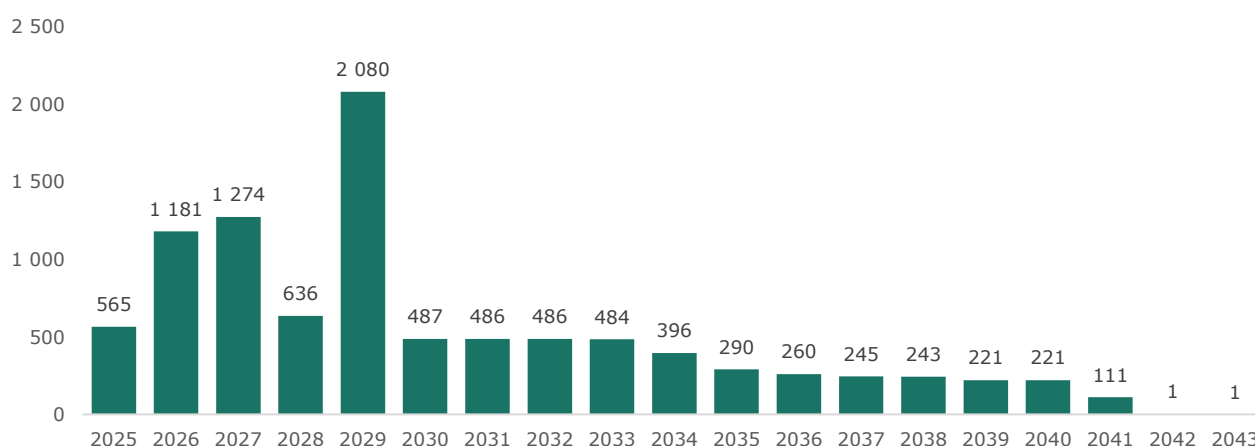


Chart: Net and gross debt (PLN million).



PGE Group's financing policy features diverse maturities for specific financial instruments, which along with the diversification of financing sources, helps the Group to optimise its financing costs. The Group implements a responsible financial policy, which entails maintaining its net debt to EBITDA ratios at a level that makes it possible to retain investment-grade ratings.

Diagram: Debt maturity profile (PLN million) as at December 31, 2024.³¹



5.4.3.2. Management of counterparty credit risk

Counterparty credit risk management in the PGE Group in relation to trading activities translates into the area of working capital management and is carried out, among others, on the basis of adopted procedures in the area of counterparty financial standing assessment and setting limits (for trade credits). In the process of granting a trade credit, the creditworthiness of counterparties is assessed (on the basis of a financial analysis carried out, taking into account the previous history of cooperation), as a result of which a credit limit is set. In justified cases, collateral is established with respect to a counterparty, which mitigates the risk of default in payment. In addition, periodic verification of counterparties' financial standing and the amount of credit limits granted and adequacy of collaterals accepted is carried out.

Additional information on credit risk management is described in note 25.3 to the consolidated financial statements.

5.4.3.3. Management of the debt collection process

In the Group, debt collection is managed on the basis of the Act on Prevention of Excessive Late Payment in Commercial Transactions and the General Procedure for Management of Trade Receivables in the PGE Group. Group companies monitor the payment of receivables on an ongoing basis, apply early debt collection and use the services of Economic Information Offices and business intelligence agencies.

³¹ In addition to regular repayments of loan instalments, a redemption date for PGE Sweden AB's EUR 138 million Eurobonds and domestic bonds of approximately PLN 1 billion is set for 2029. Data does not take into account revolving facilities, i.e. current account credits, revolving loans, reverse factoring (liabilities), leasing (estimate). Data include repayment of instruments drawn after the report date.

5.4.4. Bonds, loans and borrowings

Table: External bonds issued

Company (Issuer)	Party of the agreement	Type of financing	Signing date of the program (yyyy-mm-dd)	Maturity date of the program (yyyy-mm-dd)	Maximum value of the program (million)	Utilisation (million)	Currency
PGE S.A.	Pekao S.A. and ING Bank Śląski S.A.	Domestic market bonds	2011-08-29	-	5 000	1 400	PLN
PGE Sweden AB	BNP Paribas, CITIGROUP Global Markets Ltd., ING Bank N.V., London Branch, Nordea Bank Danmark A/S, PKO BP S.A. and Societe Generale	Eurobonds	2014-05-22	-	2 000	138	EUR

Table: Intra-group bonds issued

Company (Issuer)	Party of the agreement	Type of financing	Signing date of the program (yyyy-mm-dd)	Maturity date of the program (yyyy-mm-dd)	Maximum value of the program (million)	Utilisation (million)	Currency
PGE GIEK S.A.	ING Bank Śląski S.A.	Intra-group bonds	2011-06-20	2025-12-31	11 558	0	PLN
PGE GIEK S.A.	ING Bank Śląski S.A.	Intra-group bonds	2010-09-13	2025-12-31	4 091	0	PLN
PGE GIEK S.A.	PKO BP S.A.	Intra-group bonds	2009-11-30	2025-12-31	3 700	0	PLN

Table: Information about the most significant bank loans and advances signed in 2024.

Company (Borrower)	Party of the agreement	Type of financing	Signing date (yyyy-mm-dd)	Maturity date (yyyy-mm-dd)	Liability limit (million) ¹	Currency	Fixed/ floating rate
PGE S.A.	BGK	Revolving bank loan	2024-02-21	2027-02-19	1 500	PLN	Floating
PGE S.A.	EIB	Term bank loan	2024-07-29	2044-07-29	1 000	PLN	Fixed / Floating
PGE S.A.	Santander	Revolving bank loan	2024-08-28	2029-08-29	1 000	PLN	Floating
PGE S.A.	Pekao S.A.	Revolving bank loan	2024-09-19	2027-12-31	750	PLN	Floating
PGE S.A.	ICBC	Term bank loan	2024-11-20	2027-12-31	500	PLN	Floating

¹ Values over PLN 100 million.

Table: Significant annexes to agreements on external financial loans and credits signed in 2024.

Company (Borrower)	Party of the agreement	Type of financing	Agreement signing date (yyyy-mm-dd)	Agreement maturity date (yyyy-mm-dd)	Annex signing date	Liability limit (million) ¹	Currency	Fixed/ floating rate
PGE S.A.	BGK	Term bank loan	2023-11-28	2036-12-20	2024-11-20	3 900	PLN	Floating
PGE S.A.	EIB	Term bank loan	2022-12-09	2042-12-09	2024-12-18	2 000	PLN	Fixed
PGE S.A.	EIB	Term bank loan	2015-10-27	2034-08-25	2024-12-18	1 500	PLN	Fixed
PGE S.A.	BGK	Current account credit	2018-05-21	2026-09-29	2024-11-15	1 400	PLN	Floating
PGE S.A.	EIB	Term bank loan	2023-02-03	2043-02-03	2024-12-18	1 400	PLN	Fixed / Floating
PGE S.A.	PKO BP S.A.	Current account credit	2018-04-30	2025-12-31	2024-11-28	1 000	PLN	Floating
PGE S.A.	EIB	Term bank loan	2024-07-29	2044-07-29	2024-12-18	1 000	PLN	Fixed / Floating
PGE S.A.	Pekao S.A.	Current account credit	2018-07-05	2027-12-31	2024-09-19	750	PLN	Floating
PGE S.A.	EBRD	Term bank loan	2017-06-07	2028-06-07	2024-09-03	500	PLN	Floating
PGE S.A.	EIB	Term bank loan	2015-10-27	2034-08-25	2024-12-18	490	PLN	Fixed
PGE S.A.	EIB	Term bank loan	2019-12-16	2038-10-16	2024-12-18	273	PLN	Fixed

¹ Values over PLN 100 million.

Table: Advances granted by PGE S.A. in 2024.

Company (Borrower)	Type of financing	Signing date (yyyy-mm-dd)	Maturity date (yyyy-mm-dd)	Liability limit (million) ¹	Currency	Fixed/ floating rate
PGE Nowy Rybnik sp. z o.o.	Advance	2024-08-09	2029-08-09	4 000	PLN	Floating
PGE Dystrybucja S.A.	Advance	2024-10-24	2025-10-24	1 950	PLN	Floating
PGE Energia Odnawialna S.A.	Advance	2024-09-26	2029-09-28	1 400	PLN	Floating
PGE Obrót S.A.	Advance	2024-02-22	2027-02-22	1 000	PLN	Floating
PGE Dystrybucja S.A.	Advance	2024-01-15	2028-01-14	380	PLN	Floating
PGE Nowy Rybnik sp. z o.o.	Advance	2024-07-03	2026-12-31	350	PLN	Floating
PGE Nowy Rybnik sp. z o.o.	Advance	2024-04-22	2029-04-23	311	PLN	Floating
PGE Dystrybucja S.A.	Advance	2024-01-23	2025-01-22	170	PLN	Floating
PGE Baltica 6 sp. z o.o.	Advance	2024-04-23	2025-02-04	162	PLN	Floating
PGE Paliwa sp. z o.o.	Advance	2024-07-29	2025-03-31	160	PLN	Floating

¹ Values over PLN 100 million.

Table: Information on intra-group financial advances amended in 2024.

Company (Borrower)	Type of financing	Signing date (yyyy-mm-dd)	Maturity date (yyyy-mm-dd)	Annex signing date (yyyy-mm-dd)	Liability limit (million) ¹	Currency	Fixed/ floating rate
PGE GIEK S.A.	Pożyczka	2023-03-27	2025-12-11	2024-12-11	9 000	PLN	Floating
PGE Dystrybucja S.A.	Pożyczka	2019-09-18	2029-09-18	2024-09-13	3 000	PLN	Floating
PGE Paliwa sp. z o.o.	Pożyczka	2022-09-26	2024-10-31	2024-07-29	1 300	PLN	Floating
PGE Energetyka Kolejowa S.A.	Pożyczka	2024-08-21	2025-07-31	2024-07-29	350	PLN	Floating
PGE Toruń S.A.	Pożyczka	2022-10-27	2025-12-19	2024-12-17	150	PLN	Floating

¹ Values over PLN 100 million.

5.4.5. Guarantees

In connection with the establishment of the EMTN Programme, on May 22, 2014 Deed of guarantee was issued by PGE for the liabilities of PGE Sweden AB (publ). Guarantee amounts to EUR 2 500 million and refers to liabilities of PGE Sweden AB (publ) arising from the issue of the Eurobonds under the Programme up to EUR 2 000 million. Guarantee will be valid until December 31, 2041. Financial terms of the guarantee will depend on the terms of Eurobonds issued by PGE Sweden AB (publ) and the remuneration for the guarantee will be reflected in the interest rates applied to loans granted to PGE S.A.

In 2019, PGE S.A. conducted a public procurement procedure concerning guarantee lines, under which requests for the issue (or annexation) of guarantees are submitted to banks in order to secure transaction deposits and deposits to secure transactions carried out by PGE Dom Maklerski S.A. on the Polish Power Exchange to the account of customers, i.e. PGE S.A. and companies from the PGE Group or transactions carried out by PGE S.A. and companies from the PGE Group on the Polish Power Exchange, whose clearing entity is IRGIT. In addition, the guarantees issued may constitute security for agreements related to the offsetting of security deposits within power groups established for the benefit of the PGE Group companies or the related surety agreements concluded with IRGIT. Agreements concerning guarantee lines were in effect until June 2024 and selected agreements were extended by annexes for a further 12 months, i.e. until June 2025.

In June 2020, an agreement was concluded between PGE S.A. and BGK for establishment of a guarantee line in the amount of PLN 250 million with an expiry date of January 2, 2024. In December 2023, PGE S.A. entered into an annex to the guarantee line agreement with BGK, extending its availability period until January 2, 2025. Under the agreement, PGE S.A. may request issuance of bank guarantees for the liabilities of PGE S.A. and selected companies from the PGE Group for a period of next 12 months until January 2, 2025 with the guarantee validity period of up to 5 years.

In 2024, a new public procurement procedure was carried out under the name "Provision by a bank of a guarantee facility in the amount of PLN 250 million", which resulted in the selection of the most advantageous offer submitted by BGK. On December 19, 2024, PGE S.A. and BGK signed a new 'Guarantee Facility Agreement', effective from January 3, 2025 to January 2, 2028. Under the agreement, PGE S.A. may request the issuance of bank guarantees in PLN, EUR and USD for the liabilities of PGE S.A. and companies from the PGE Group for a period of 36 months from January 3, 2025, with a maximum guarantee validity of up to 5 years. In May 2024, by Annex No. 3 to the guarantee agreement dated October 14, 2022, PGE S.A. provided guarantees for the obligations of PGE Energia Ciepła S.A., KOGENERACJA S.A., PGE Toruń S.A., and PGE Gryfino Dolna Odra sp. z o.o. to ORLEN S.A., as security for gaseous fuel supplies. Additionally, in July 2024, Annex No. 4 to the above-mentioned guarantee agreement was concluded, under which the Company provided a guarantee for the obligations of Elektrociepłownia Zielona Góra S.A. As at December 31, 2024, the total value of the guarantees issued under this agreement amounted to PLN 1 526 million, of which guarantees totalling PLN 1 334 million are valid until March 31, 2026, and the remaining guarantees amounting to PLN 111 million and PLN 40 million are valid until October 31, 2036 and March 31, 2037, respectively.

In December 2024, a Deed of Guarantee was established in favour of Macquarie Bank Europe Designated (as beneficiary) for the liabilities of PGE Dom Maklerski S.A. (as guarantee recipient) to the amount of EUR 130 million. The Deed of Guarantee secures the settlement of transactions concluded on ICE and EEX, for which Macquarie is the clearing entity. The Deed of Guarantee is valid until December 31, 2026.

In 2024, guarantees were issued for contracts concluded by the project company Elektrownia Wiatrowa Baltica 2 sp. z o.o. for the implementation of the Baltica 2 Offshore Wind Farm project, amounting to EUR 766 million, PLN 532 million and DKK 90 million. As of December 31, 2024, their total value stood at EUR 964 million, PLN 532 million and DKK 90 million.

Significant sureties and guarantees in force in 2024 included:

- A surety established in April 2023 in favour of the consortium of Polimex Mostostal S.A., Siemens Energy sp. z o.o., Siemens Energy Global GmbH & Co. KG for the liabilities of PGE Nowy Rybnik sp. z o.o. under the contract for the construction of a CCGT unit in Rybnik, of up to PLN 3.7 billion.
- A guarantee established in August 2023 in favour of the consortium PTSC and Semco for the obligations of Elektrownia Wiatrowa Baltica-2 sp. z o.o. under the contract for the delivery of offshore substation platforms for the Baltica 2 Offshore Wind Farm, up to the amount of EUR 199 million.
- A guarantee established in April 2024 in favour of the consortium GE Power and Polimex Mostostal for the obligations of Elektrownia Wiatrowa Baltica-2 sp. z o.o. under the contract for the EPC works for the onshore grid connection of the Baltica-2 Offshore Wind Farm, up to the amount of PLN 425 million and EUR 165 million.

- A guarantee established in April 2024 in favour of Van Oord Offshore Wind Poland sp. z o.o. for the obligations of Elektrownia Wiatrowa Baltica-2 sp. z o.o. under the contract for the transport and installation of foundations for the Baltica 2 Offshore Wind Farm, up to the amount of EUR 202 million.
- A guarantee established in October 2024 in favour of EEW Special Pipe Constructions GmbH for the obligations of Elektrownia Wiatrowa Baltica-2 sp. z o.o. under the contract for the supply of foundations for the Baltica 2 Offshore Wind Farm, up to the amount of EUR 189 million.
- A surety established in January 2023 in favour of JERA Global Markets Pte. Ltd for raw material supply liabilities of PGE Paliwa sp. z o.o., of up to USD 250 million. The obligation expired on June 30, 2024.

The total amount of guarantees granted by the companies of the PGE Capital Group and mandatory on December 31, 2024 amounted to approx. PLN 22 bn, approx. EUR 3.6 billion, USD 218 million and DKK 90 million, including approx. PLN 3.3 billion, approx. EUR 0.9 billion USD 118 million and DKK 90 million granted in 2024.

Guarantees were received in connection with investments being pursued and day-to-day operations and include mainly advance payments guarantees and performance bonds. The total amount of guarantees received by the companies of the PGE Capital Group and mandatory on December 31, 2024 amounted to more than PLN 2.3 billion and EUR 529.1 million, including approx. PLN 323 million and EUR 8 million received in 2024.

Table: Main guarantees granted by the PGE Group companies as at December 31, 2024.

Company	Beneficiary	Entity for whose liabilities a guarantee was issued (Debtor)	Form of security	Validity of guarantee (yyyy-mm-dd)		Value of guarantee (million)	Currency
				Beginning	End		
PGE S.A.	Bondholders	PGE Sweden AB PUBL	Guarantee of financial instrument ¹	2014-05-22	2041-12-31	2 500	EUR
PGE S.A.	Van Oord Offshore Wind Poland sp. z o.o.	Elektrownia Wiatrowa Baltica - 2 sp. z o.o.	Corporate Guarantee	2024-04-15	2027-10-30	202	EUR
PGE S.A.	Syndicate of PTSC Mechanical & Construction Co., Ltd and Semco Maritime	Elektrownia Wiatrowa Baltica - 2 sp. z o.o.	Corporate Guarantee	2023-08-08	2028-02-29	199	EUR
PGE S.A.	EEW Special Pipe Constructions GmbH	Elektrownia Wiatrowa Baltica - 2 sp. z o.o.	Corporate Guarantee	2024-10-14	2027-03-01	189	EUR
PGE S.A.	Syndicate of GE Power, Polimex Mostostal	Elektrownia Wiatrowa Baltica - 2 sp. z o.o.	Corporate Guarantee	2024-04-11	2028-02-01	165	EUR
PGE S.A.	Macquarie Bank Europe Designated Activity Company	PGE Dom Maklerski S.A.	Corporate Guarantee	2024-12-19	2026-12-31	130	EUR
PGE S.A.	IRGiT	PGE Dom Maklerski S.A., PGE EC S.A., EC Zielona Góra S.A.	Corporate Guarantee	2023-10-30	2026-12-31	11 000	PLN
PGE S.A.	Syndicate Polimex Mostostal, Siemens	PGE Nowy Rybnik sp. z o.o. ³	Corporate Guarantee	2023-04-20	2027-04-30	3 751	PLN
PGE S.A.	IRGiT	PGE Dom Maklerski S.A., PGE GiEK S.A. ²	Corporate Guarantee	2024-03-12	2027-03-31	2 000	PLN
PGE S.A.	Orlen S.A.	PGE Gryfino Dolna Odra sp. z o.o. ⁴	Corporate Guarantee	2024-05-10	2024-12-31	661	PLN
PGE Energia Ciepła S.A.	Pekao S.A.	PGE Paliwa sp. z o.o.	Corporate Guarantee	2021-11-16	2026-05-31	500	PLN
PGE S.A.	Orlen S.A.	PGE Energia Ciepła S.A.	Corporate Guarantee	2024-05-10	2024-12-31	494	PLN
PGE S.A.	Syndicate GE Power, Polimex Mostostal	Elektrownia Wiatrowa Baltica - 2 sp. z o.o.	Corporate Guarantee	2024-04-11	2028-02-01	425	PLN
PGE S.A.	IRGiT	PGE Energetyka Kolejowa S.A.	Corporate Guarantee	2024-06-06	2024-12-31	400	PLN

¹ The guarantee was granted for the liabilities of PGE Sweden AB arising from the issue of Eurobonds under the Programme up to EUR 2 000 million

² Annex to the agreement of September 30, 2019

³ Previously Rybnik 2050 sp. z o.o.

⁴ Previously PGE Gryfino 2050 sp. z o.o.

Table: Main guarantees received by the PGE Group companies and valid as at December 31, 2024.

Company	Guarantee issuer	Entity for whose liabilities a guarantee was issued (Debtor)	Form of security	Validity of guarantee (yyyy-mm-dd)		Value of guarantee (million)	Currency
				Beginning	End		
Elektrownia Wiatrowa Baltica - 2 sp. z o.o.	Windar Corporate S.L.	Navantia S.A. S.M.E. and Windar Renovables S.A.	Corporate Guarantee	2024-07-02	2031-09-30	120	EUR
PGE Paliwa sp. z o.o.	PGE Energia Ciepła S.A.	PGE Paliwa sp. z o.o.	Corporate Guarantee	2021-12-15	2028-05-31	500	PLN
KOGENERACJA S.A.	PGE Energia Ciepła S.A.	KOGENERACJA S.A.	Corporate Guarantee	2022-07-01	2036-09-30	375	PLN
PGE Nowy Rybnik sp. z o.o.	Societe Generale Societe Anonyme	Siemens Energy Global GmbH & Co. KG	Unsettled Advance Payment Refund Guarantee	2023-03-14	2027-05-31	159	PLN
KOGENERACJA S.A.	INTESA SANPAOLO S.P.A.	POLIMEX MOSTOSTAL S.A.	Performance bond	2021-06-23	2025-05-30	120	PLN

5.4.6. Assessment of investment capacities

On-going investments are financed from funds generated by the core activity of the PGE Group, funds obtained from the issue of securities and from other types of external financing, e.g. bank loans and preferential loans and subsidies.

Financial results achieved by the PGE Group and available credit limits secure sufficient resources to achieve its mid-term investment goals. The ability to raise new financing and refinance debt, development of the Group's efficiency as well as realization of substantial investments with equity partners and/or project debt financing, will be significant for the ability to finance the investment program in the mid- and long term. In the opinion of PGE, the planning processes in the Company ensure control over the level of investment expenditures and their coverage from available and planned sources of financing.

The Group pursues a responsible financial policy, including maintaining its net debt to EBITDA ratio at a level allowing it to receive investment grade credit ratings and consequently the ability to finance the Group's investment programme. Stable financial results in changing market environment confirm investment attractiveness. The value of the debt ratio is presented in p. Key financial data and in p. 5.4.1 Key financial ratios of this report.

Long-term liquidity management allows for the determination of the PGE Capital Group's ability to incur debt and supports decisions on financing long-term investments.

No change is expected in Poland's long-term credit risk rating in PLN and foreign currencies, which, with other factors unchanged, should remain neutral for the cost of financing the PGE Group's investment programmes. It can be expected that in the coming years the current values of inflation and interest rates will return to the levels indicated in the targets set by the National Bank of Poland.

5.4.7. Margin deposits

In connection with their forward transactions on the power exchange TGE, for which the underlying commodity is electricity and natural gas, PGE Group companies are required to put up margin deposits, which constitutes the basic element of the clearing guarantee system for forward markets. The margins are lodged by entities opening positions in futures contracts and their task is to secure the risk related to cleared futures and forward transactions.

Collateral margins are composed of the initial margin and the variation margin.

The clearinghouse Izba Rozliczeniowa Giełd Towarowych S.A. (IRGiT) determines the required value of the collateral margin as a sum of the initial margin and the variation margin.

The variation margin is responsible for the on-going alignment of the portfolio value with market values, can take positive (surplus) as well as negative values (margin requirement) and is subject to daily updates. The clearinghouse accepts both monetary and non-monetary collateral - bank guarantees, CO₂, property rights, sureties and declaration of submission to enforcement in the form of a notarial deed in accordance with Art. 777 of the Civil Code.

In addition, for PGE Group Companies, the IRGiT applies mutual netting of initial and variation margins within the Netting Group, which has the effect of reducing the value of required security deposits.

In 2024 compared to previous years the amount of collateral deposits significantly decreased as a consequence of the stabilisation of energy prices and the abolition of the 100% exchange trading obligation from December 6, 2022 and change of trading model applied by the PGE Capital Group.

As of January 2, 2024, IRGiT introduced updates to the parameters for recognising non-cash collateral to cover required margin deposits. The updated IRGiT rules stipulated a maximum of 90% of the required margin deposits could be provided in the form of a statement of submission to enforcement by notarial deed in accordance with Article 777 of the Civil Code. The remaining 10% of the required margin deposits may be covered by up to 95% with first-class liquidity bank guarantees recognised by IRGiT, up to 70% with property rights and CO₂ emission allowances, and the remaining portion of the required margin deposits must be covered in cash.

As of April 2, 2024, IRGiT introduced further updates to the parameters for recognising non-cash collateral to cover required margin deposits. The updated IRGiT rules stipulated a maximum of 90% of the required margin deposits could be provided in the form of a statement of submission to enforcement by notarial deed in accordance with Article 777 of the Civil Code. The remaining 10% of the required margin deposits may be covered by up to 95% with first-class liquidity bank guarantees recognised by IRGiT, up to 67% with property rights and CO₂ emission allowances, and the remaining portion of the required margin deposits must be covered in cash.

From October 1, 2024, IRGIT introduced updates to parameters of recognition of non-monetary collateral to cover the required security deposits. The updated IRGIT rules set the maximum amount of security to be provided in the form of a declaration of submission to execution in the form of a notarial deed pursuant to art. 777 of the Civil Code up to 90% of the value of the required security deposits. The remaining 10% of the value of the required margin deposits may be covered by up to 95% with first-class liquidity bank guarantees recognised by IRGIT; up to 71% with property rights and CO₂ emission rights, remaining portion of required margin deposits must be covered by cash.

As of January 1, 2025, IRGIT introduced additional updates to the parameters for recognising non-cash collateral to cover required margin deposits. The updated IRGIT rules now allow a maximum of 75% of the required margin deposits to be covered in the form of a statement of submission to enforcement by notarial deed in accordance with Article 777 of the Civil Code. The remaining 10% of the required margin deposits may be covered by up to 95% with first-class liquidity bank guarantees recognised by IRGIT, up to 70% with property rights and CO₂ emission allowances, and the remaining portion of the required margin deposits must be covered in cash.

The PGE Group has the ability to make forward transactions on ICE Endex of the Intercontinental Exchange Inc. (ICE) and on the European Energy Exchange AG, for which the underlying instrument are CO₂ emission allowances. Margin deposits are required to secure open positions in futures contracts. The margins consist of the Initial Margin and Variation Margin, whose function is to cover the difference between the transaction price of a concluded contract and its market valuation based on the settlement price on a daily basis. For a long position, a fall in the current day's clearing prices compared to the previous day's clearing prices means the necessity to make Variation Margin deposits, while an increase in prices compared to the previous day means that you will receive a Variation Margin.

The PGE Group makes settlements related to CO₂ trading on an ongoing basis.

5.4.8. Description of structure of main capital deposits or main capital investments made within the Issuer's Capital Group in a given financial year

Information on PGE Group's structure are presented in note 1.3 to the consolidated financial statements. Investments in associates and entities jointly controlled valued using the equity method are presented in note 12 to the consolidated financial statements. Changes in the Capital Group's structure which took place in 2024 and capital investments related thereto are described in p. 1.3 of this report.

5.4.9. Financial instruments and hedge accounting

Information on financial instruments with respect to price risk, credit risk, material cash flow disruptions and liquidity risk to which the entity is exposed, the entity's objectives and methods of financial risk management, including hedging methods for material types of planned transactions for which hedge accounting is applied, is provided in notes 24 and 25 to the consolidated financial statements.

6. Parent company of PGE Group - PGE S.A.

Pursuant to art. 55 section 2a of the Accounting Act and § 71 section 8 Regulation of the Minister of Finance on current and periodic information, the Company has prepared the report on activities of PGE S.A. and of the Capital Group in form of one document. Other required elements of the report on activities of the Companies which are not included in chapter 6, are identical with the ones in the report on activities of PGE Capital Group.

6.1. Key financial results

Key financial data	Unit	Q4 2024	Q4 2023	% change	2024	2023	% change
Sales revenues	PLN m	21 671	22 154	-2%	50 916	65 842	-23%
EBIT reported	PLN m	397	461	-14%	1 462	1 988	-26%
EBIT recurring	PLN m	531	518	3%	1 549	2 028	-24%
EBITDA reported	PLN m	401	464	-14%	1 476	2 002	-26%
Reported EBITDA margin	%	2	2		3	3	
EBITDA recurring	PLN m	535	521	3%	1 563	2 042	-23%
Recurring EBITDA margin	%	2	2		3	3	
Net profit	PLN m	691	-11 075	-	4 836	-5 894	-
Capital expenditures	PLN m	1	16	-94%	4	22	-82%
Net cash from operating activities	PLN m	-7 386	-10 501	-30%	-9 471	-19 272	-51%
Net cash from investing activities	PLN m	657	-774	-	12 036	6 120	97%
Net cash from financial activities	PLN m	1 981	2 008	-1%	-2 421	4 301	-

Key financial data	Unit	December 31, 2024	December 31, 2023	% change
Working capital	PLN m	30 075	24 074	25%
Shares in subsidiaries	PLN m	23 370	21 711	8%
Net debt	PLN m	-19 449	-10 021	94%
Net debt /LTM reported EBITDA	x	-13.18	-5.01	
Net debt /LTM recurring EBITDA	x	-12.44	-4.91	

One-offs affecting EBITDA	Unit	Q4 2024	Q4 2023	% change	2024	2023	% change
Valuation of CO ₂ emission rights futures contracts	PLN m	-132	-57	132%	-85	-39	118%
Actuarial provision	PLN m	-1	0	-	-1	-1	0%
Correction of contribution to the PDP Fund for the previous period	PLN m	-1	0	-	-1	0	-
Total	PLN m	-134	-57	135%	-87	-40	118%

REVENUES BY GEOGRAPHICAL AREAS

PGE S.A. in 2024 earned revenues mostly on the domestic market (revenues from foreign customers had insignificant share). Share of sales revenues from domestic market accounted for over 99.99%.

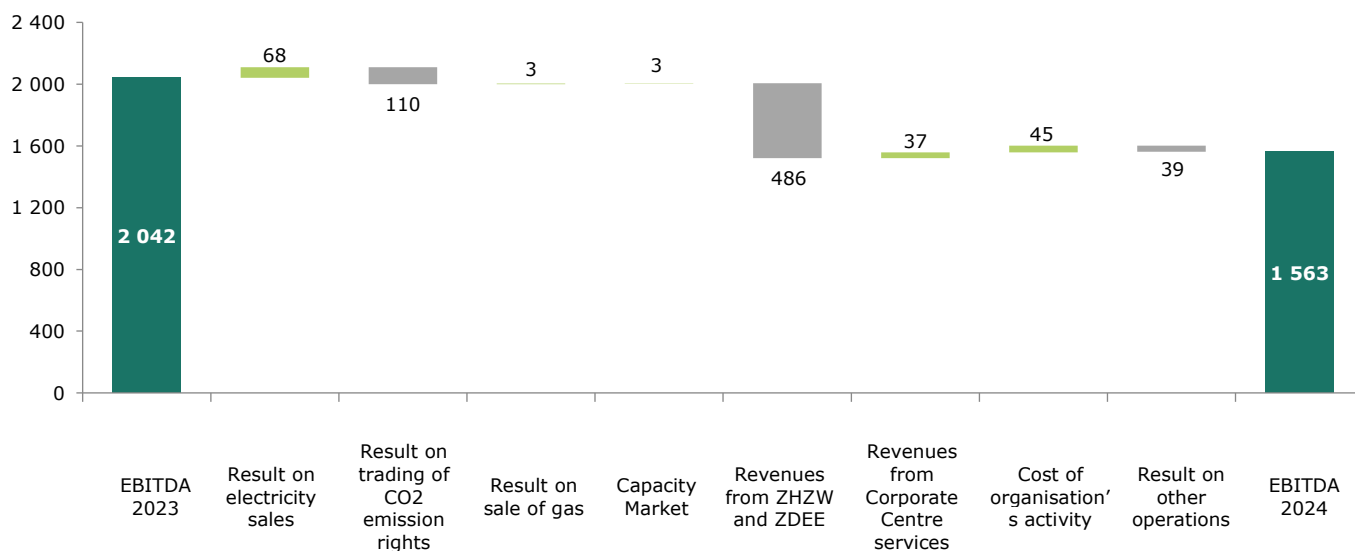
KEY FINANCIAL FIGURES OF PGE S.A. FOR 5 YEARS

Table: Data on key financial figures of PGE S.A. (PLN million).

	2024	2023	% change	2022	2021	2020
Sales revenues	50 916	65 842	-23%	35 922	35 917	27 541
EBIT reported	1 462	1 988	-26%	1 139	601	712
EBITDA reported	1 476	2 002	-26%	1 151	613	724
EBITDA recurring	1 563	2 042	-23%	752	602	745
One-offs ¹	-87	-40	118%	399	11	-21
Net profit/loss	4 836	-5 894	-	3 097	1 734	1 744
Net debt	-19 449	-10 021	94%	-10 906	-5 337	-397
Net debt /LTM EBITDA reported	-13.18	-5.01		-9.48	-8.71	-0.55
Net debt /LTM EBITDA recurring	-12.44	-4.91		-14.50	-8.87	-0.53
Working capital	30 075	24 074	25%	17 253	11 517	8 985
Capital expenditures	4	22	-82%	6	2	4

¹ One-offs at the EBITDA level.

Chart: Key changes of EBITDA in PGE S.A. (in PLN million).



Change	68	-110	3	3	-486	37	45	-39	
EBITDA reported 2023	2 002								
One-offs 2023	-40								
EBITDA recurring 2023	2 042								
EBITDA recurring 2024	41	343	2	33	1 448	329	636	3	1 563
One-offs 2024	-87								
EBITDA reported 2024	1 476								

Key factors affecting the results of PGE S.A. on y/y basis:

- **The higher result on sales of electricity** in 2024 is attributable to higher unitary margin on electricity trading by PLN 1.7/MWh. This is due to securing electricity supply for retail trading on the internal portfolios of PGE CG power generators.
- **The lower result on CO₂ emission allowances trading** was influenced by: lower transitional valuation of forward transactions and lower realized margin on CO₂ trading. The lower margin is mainly the effect

of lower volume of CO₂ emission allowances sold by 21.9 million tons. The decrease in volume is mainly due to a different schedule of CO₂ purchases for cancellation in 2022 and 2023 and lower demand due to lower production.

- **Lower revenues from the Group companies** from the services of ZHZW and ZDEE (Securing Electricity Supply) result mainly from lower value of electricity trading under management on behalf of PGE Group companies, with a lower weighted average margin by 0.08 p.p., which is mainly due to a lower margin in PGE Obrót S.A. in 2023. The decrease in the value of electricity results from a lower average price of electricity by PLN 246/MWh, with a higher volume of managed electricity by 7.9 TWh.
- **The increase in revenues from the provision of Corporate Centre services** is a result of increased revenues from support agreements due to the centralisation of the accounting and human resources as well as communication and marketing areas carried as from July 2023, increase in rates for services provided and signing agreements with new companies.
- **The decrease in the organization's operating costs** is mainly the result of lack of contribution to the PDP Fund amounting to PLN 93 million in 2023, because in 2024 there were no legal provisions in force regulating the contribution to the Fund.
- The **higher result on other activities** was mainly affected by write-offs for receivables (release in 2024 of write-off for receivables of ENESTA sp. z o.o. in amount of PLN 12 million, vs PLN 60 million of write-offs released in 2023).

FINANCIAL OPERATIONS

Table: Financial operations (PLN million).

Financial revenues/expenses	2024	2023	% change
Dividends from PGE Capital Group companies	2 374	3 269	-27%
Interest	1 586	1 750 ¹	-9%
Profit/(Loss) on disposal of investments	-	21	-
Revaluation of financial instruments	-25	-6	317%
Reversal/creation of impairment losses	63	-12 250	-
Foreign exchange translations	-42	-32	31%
Other	-12	-25	-52%
Result on financial operations	3 944	-7 273	-

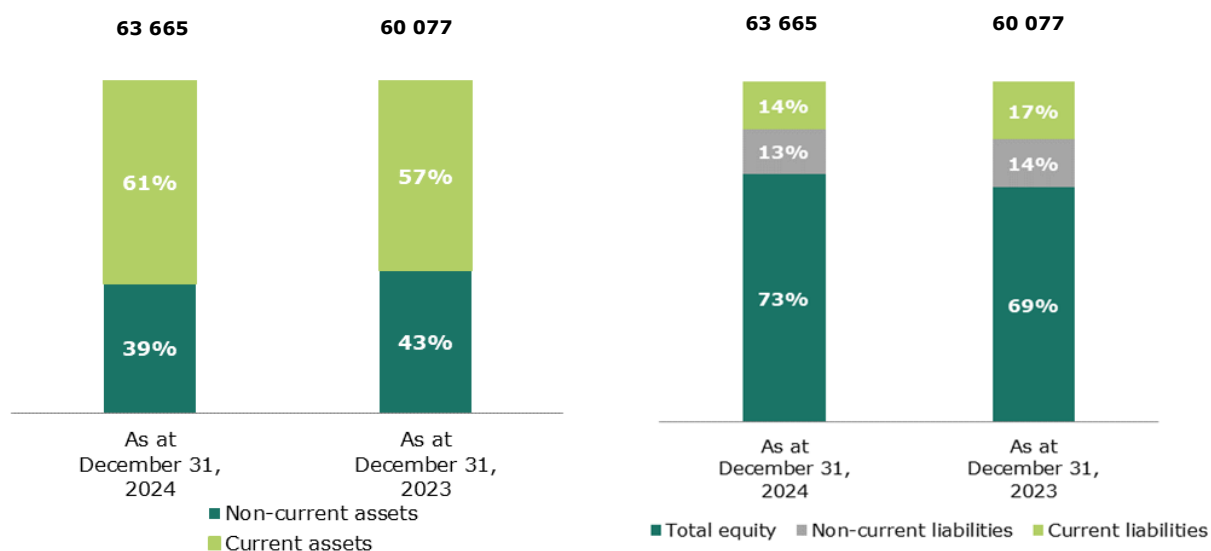
¹ Reclassification of commission on loans and on received and granted guarantees to item 'Other'.

The key factors affecting the year-on-year financial results of PGE S.A. were:

- **A decrease in dividend income** – mainly due to the absence of a dividend from PGE Energetyka Kolejowa Holding sp. z o.o. in 2024 (in 2023 the dividend amounted to PLN 1,412 million), and lower dividend income from PGE Energia Odnawialna S.A. by PLN 163 million, offset by higher dividend income from PGE Dystrybucja S.A. by PLN 638 million.
- **A decrease in interest income** – mainly due to lower interest on bank accounts and deposits, resulting primarily from a lower level of cash and deposits in 2024.
- **Revaluation of financial instruments** – the deviation is mainly due to a 2024 update of the provision related to expected credit losses arising from guarantees granted for PGE GiEK S.A.
- **Changes in impairment allowances** – in 2024, there was a decrease in the impairment allowance for bonds issued by Autostrada Wielkopolska S.A., a decrease in the impairment allowance for shares in PGE Systemy S.A., an increase in the impairment allowance for loans granted to PGE GiEK S.A., and an increase in the impairment allowance for shares in PGE Nowa Energia sp. z o.o. w likwidacji. Impairment write-down on shares, granted loans and held bonds of PGE GiEK S.A. was created in the total amount of PLN 11 750 million, an impairment write-down on bonds of Autostrada Wielkopolska S.A. in amount of PLN 475 million and an increase in the impairment write-down on shares in PGE Trading GmbH were posted in 2023.

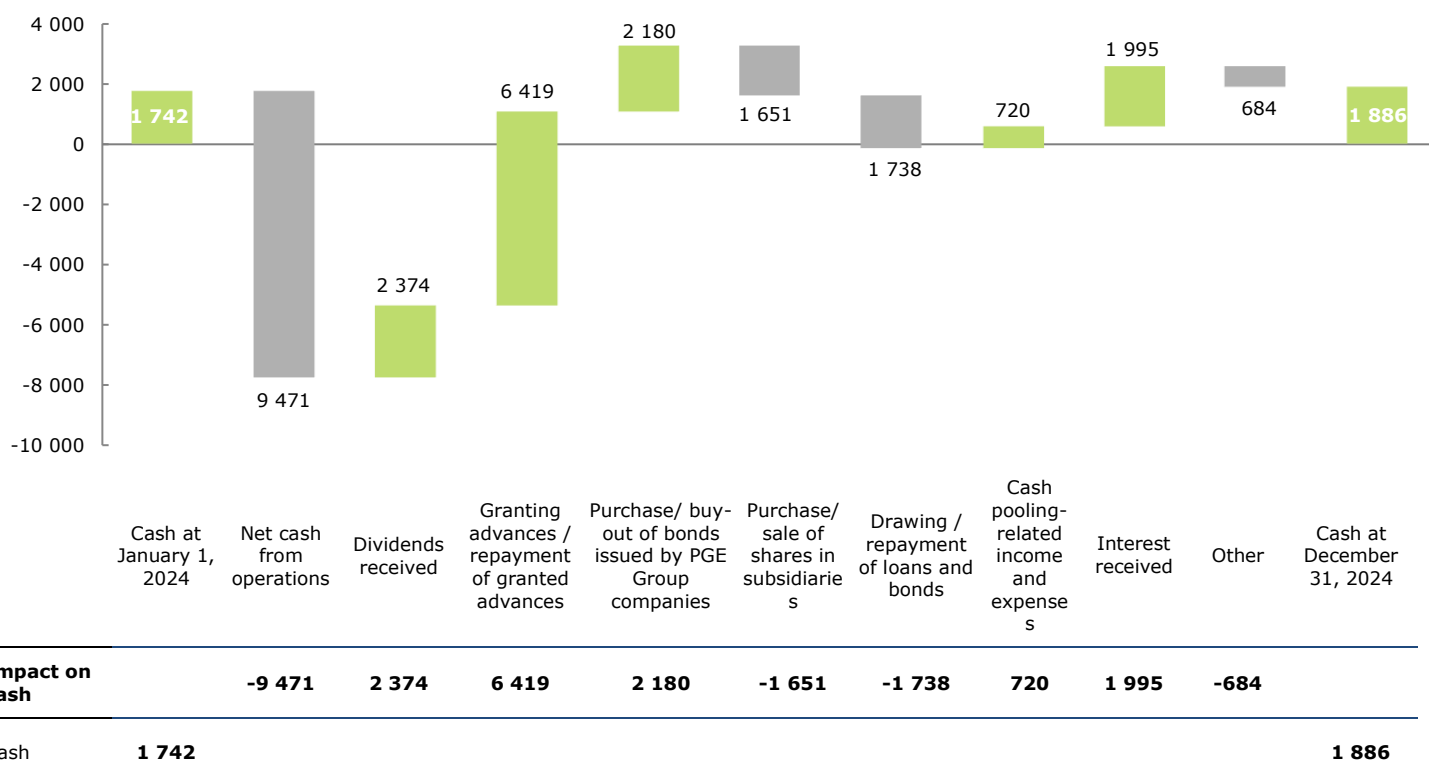
STATEMENT OF FINANCIAL POSITION

Chart: Structure of assets and equity and liabilities (PLN million).



STATEMENT OF CASH FLOWS

Chart: Net change in cash (in PLN million).



NET DEBT OF PGE S.A. AND MAIN FINANCIAL RATIOS

Table: Company's net debt as at December 31, 2024 and December 31, 2023 (PLN million).

	As at December 31, 2024	As at December 31, 2023
Cash on hand and cash at bank	58	379
Short-term deposits	1 151	1 304
Funds on VAT accounts	677	59
Cash and cash equivalents	1 886	1 742
Short-term loans and debt securities (PGE Group)	29 523	21 257
Loans and receivables - cash pooling	581	703
Cash at the Company's disposal	31 990	23 702
Current loans and borrowings	2 330	4 131
Short-term bonds (interest)	10	10
Short-term liabilities - cash pooling	1 977	1 371
Lease liabilities (short-term and long-term)	23	23
Non-current loans and borrowings	6 801	6 747
Bonds issued - non-current	1 400	1 399
Gross financial debt (short and long-term)	12 541	13 681
Net financial debt	-19 449	-10 021

KEY FINANCIAL RATIOS

Chart: Profitability ratios

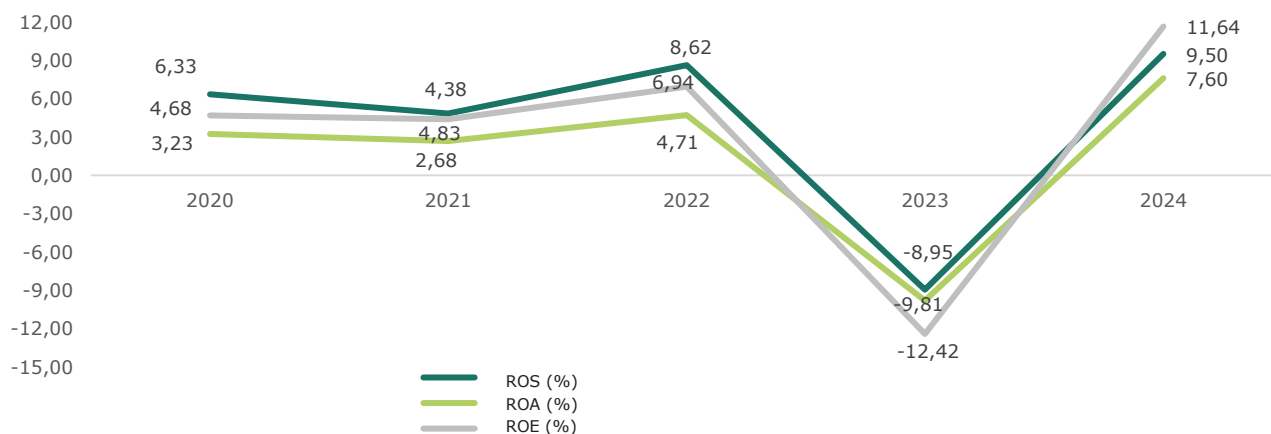


Chart: Receivables and liabilities turnover speed indicators

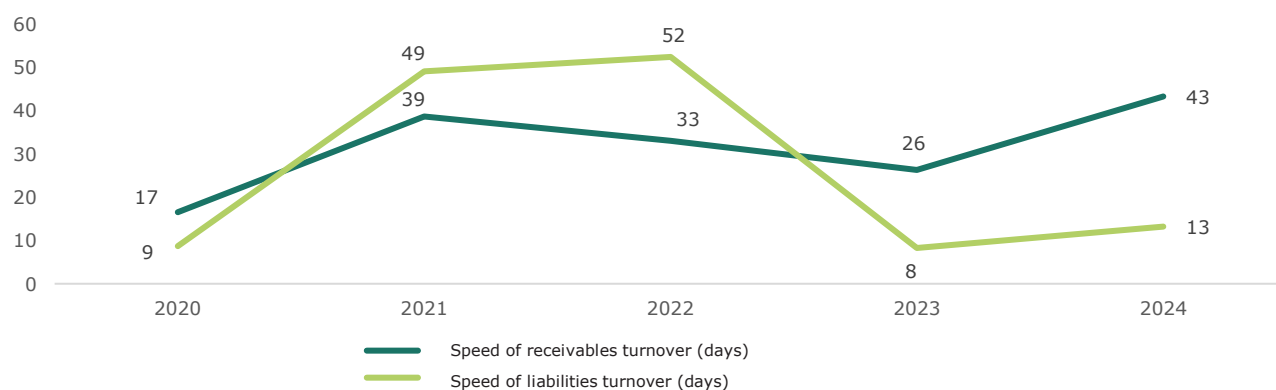


Chart: Liquidity ratios

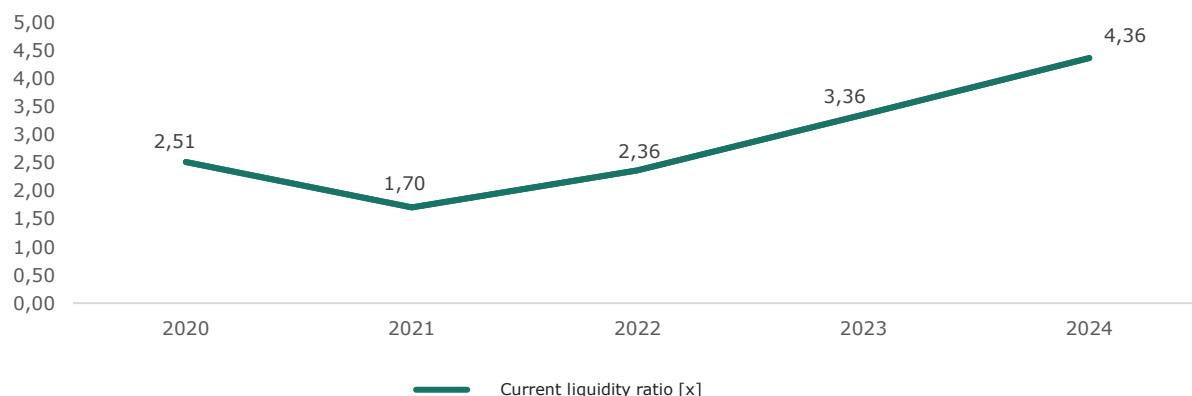
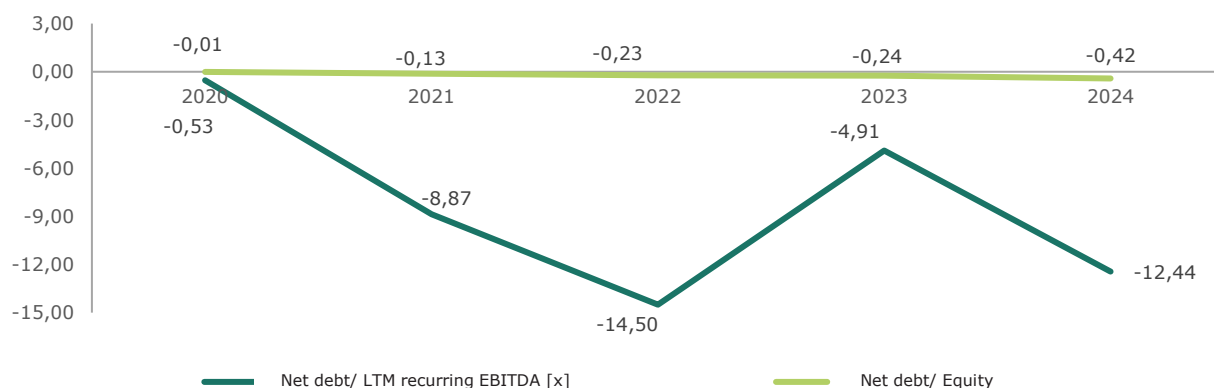


Chart: Debt ratios



6.2. Key operational figures and sales and supply markets

Table: Volume of electricity sales (in TWh).

Sales volume	Q4 2024	Q4 2023	% change	2024	2023	% change
Sale of electricity to the Group companies	10.02	10.69	-6%	35.82	39.29	-9%
Sale of electricity on the power exchange and in bilateral transactions outside the Group	0.33	0.12	175%	1.15	0.31	271%
Sale within the balancing group and on the balancing market	0.56	0.45	24%	2.13	1.96	9%
Total electricity sales	10.91	11.26	-3%	39.10	41.56	-6%

PGE S.A. acts as a wholesale trading competence centre for the PGE Capital Group. The y/y decline in electricity sales volumes to PGE Group companies in 2024 primarily resulted from a decrease in volume to PGE GiEK S.A. and to PGE Obrót S.A. in order to secure retail customers' needs for electricity supply. The decline in electricity sales volumes to retail customers is mainly the result of lower level of sales to large customers from the professional segment. The increase in electricity sales volumes to entities from outside PGE Group is due to the growth of turnover on TGE.

The main customer of electricity sold by PGE S.A. is the subsidiary PGE Obrót S.A., whose share in the sales volume in 2024 is 79%.

Table: Summary of electricity sales (TWh) for 5 years.

Sales volume	2024	2023	2022	2021	2020
Sale of electricity to the Group companies	35.82	39.29	39.94	42.02	51.75
Sale of electricity on the power exchange and in bilateral transactions outside the Group	1.15	0.31	0.77	1.57	4.07
Sale within the balancing group and on the balancing market	2.13	1.96	1.64	1.39	1.26
Total electricity sales	39.10	41.56	42.35	44.98	57.08

Table: Volume of natural gas sales (TWh).

Sales volume	Q4 2024	Q4 2023	% change	2024	2023	% change
Sale of natural gas to the Group	0.37	0.62	-40%	0.79	2.80	-72%
Sale of natural gas outside the Group	0.03	0.06	-50%	0.08	0.21	-62%
Total natural gas sales	0.40	0.68	-41%	0.87	3.01	-71%

The y/y lower volume of natural gas sales results mainly from a lower volume of gas sold to entities from the PGE Capital Group: sales to CHP plants and to entities for securing the needs of retail customers.

The main customers of natural gas sold by PGE S.A. in 2024 were subsidiaries: PGE Energia Ciepła S.A., whose share in the sales volume was 46%, PGE Gryfino Dolna Odra sp. z o.o. with 28% share and PGE Toruń S.A. with 11% share.

Table: Volume of natural gas sales [TWh] for 5 years.

Sales volume	2024	2023	2022	2021	2020
Sale of natural gas to the Group	0.79	2.80	2.86	3.09	3.21
Sale of natural gas outside the Group	0.08	0.21	0.71	0.79	0.60
Total natural gas sales	0.87	3.01	3.57	3.88	3.81

PGE S.A.'s largest suppliers of electricity in 2024 were the following subsidiaries: PGE GiEK S.A. (53%), PGE Dom Maklerski S.A. (15%) and PGE Energia Ciepła S.A. (14%), while for natural gas the largest supplier was PGE Dom Maklerski, which supplied 70% of the purchased volume.

6.3. Shares and shareholders

6.3.1. Share capital of PGE S.A. and ownership structure

SHARE CAPITAL

As at January 1, 2024, December 31, 2024 and the date of signing of this report, the share capital of PGE S.A. was PLN 19 183 746 098.70 and split into 2 243 712 994 shares with a nominal value of PLN 8.55 each. There were no changes in share capital of PGE S.A. during 2024.

Table: Share capital of the Company.

Series/ issue	Type of shares	Type of privilege	Number of shares	Value of series/issue at nominal value	Capital payment method
"A"	ordinary	n/a	1 470 576 500	12 573 429 075.00	contribution in kind/cash
"B"	ordinary	n/a	259 513 500	2 218 840 425.00	cash
"C"	ordinary	n/a	73 228 888	626 106 992.40	merger with PGE GiE S.A.
"D"	ordinary	n/a	66 441 941	568 078 595.55	merger with PGE Energia S.A.
"E"	ordinary	n/a	373 952 165	3 197 291 010.75	cash
Total			2 243 712 994	19 183 746 098.70	

SHAREHOLDERS WITH A SIGNIFICANT STAKE

According to the letter from the Ministry of the State Treasury of May 20, 2022, the State Treasury held 1 365 601 493 ordinary shares of the Company, representing 60.86% of the Company's share capital and entitling to 1 365 601 493 votes on the General Meeting of the Company, constituting 60.86% of total votes.

In addition, The State Treasury informed about the subsidiary holding PGE shares and the total number of votes by both entities and its percentage share in the total number of votes. According to the notification, taking into account the number of shares (18 697 608) held by a subsidiary of the State Treasury, i.e. Towarzystwo Finansowe Silesia sp. z o.o. (TF Silesia), the State Treasury holds a total of 1 384 299 101 shares constituting 61.70% of the share capital of the Company and entitling to exercise 1 384 299 101 votes, which constitutes 61.70% of the total number of votes.

Table: Shareholding structure at January 1, 2024, December 31, 2024 and at the signing date of this report¹.

State Treasury and its subsidiary		Other shareholders		Total	
Nominal value of shares (PLN)	% in share capital and votes	Nominal value of shares (PLN)	% in share capital and votes	Nominal value of shares (PLN)	% in share capital and votes
11 835 757 313.55	61.70	7 347 988 785.15	38.30	19 183 746 098.70	100.00

¹ The ownership structure is presented on the basis of information available to the Company.

All of the Company shares have been paid.

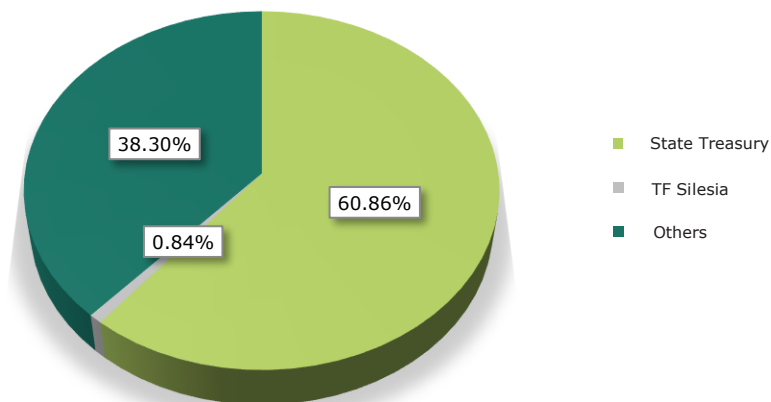
Although the Company's shares are not privileged, the Statutes of the Company provide for special rights of the State Treasury until it remains a Shareholder of the Company.

Table: Shareholders holding directly or indirectly by subsidiaries at least 5% of the total votes at the General Meeting of PGE S.A. January 1, 2024, December 31, 2024 and at the signing date of this report.

Shareholder	Number of shares	Number of votes	% in total votes on General Meeting
State Treasury	1 365 601 493	1 365 601 493	60.86%
State Treasury's subsidiary – TF Silesia	18 697 608	18 697 608	0.84%
State Treasury and its subsidiary - total	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%

During 2024, there were no changes in the shareholding structure of PGE S.A.

Chart: Shareholding structure of PGE S.A. in 2024.



6.3.2. Dividend policy

In May 2017 the Management Board decided to recommended to suspend dividend payment from the profit for years 2016, 2017 and 2018 facing the need to finance an ambitious development program and limitation of the debt level increase.

After that period, the Management Board of the Company intended to make a recommendation to the General Meeting of the Company of dividend payment for shareholders at the level of 40-50% of the consolidated net profit attributable to the equity holders adjusted by the value of impairment loss on property, plant and equipment and intangible fixed assets. The dividend policy is subject to reservation that the amount for each individual dividend distribution will depend, in particular, on the Company's overall indebtedness, expected capital expenditures and prospective acquisitions.

In line with the dividend policy, in particular as a result of the analysis of the Company's debt in the context of the implementation of the investment program (in line with the assumptions of the PGE Group's Strategy until 2030) and planned acquisitions (including the acquisition of PKPE Holding sp. z o.o. completed in April 2023), as well as taking into account prolonged market volatility and uncertainty (inter alia as a result of the recession caused by the COVID-19 pandemic and war in Ukraine and in 2024 also in the context of the lack of implementation of the coal asset carve-out project), the PGE Management Board recommended not to pay dividends for years 2019-2023. Ordinary General Meetings in 2020-2024 adopted resolutions in accordance with the recommendations of the PGE Management Board.

The dividend policy is periodically verified by the Management Board of the Company.

6.3.3. Shares of the parent company and shares in the entities related to PGE S.A. owned by the members of management and supervisory authorities

According to the best knowledge of the Management Board of the Company, none of the members of management and supervisory authorities of the Company held shares of the parent company or shares in entities related to PGE S.A. as at December 31, 2024 and as at the date of signing of this report.

6.3.4. Agreements concerning potential changes in the shareholder structure

The Management Board of PGE S.A. is not aware of any agreements affecting any future change in the number of shares held by the existing shareholders.

6.3.5. Purchase of treasury shares

As at December 31, 2024 PGE S.A. and subsidiaries did not hold any treasury shares.

6.3.6. Employee share programmes

There was no employee share programme in the PGE Capital Group in 2023.

6.3.7. Issue of shares

In 2024 the Company did not issue shares.

6.3.8. PGE S.A. shares on the stock exchange

PGE S.A. shares are listed in the continuous trading system on the Main Market of Warsaw Stock Exchange ("WSE"). PGE has the largest market capitalisation among Polish companies from power sector listed on WSE. PGE shares are included in the most important WSE indexes: WIG20 – the index of the largest and most liquid companies, WIG – the index of all companies from the Main Market, and WIG Energia – the index of power sector companies. From September 3, 2019, the WSE was publishing the WIG-ESG (Environment, Social, Governance) index which included companies from WIG20 and mWIG40 indices. According to the announcement from the Warsaw Stock Exchange, the last day of publication of the WIG-ESG index was June 28, 2024.

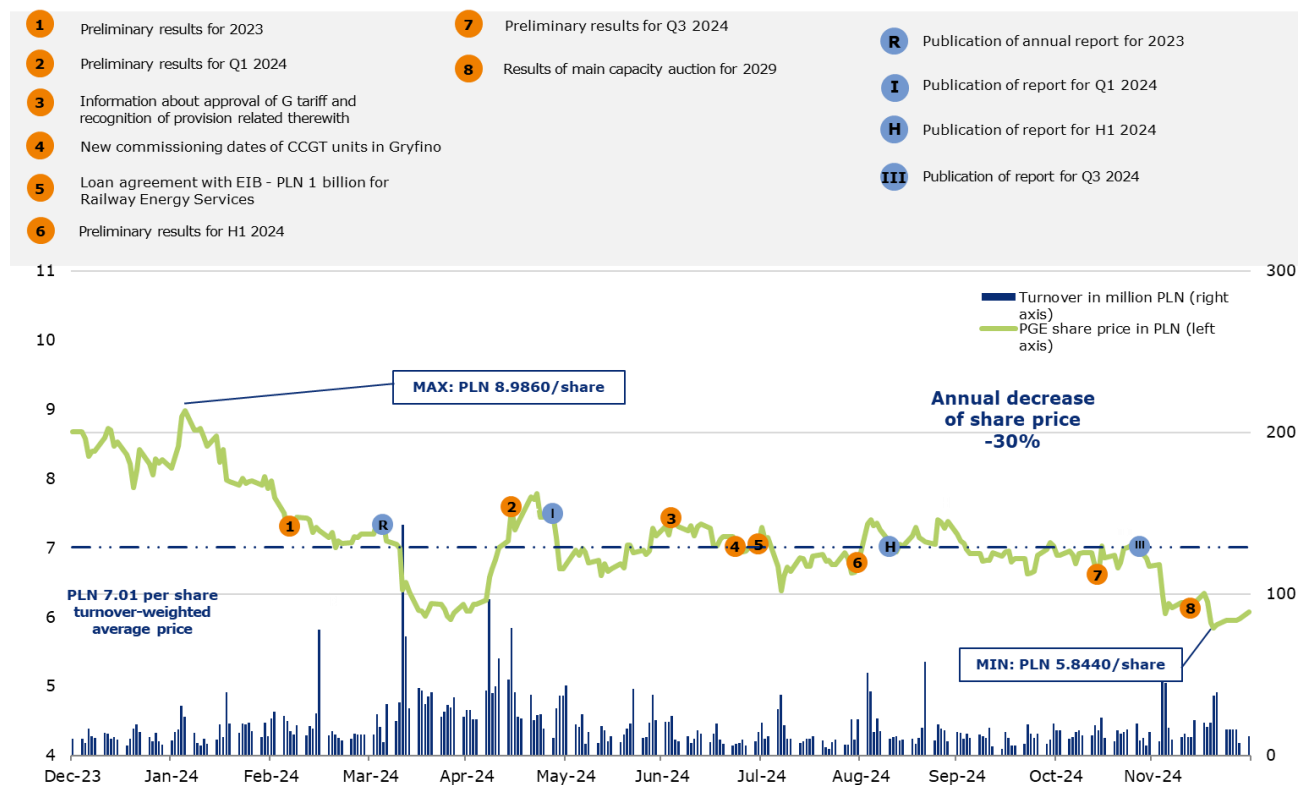
In 2024 PGE shares quotation were in range PLN 5.8440-8.9860. Average market capitalisation (value of all shares of the Company) in 2024 amounted to approx. PLN 15.7 billion. Average trading volume amounted to 2.7 million shares per session and average trading amount reached approx. PLN 18.8 million.

Chart: Quotes of PGE share price in relation to the WIG, WIG - ENERGY and WIG - ESG Index (PLN).



Source: Bloomberg.

Chart: Key events on the background of stock quotes of PGE in 2024 (PLN).



Source: Bloomberg, Company's data.

Table: Key data on PGE S.A. shares.

Details	2024	2023
Turnover value (PLN m)	4 898	4 649
Average turnover volume (pcs)	2 711 128	2 415 320
Maximum price during the year (PLN) ¹	8.9860	9.1640
Minimum price during the year (PLN) ¹	5.8440	5.8600

¹ Stock prices on closing.

Source: Bloomberg.

All Company shares are bearer shares. Shares are not privileged, however the Company's Statute provides for special rights for the State Treasury, e.g. with respect to the appointment of members of the Supervisory Board (more information on special powers for the State Treasury in p. 7.1.5 of this report). Shareholders' rights are described in p. 7.3 of this report.

6.3.9. Recommendations of brokerage houses

In 2024, analysts of brokerage houses issued 18 recommendations for PGE S.A. shares.

Table: Brokerage houses' recommendations for PGE S.A. shares.

Brokerage house	Date	Recommendation	Target price (PLN)	Closing price on the day of recommendation (PLN)
BOSSA	2024-02-07	sell	7.2	8.7
Citi	2024-02-15	neutral	9.1	8.4
Trigon	2024-05-13	buy	8.9	7.0
Patria	2024-05-21	buy	9.4	7.7
Citi	2024-05-27	sell	6.7	7.5
mBank	2024-06-26	buy	8.8	6.9
BOSSA	2024-09-24	sell	6.2	7.4
PKO	2024-09-27	hold	7.8	7.3
Bernstein	2024-10-09	overweight	12.1	6.8
Noble	2024-10-18	reduce	6.2	6.8
Trigon	2024-10-21	buy	8.8	6.8
Sadif	2024-11-14	buy	9.9	6.6
Santander	2024-11-20	overweight	9.0	6.7
BOSSA	2024-12-02	sell	6.5	6.7
Wood	2024-12-03	sell	6.5	6.8
Trigon	2024-12-03	buy	7.6	6.1
Pekao	2024-12-04	sell	6.0	6.1
Ipopema	2024-12-04	sell	5.0	6.3

6.3.10. PGE S.A. Investor Relations in 2024

The main objectives of PGE's information policy are transparency and cooperation based on mutual trust. Effective communication with investors and transparency are in the Company's best interest and contribute to building value for its Shareholders. The activities taken up by PGE S.A. in terms of investor relations are more than regulation requirements. These regulations oblige the Company to meet information duties in terms of periodical and on-going reporting with special consideration of inside information. In order to satisfy demanding stockholders and investors, we launched a series of additional tools, the aim of which is to eliminate the information asymmetry between the Company and the capital market. These tools are available on the Company's website, in the Investor Relations' section in Analyst's zone <https://www.gkpge.pl/en/for-investors/shares/analyst-s-zone>

Among others they include:

- presentation of PGE Group's strategy,
- Investor presentation – updated periodically as market needs and expectations arise,
- presentations on significant undertakings of the PGE Group (i.e. acquisition of PKP Energetyka S.A., offshore wind farm programme);
- an editable xls file, which includes financial and operating data presented in the form of time series starting from the first quarter of 2011 until the latest reporting period.

The following are also published on the website in the section dedicated to investors:

- consensus forecasts of brokerage houses,
- information on shares, bonds and credit ratings;
- information related to corporate governance;
- calendar of events.

In addition, the Company publishes preliminary estimated results in periods preceding periodic reporting. These publications include key financial values, operating volumes and information on important one-offs. Each time after the publication of the periodic report, the company organizes a conference for journalists and analysts, which is broadcast live on the Internet. The representatives of the management and the investor relations team also participate in many conferences and meetings held in Poland and abroad, where they establish direct contact with investors.

For investors sensitive to social and environmental issues, who seek interactions between business, finances and the Company's engagement for the benefit of its surroundings, since 2015 we have been publishing an online integrated report of PGE Capital Group.

The aforementioned activities are aimed at the best possible communication with stakeholders, what has been appreciated several times in the research of Institutional Investor, a leading global publisher in the field of finance, in which PGE S.A. won, among others, awards for the best investor relations in Poland (most recently in December 2023).

6.3.11. Rating

PGE S.A. holds ratings assigned by two rating agencies: Fitch Ratings ("Fitch") and Moody's.

	Moody's	Fitch Ratings
Long-term company rating	Baa1	BBB
Rating outlook	stable	stable
Date of rating assignment	September 2, 2009	September 2, 2009
Date of the latest rating confirmation/ change	August 28, 2024	January 13, 2025
Poland long-term rating	A2	A-
Rating outlook	stable	stable

At the beginning of 2024 Fitch Ratings affirmed its long-term rating of PGE S.A. at the investment grade level of BBB+, with stable outlook.

In its January 2024 announcement, Fitch highlights that the rating reflects the business profile of the PGE Group, which is Poland's largest integrated energy group, based largely on stable regulated revenues from electricity distribution and the capacity market. PGE Group's business profile was further positively influenced by the acquisition of the PKP Energetyka S.A. (currently PGE Energetyka Kolejowa S.A.) in April 2023. In Fitch's assessment, ongoing investments in new generation sources based on gas (Gryfino 2050 and new unit in Rybnik power plant) thanks to 17-year capacity contracts will also improve the future results of the PGE Group. The rating level and its outlook are also supported by the projected maintenance of limited debt levels in the coming years despite planned large capital expenditure. PGE Group's electricity generation profile, currently based on coal-fired power plants, for which Fitch expects a significant deterioration in profitability in the medium term, is cited as a potential risk.

In turn, at the beginning of 2025, the Fitch rating agency downgrade the long-term rating of PGE S.A. to BBB, with a stable outlook.

Within the rating assessment Fitch agency did not assume a spin-off from PGE Group's structure of conventional assets associated with mining and electricity generation from lignite and hard coal.

Fitch justifies the rating downgrade by projected increase of Company's net leverage due to a high capex, allocated largely to energy transition. Additionally, in its report the Agency points out a weakening PGE's competitive position due to structural market changes, including the growth of renewables in electricity generation. As a consequence, Fitch expects decrease in volumes of PGE's lignite- and coal-fired power generation and reduced profitability of the Company, which is significantly affected by the fixed cost base of its lignite mines, given the lack of domestic regulatory mechanisms to cover these losses.

According to the Agency's report, stable outlook reflects PGE's adequate projected net leverage and the solid share of regulated distribution and a gradually improving electricity generation mix, including investments in new CCGT units, onshore renewable energy sources and first offshore wind project.

Moody's analysts confirmed the rating of PGE S.A. at Baa1 stable in August 2024.

According to the opinion issued by this institution, the confirmation of the assigned rating takes into account the leading position on the energy market in Poland, assuming the concentration on the Renewables and Distribution segments as well as the historically low level of debt ratios and the expected strong support from the Polish government (the State Treasury's share in the shareholding structure at the level of 60.86%).

The above factors are balanced by the uncertainty regarding the implementation of the government plan to take over the coal assets of the PGE Group, the Group's high exposure to price volatility on commodity markets and significant planned capital expenditures, absorbing operating cash flow and carrying risks related to the planned completion of the investment, which will worsen credit indicators over the next two years..

Moody's notes that a potential spin-off of coal assets would improve the Company's business risk profile as it would increase profits from regulated activities and enable the Company to access additional funds from investors who avoid financing activities related to coal assets.

7. Statement on implementation of Corporate Governance

7.1. Application of corporate governance principles by the Company

This Statement on implementation of corporate governance in PGE S.A. in 2023 was prepared on the basis of § 70 section 6 point 5 of the Regulation of the Minister of Finance dated March 29, 2018 on current and periodic information published by issuers of securities and on conditions under which such information may be recognized as being equivalent to information required by the regulations of law of a state which is not a member state.

Corporate governance is a set of rules of conduct addressed both to the governing bodies of companies and the members of these bodies and to majority and minority shareholders. Corporate governance rules apply to the widely define corporate management and they lead to greater transparency at listed companies, improved quality of companies' communication with investors, reinforcing the protection of shareholder rights, including in matters not addressed by law. Since its IPO in 2009, PGE S.A. has applied the corporate governance rules contained in the Best Practices published by the Warsaw Stock Exchange, on which the Company's shares are listed. The contents of the document are the result of the work of experts who are members of the WSE Corporate Governance Consultative Committee, representing the interests of various groups of capital market participants.

7.1.1. Basic information

In 2024 PGE S.A. was obliged to follow the corporate governance principles described in "Best Practices of WSE Listed Companies 2021" (further: Best Practices 2021, DPSN). Best Practices 2021 were adopted with the Resolution of the Board of the WSE no. 13/1834/2021 on March 29, 2021 and are obeyed by PGE starting from July 1, 2021. The text of the Best Practices is published on the official website of the Warsaw Stock Exchange devoted to corporate governance: <https://www.gpw.pl/dobre-praktyki2021>

Moreover, pursuant to Art. 7 sec. 3 of the Act on the principles of state property management, the Prime Minister may specify best practices in the field of corporate governance. Due to the fact that the Prime Minister did not specify the best practices referred to above, in terms of best practices in 2024, the Company did not apply any other practices - apart from those indicated in the DPSN.

Companies complying with the Best Practices are required to report on their application. A comprehensive study of compliance with the Best Practices at the Company and the Group was carried out, involving a number of relevant departments. A matrix of the responsibilities of the organisational units in relation to each principle was prepared and the data and necessary explanations were collected to determine the degree of compliance with the Best Practices. Additionally, the Company took into account the Corporate Governance Committee's guidance on the application of the Best Practices rules, which was edited based on questions raised by issuers. The application status report was presented to the Management Board and the Supervisory Board of the Company with explanations and comments. The Company's Management Board approved the report on July 30, 2021 and the company published the report in the EBI system on that date. In the report, the Company declared the application of 53 Best Practices rules, which, according to the statements available at the date of preparation of this report on the Best Practices Scanner website (<https://www.gpw.pl/dpsn-skaner>) means the achievement of a COMPLY factor (declared level of compliance with the Best Practices 2021) of 84%, compared to 83% for the Energy sector and 78% for WIG index companies. The Company monitors the application of the rules on an on-going basis and publishes relevant information in the event of a breach.

Since December 2021, a Sustainability Committee has been operating at the Company, that is responsible for the implementation of ESG principles at PGE Group, including as part of governance management, and prepares recommendations for increasing the scope of application of the Best Practices.

Table: Information on the Company's application of selected DPSN rules in 2024.

Scope	Selected aspects concerning the application of Best Practices
DISCLOSURE INVESTOR COMMUNICATIONS POLICY,	In 2024, the Company engaged in multi-channel communication with capital market participants - through the website and a dedicated Investor Relations tab, email correspondence to investors following significant events at PGE Group and meetings with analysts and investors. the Company participated in stationary investor conferences in Poland and abroad, among others in London, Vienna and Prague. Each time before the publication of a periodic report, PGE S.A. published estimated results, together with information on one-off events. In addition, a presentation detailing the presented estimated results and key factors influencing the change in the result y/y was published on the website. Following the publication of its 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 broadcast live online, after which a transcript of the broadcast was posted on the corporate website. An opportunity was provided each time for participants to ask questions. The publications on the website also included: - periodic result presentations together with the analyst package and a supplement to the presentation in the form of an xls file, - investor presentation – updated periodically, - presentation PGE Group's Decarbonisation Pathway; - editable xls file, which includes financial and operating data presented in the form of time series starting from the first quarter of 2011 until the latest reporting period; - consensus of analysts' forecasts; - calendar of events. With a view to transparency in the implementation of the concept of sustainability and presentation of the Company's impact on its environment, PGE Group's Integrated Report was published online. The report for 2023 is available at: https://raportzintegrowany2023.gkpgge.pl/en/
MANAGEMENT BOARD AND SUPERVISORY BOARD	Principles that were in force when performing functions in the Management Board and the Supervisory Board: - Management Board and Supervisory Board members hold the adequate competences, skills and experience necessary to perform the entrusted functions, - performing functions in the Management Board of the Company was the main area of professional activity of the Members of the Management Board, - at December 31, 2024 7 members of the Supervisory Board met the independence criteria, - Members of the Supervisory Board devoted the necessary amount of time to perform their duties; - The Chairwoman of the Supervisory Board did not combine her function with managing the work of the Audit Committee; - The Company delegated administrative and financial resources necessary to ensure the efficient functioning of the Supervisory Board.
INTERNAL SYSTEMS AND FUNCTIONS	- PGE maintained efficient internal control, risk management and compliance systems and an efficient internal audit function, - PGE's organisation included units responsible for the tasks of individual systems and functions, - the operation of the internal audit was independent, the head of the Audit Department reported to the Member of the Management Board and functionally to the Chairman of the Audit Committee, - the remuneration of persons responsible for risk and compliance management and the head of the internal audit was dependent on the implementation of the assigned tasks and not on the short-term results of the Company.
GENERAL MEETING, SHAREHOLDER RELATIONS	- In 2024, two General Meetings of the Company were held: the Ordinary General Meeting on June 28 and continued after a break on July 25, and the Extraordinary General Meeting on January 31 - the proceedings were broadcast live, - General Meetings were convened on date in accordance with the provisions of law, and the Company selected the place and date of the General Meetings in a way that enabled the largest possible number of Shareholders to participate in the meeting, - Media representatives were allowed to attend the General Meeting; - Members of the Management Board and Supervisory Board participated in the General Meeting in composition that allowed them to comment on the matters being discussed during the General Meeting and to provide substantive answer to the questions asked, - At the Ordinary General Meeting on June 28, 2024, the Company's Management Board presented and discussed the financial and operating results for 2023 comparing the figures presented with previous years.
CONFLICT OF INTEREST, RELATED PARTY TRANSACTIONS	- Company had in place transparent procedures for managing conflicts of interest and for related party transactions where a conflict of interest may occur, - Members of the management board and members of the supervisory board refrained from professional or other activities which might cause a conflict of interest or adversely affect their reputation as members of the corporate body; - The Regulations of the Management Board and the Supervisory Board contained provisions obliging Members of the governing bodies to inform about the conflict of interest of other Members of the governing bodies, - No Shareholder was privileged over other Shareholders with regard to related party transactions. The company has a section on significant related party transactions on its website: https://www.gkpgge.pl/dla-inwestorow/lad-korporacyjny/istotne-transakcje-ustawa-o-ofercie – there were no such transactions in 2024, however an update was made to 2021 information in connection with an annex to a contract disclosed by one of the subsidiaries.

Scope	Selected aspects concerning the application of Best Practices
REMUNERATION	- The Company has a Remuneration Policy for the Members of the Management Board and Supervisory Board of PGE S.A. adopted by the Ordinary General Meeting of the Company on June 26, 2020 and modified by the Ordinary General Meeting on June 22, 2022, - The content of the Remuneration Policy and the report together with the Auditor's Report regarding the assessment of the report on remuneration of PGE Management Board and Supervisory Board Members for 2019-2020, 2021, 2022 and 2023 are available on the company's website at: https://www.gkpgge.pl/en/for-investors/corporate-governance/remuneration-policy, - Remuneration of members of the Management Board and Supervisory Board as well as key managers is sufficient to attract, retain and motivate people with competences necessary for proper management and supervision of the Company; - The amount of remuneration of the Members of the Supervisory Board is not dependent on the Company's short-term results - in accordance with the resolution of the General Meeting, the monthly remuneration of the Members of the Supervisory Board was determined as the product of the average monthly remuneration in the enterprise sector without payments of rewards from profit in the fourth quarter of the previous year, announced by the President of the Central Statistical Office and the multiplier: 1.7 (for the Chairperson of the Supervisory Board), 1.5 (for other Members of the Supervisory Board).

OTHER PRACTICES IN THE PGE GROUP

PGE Group has had a Code of Ethics in place since 2015. PGE Group's Code of Ethics is a set of values and principles that apply throughout PGE Group. The Code sets out PGE Group's core ethical values and the standards expected of employees, including management.

Everyone acting for and on behalf of PGE Group is required to be familiar with the Code and, above all, to observe the values and principles set out in the document.

PGE Group's Code of Ethics regulates the manner in which irregularities are reported in the event of breaches and non-compliance with applicable values and principles.

VALUES IN THE PGE GROUP

Partnership – is identification with PGE Group and the resulting cooperation, effective and creative collaboration, leading to synergy, in every area of activity - for the benefit of customers, owners, employees and business partners; resulting from good cooperation between companies and segments, as well as between individual employees and between teams. Partnership - is a relationship based on respect.

Development – is the continuous improvement of people, organisations, processes and technologies, creating conditions for innovation, actively seeking new solutions. Development requires the courage to introduce changes and create a new reality.

Responsibility – is caring for the energy security of the country, the development of the Polish economy and the sustainable development of the company, for the company as a good place to work and to maintain the highest standards of health and safety, the reliability of both the organisation and each employee. Responsibility is honesty in every action that is taken.

7.1.2. Information on exceptions in application of the corporate governance principles

In 2024 the Company applied the Best Practices 2021, except for the rules indicated below (1.3.2, 1.4.2, 2.1, 2.2, 2.11.6, 3.5, 3.7, 3.8, 4.1 and 6.4):

- 1.3.2 "Companies integrate ESG factors in their business strategy, including in particular social and employee factors, including among others actions taken and planned to ensure equal treatment of women and men, decent working conditions, respect for employees' rights, dialogue with local communities, customer relations".

In its business Strategy, the company takes into account broadly understood social and employee factors. However, the Strategy does not cover issues related to the actions taken and planned to ensure equal treatment of women and men. The Company strives to ensure that the measures taken in employee affairs are based on equal treatment of both genders.

- 1.4.2 "To ensure quality communications with stakeholders, as a part of the business strategy, companies publish on their website information concerning the framework of the strategy, measurable goals, including in particular long-term goals, planned activities and their status, defined by measures, both financial and non-financial. ESG information concerning the strategy should among others present the equal pay index for employees, defined as the percentage difference between the average monthly pay (including bonuses, awards and other benefits) of women and men in the last year, and present information about actions taken to eliminate any pay gaps, including a presentation of related risks and the time horizon of the equality target".

Currently, the company does not present information about actions taken or planned in order to ensure the wages equality with regard to gender. The equal pay ratio is presented in the Sustainability Statement.

- 2.1 "Companies should have in place a diversity policy applicable to the management board and the supervisory board, approved by the supervisory board and the general meeting, respectively. The diversity policy defines diversity goals and criteria, among others including gender, education, expertise, age, professional experience, and specifies the target dates and the monitoring systems for such goals. With regard to gender diversity of corporate bodies, the participation of the minority group in each body should be at least 30%".

PGE Polska Grupa Energetyczna S.A. has not yet developed a diversity policy applicable to the company's governing bodies. Recruitment process for the managerial positions includes such elements as proper education, professional experience, qualifications and competences of the candidates and does not disqualify any candidates in terms of elements of the diversity policy that are indicated in the principle. There was no gender diversity in the Management Board of the Company, while in the Supervisory Board the minority share was at the level of approx. 38% (as at December 31, 2024).

- 2.2 "Decisions to elect members of the management board or the supervisory board of companies should ensure that the composition of those bodies is diverse by appointing persons ensuring diversity, among others in order to achieve the target minimum participation of the minority group of at least 30% according to the goals of the established diversity policy referred to in principle 2.1"

PGE Polska Grupa Energetyczna S.A. has not yet developed a diversity policy applicable to the company's governing bodies. Recruitment process for the managerial positions includes such elements as proper education, professional experience, qualifications and competences of the candidates and does not disqualify any candidates in terms of elements of the diversity policy that are indicated in the principle. In the Company's view, the versatility of the Company's bodies is ensured by the diversity of the members of the Management Board and the Supervisory Board in terms of education, expertise in various fields, and professional experience. There was no gender diversity in the Management Board of the Company, while in the Supervisory Board the minority share was at the level of approx. 38% (as at December 31, 2024).

- 2.11.6 "In addition to its responsibilities laid down in the legislation, the supervisory board prepares and presents an annual report to the annual general meeting once per year. Such report includes at least the following: information regarding the degree of implementation of the diversity policy applicable to the management board and the supervisory board, including the achievement of goals referred to in principle 2.1."

The company has no formal diversity policy applicable to the Management Board and the Supervisory Board, therefore, it does not prepare a report with information on the degree of implementation of the diversity policy.

- 3.5 "Persons responsible for risk and compliance management report directly to the president or other member of the management board".

In accordance with the current organisational structure, the person responsible for risk management reports to the Managing Director of Finance, who reports directly to the member of the Management Board. The lack of direct reporting of the Head of the Department in charge of risk management is due to the Company's organisational structure and the consistent capture of risks together with financial issues. Regardless of subordination to the Managing Director of Finance as part of his responsibilities, the Director of the Risk and Insurance Department has direct contact with the Member of the Management Board in charge of Finance. In accordance with the current organisational structure, the person responsible for Compliance has the possibility to report directly to the President of the Management Board while organisationally they report to the Director of the Security Division, who reports directly to the President of the Management Board.

- 3.7 "Principles 3.4 to 3.6 apply also to members of the company's group which are material to its activity if they appoint persons to perform such tasks".

Principle is not applied in relation to principle 3.5 in case of persons responsible for risk management in some group's companies, which are material to the group's activity. At the other Group companies of significant importance to the Group's business, the persons appointed for risk management and compliance tasks report to the Presidents or Members of the Management Board.

- 3.8 "The person responsible for internal audit or the management board if such function is not performed separately in the company reports to the supervisory board at least once per year with their assessment of the efficiency of the systems and functions referred to in principle 3.1 and tables a relevant report".

Currently, information about assessment of the efficiency of the systems and functions referred to in principle 3.1 (internal control, risk management and compliance as well as internal audit), are presented

to the Supervisory Board by the directors of particular departments and the President of the Management Board.

- 4.1 "Companies should enable their shareholders to participate in a general meeting by means of electronic communication (e-meeting) if justified by the expectations of shareholders notified to the company, provided that the company is in a position to provide the technical infrastructure necessary for such general meeting to proceed".

The Management Board of PGE does not exclude adoption of the above-mentioned principle in future. In opinion of PGE's Management Board, non-compliance with the above principle will not affect the reliability of the information policy and does not cause a risk of limitations or difficulties for shareholders to participate in general meetings. The Company provides real-life broadcast of the general meeting.

- 6.4 "As the supervisory board performs its responsibilities on a continuous basis, the remuneration of supervisory board members cannot depend on the number of meetings held. The remuneration of members of committees, in particular the audit committee, should take into account additional workload on the committee".
- Remuneration of Members of the Supervisory Board of PGE S.A. was defined by Resolution No. 5 of the Extraordinary General Meeting of December 14, 2016 (as amended) on the rules for determining the remuneration of Members of the Supervisory Board, according to which the monthly remuneration of members of the Supervisory Board was set as a product of the average remuneration in the business sector exclusive of profit-based bonuses in the fourth quarter of the previous year as announced by the President of the Central Statistical Office of Poland and the following factor: 1.7 (for the chairperson of the Supervisory Board), 1.5 (for the other members of the Supervisory Board). The remuneration of Supervisory Board members does not depend on the number of meetings held, but the work in committees is not remunerated additionally. Paid to Members of the Supervisory Board of PGE S.A. the remuneration complies with the rules set out in the Act of June 9, 2016 on the rules for determining the remuneration of persons managing certain companies.

Information on the status of the Company's application of the DPSN 2021 is published on its website under Corporate Governance: <https://www.gkpge.pl/en/for-investors/corporate-governance>

7.1.3. Information about violation of best practices

In 2024 there were no incidental violations of the Best Practices.

7.1.4. Description of the basic characteristics of internal control systems and risk management systems used in the company during preparation of the financial statements

The Company applies the following mechanisms of internal control and risk management during preparation of the financial statements (standalone and consolidated):

PRINCIPLES OF SUPERVISION OVER PREPARATION OF FINANCIAL STATEMENTS.

To ensure the application of uniform accounting principles in the PGE Capital Group, an EU IFRS-compliant accounting policy of the PGE Capital Group (Accounting Policy, Policy) has been developed. Policy is binding for the companies using IFRS for preparation of their statutory financial statements and at preparation of the IFRS-compliant reporting packages for the consolidation. The accounting policy is updated in the event of changes in regulations or in the event of significant events which were not described previously. The Management Board of the parent company is responsible for developing and updating the Policy.

Before every reporting period the companies subject to consolidation receive detailed guidelines from PGE S.A. with regard to method and closing date of the accounting books, preparation and submitting the reporting packages and template updated for a given period.

MANAGEMENT MECHANISMS FOR IT SYSTEM USED FOR FILING AND FINANCIAL REPORTING WITH PROTECTION MECHANISMS.

The Company keeps accounting books in the integrated information system. The system ensures division of competencies, coherent entries in the books and control between the general ledger and subsidiary ledgers. The system can be modified to ensure adequacy of the technical solutions to the changing accounting principles and legal standards. The adopted IT solutions ensure access control and protection against unauthorized interference. The rules for archiving financial and accounting data are also implemented.

Consolidation of the financial statements is performed in the dedicated IT program. The program ensures consistency of reporting for the purposes of consolidation for all companies of the Capital Group, regardless of the accounting system used for statutory purposes. All companies of the Capital Group enter data in the same system.

Data for the consolidation program are partly entered automatically from accounting systems and the rest is completed manually. The functionality of the program ensures verification of internal data consistency, reconciliation of turnover, settlements and flows between the companies of the Capital Group and the automation of repeated consolidation adjustments. Ultimately, the program generates reports that are the basis for the preparation of consolidated financial statements.

There is also access control and rights to edit and approve financial data entered into the consolidation program.

PRINCIPLES OF VERIFICATION AND EVALUATION OF STATEMENTS

The management of the particular companies are responsible for preparation of the reporting packages under consolidation. Management is responsible for the preparation and approval of the data. In addition, the reporting packages of significant subsidiaries are verified by the reporting team in the parent company and by an independent auditor. The reporting data of the subsidiaries are also analysed by the parent company in terms of deviations from financial plans and comparable periods.

Director of the Reporting and Tax Department of the Company is responsible for the preparation of stand-alone and consolidated financial statements. Statutory auditors perform an independent assessment of reliability and correct preparation of the financial statements of PGE S.A. and financial statements of companies subject to consolidation.

The preparation of financial statements in accordance with the ESEF requirements in XBRL format is carried out with the support of an external professional entity.

The auditor selection procedure and the policy of cooperation with the auditor ensure his independence from the Company and the Capital Group. In accordance with the policy adopted by the Audit Committee, updated in 2020, the maximum uninterrupted duration of engagements for audits of financial statements, carried out by the same audit firm or an audit firm associated with this audit firm or any member of the network operating in the European Union countries to which these audit firms, may not exceed 10 years, provided that the key statutory auditor may not audit the financial statements for a period longer than 5 years and that the key statutory auditor may re-audit the financial statements after at least 3 years from the end of the last auditing financial statements.

The PGE Group has implemented a multi-stage process of approving financial statements with the participation of Supervisory Boards of the companies under consolidation. Stand-alone and consolidated financial statements of PGE S.A. are evaluated by the Supervisory Board. The Audit Committee operates within the Supervisory Board and is responsible, among others, for: monitoring the independence of the statutory auditor, monitoring the effectiveness of internal control systems, reviewing interim and annual financial statements of the Company. In the case of companies with Supervisory Boards, the individual reports are assessed by the Supervisory Boards of these companies. The financial statements are approved by the General Meetings of the companies

INTERNAL AUDIT, CORPORATE RISK MANAGEMENT AND OTHER ELEMENTS OF CONTROL

The Company has an internal audit that covers all areas of activity of the PGE Capital Group, excluding protection of classified information, which is regulated by the appropriate act. Internal audit operates on the basis of the Audit Regulations at PGE Group developed taking into account generally recognised international standards for the professional practice of internal auditing. PGE S.A. strives to implement the recommendations of the Warsaw Stock Exchange contained in the Best Practices (DPSN 2021), regarding the maintenance of an effective internal audit function, appropriate to the company's size, type and scale of operations.

The audit function has been consolidated within PGE Group and is carried out by the Internal Audit Department, which carries out audit tasks for the Corporate Centre and individual PGE Group companies. The exceptions are Conventional Generation companies, where separate audit structures exist.

The internal audit function operates according to a plan. The Internal Audit Department prepares audit tasks and the resources required for their implementation in the Annual Audit Plan of the PGE Group, which is approved by the Management Board of PGE S.A. The Annual Audit Plan is based, among other things, on the Long-Term Audit Plan covering a four-year cycle, operational risk analysis results, and reported audit needs. In addition to planned audit tasks, ad hoc audit assignments are also carried out.

The Director of the Internal Audit Department reports directly to the President of the Management Board. Internal audit matters are also presented to the Audit Committee of the Supervisory Board through communication of the results of individual audit assignments and as part of cyclical reporting covering the entire functioning of the internal audit in PGE CG. The Audit Committee is a collegiate advisory and opinion-making body of the Supervisory Board, composed of its Members.

The internal structure of the Internal Audit Department includes separate organizational units dedicated to servicing individual operational segments of PGE Capital Group and performing activities from the Corporate Centre level. In order to maintain audit independence, the Audit Department in the organisational structure of PGE S.A. reports directly to the President of the Management Board. Both the directors and the internal auditors support the Company's operational and reporting processes by participating in the performance of advisory tasks and by communicating to the substantive units of PGE S.A. important issues resulting from performed audit tasks.

One of the features of the internal control system at PGE Group is that it operates on the basis of on-going cooperation between the units responsible for audit, security and compliance. This cooperation is carried out in particular through on-going and immediate exchange of information. In addition, PGE S.A. has in place an Information Coordination System consisting of the coordination - by the unit competent for security - of investigations carried out in the area of security and crisis management by this unit and by the units competent for audit and compliance, in accordance with their jurisdiction, as well as by the organisational units competent for security and crisis management in PGE Capital Group companies.

7.1.5. Shareholders and Company's securities

SHAREHOLDERS WITH A SIGNIFICANT STAKE

Shareholders holding directly or indirectly by subsidiaries at least 5% of the total votes at Company's General Meeting are presented in p. 6.3.1 of the foregoing report.

SHAREHOLDERS WITH SPECIAL CONTROL POWERS

Company shares are ordinary, bearer shares listed at the regulated market of the Warsaw Stock Exchange. Company shares are not privileged.

Despite the fact that the Company shares are not privileged, the Statutes provides for special powers for the State Treasury as long as it is the shareholder of the Company. In accordance with statutory provisions, the State Treasury may demand in writing that the Management Board convene the General Meeting, demand that certain matters be placed on the agenda, submit draft resolutions pertaining to matters placed on the agenda of the General Meeting or matters which may be placed on the agenda.

The State Treasury is authorised to appoint one member of the Supervisory Board by means of a written statement submitted to the Management Board of the Company. Such nomination or dismissal takes effect from the date on which the relevant notification is delivered to the Management Board and does not require a General Meeting resolution. The State Treasury may exercise this power regardless of the voting right when appointing other members of the Supervisory Board.

On the ground of the Statutes, the State Treasury holds special right with regard to selection of the Supervisory Board members. Selection of half of members of the Supervisory Board, appointed by the General Meeting, shall be elected from among persons indicated by the State Treasury. The Supervisory Board selects the Chairperson of the Supervisory Board from among its members wherein the Chairperson of the Supervisory Board shall be elected from among persons indicated by the State Treasury. This State Treasury's right is valid until its stake in the Company is not less than 20%.

LIMITATIONS REGARDING EXERCISE OF THE VOTING RIGHTS FROM THE EXISTING SHARES

As from June 29, 2011 the Statutes of the Company provide the limitations regarding exercise of the voting rights in shares. The voting right of shareholders shall be limited in such manner that at the General Meeting, none of them may exercise more than 10% of the total number of votes existing in the Company as at the date of holding the General Meeting, subject to the provision that for the purposes of determining the obligations of entities acquiring considerable blocks of shares as provided for in the Act on public offerings, conditions for introducing financial instruments to an organised trading system and public companies of July 29, 2005, such limitation of the voting right shall be regarded as non-existent.

The above limitation does not apply to the State Treasury and shareholders acting with the State Treasury on the basis of agreements concerning the joint exercise of the voting right related to shares.

In addition, for the purposes of limiting the voting right, votes belonging to shareholders between whom there exists a relationship of domination or dependence (Shareholders Group) shall be cumulated; in the event that the cumulated number of votes exceeds 10% (ten per cent) of the total number of votes in the Company, it shall be subject to reduction.

The accumulation of votes shall consist in the summing of the number of votes remaining at the disposal of shareholders belonging to a Shareholders Group.

The reduction of votes shall consist in decreasing the total number of votes in the Company to which shareholders belonging to a Shareholders Group are entitled at the General Meeting to the threshold of 10% (ten per cent) of the total number of votes in the Company.

The accumulation and reduction of votes together with the detailed description of the shareholders between whom there exists a relationship of domination or dependence are governed by the principles included in the Company's Statutes.

Moreover, each shareholder who intends to participate in the General Meeting, directly or by proxy, shall be obliged, without a separate call, to notify the Management Board or the Chairperson of the General Meeting of the fact that he holds, directly or indirectly more than 10% (ten per cent) of the total number of votes in the Company. This obligation does not apply to the State Treasury. A person who has failed to comply or has complied improperly with that obligation to provide information may exercise the voting right exclusively from one share until the remedy of such failure to. The exercise of the voting right from the other shares by such person shall be ineffective.

Irrespective of the above provision, in order to establish a basis for the accumulation and reduction of votes, a shareholder, the Management Board, the Supervisory Board and the particular members of these bodies may demand that a shareholder provide information whether he is a person having the status of a dominant or dependent entity with respect to another shareholder. The right referred to in the preceding sentence shall also cover the right to demand that a shareholder disclose the number of votes that such shareholder holds independently or together with other shareholders.

At the time when the share of the Company's share capital held by the State Treasury falls below 5%, the limitation of the above voting right shall expire.

LIMITATIONS REGARDING THE TRANSFER OF OWNERSHIP OF THE COMPANY'S SECURITIES

There are no limitations regarding the transfer of ownership of the Company's securities, that the Company is aware of, apart from the limitations regarding the shares of the Company that belong to the State Treasury, resulting from the Act of December 16, 2016 on rules of management of the state assets. Pursuant to art. 13 of the Act in question, shares or rights attached to shares belonging to the State Treasury - as a rule - cannot be sold. Disposal of shares in violation of this prohibition is invalid. Possible sale is permitted, inter alia, to another company whose Shareholder is exclusively the State Treasury or another legal entity or a company expressly mentioned in the aforementioned Act. The manner of sale is also described in the Act.

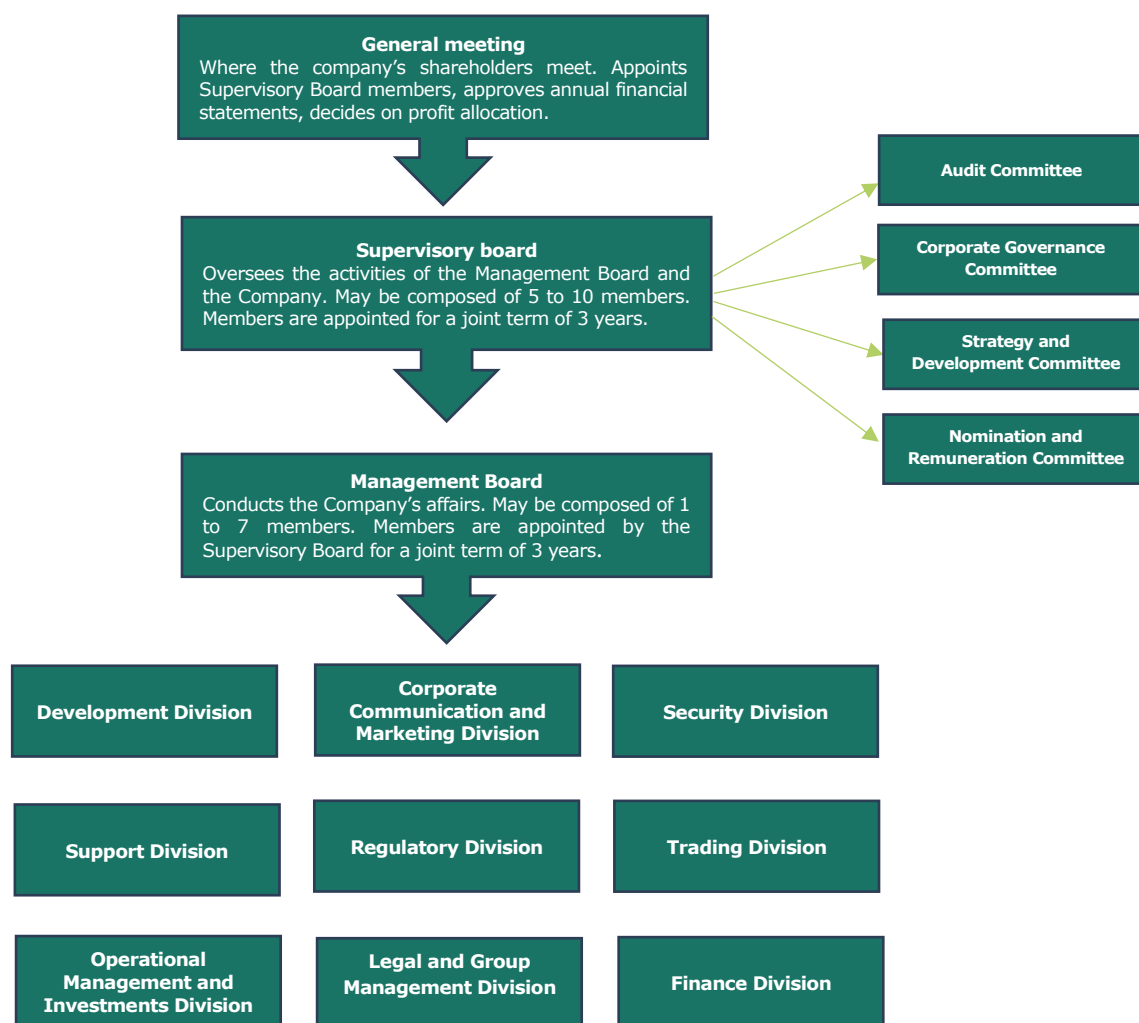
7.2. Bodies of the Company and management structure

The bodies of the company include:

- General meeting,
- Supervisory board,
- Management board.

Competences of the particular governing bodies are specified in the company's articles of association, the content of which is established by the company's General Meeting.

Chart: Simplified management structure in PGE S.A. as at December 31, 2024.



Detailed division of powers of the Management Board is presented in p. 7.5.1

7.3. General Meeting

MODE OF OPERATION OF THE GENERAL MEETING OF THE COMPANY AND ITS ITS KEY POWERS

Rules of the General Meeting are determined in the Code of Commercial Companies and the Company's Statutes. The additional issues related to the activities of the General Meeting are regulated by the Rules of the General Meeting approved by the General Meeting on March 30, 2010.

The Company's Statutes and the Rules of the General Meeting are available on the PGE's website at:

[Statutes of PGE S.A.](#)

[Regulations of the General Meeting](#)

RIGHTS OF SHAREHOLDERS AND THE MANNER OF THEIR EXECUTION

Table: Rights of shareholders and the manner of their execution

Rights of shareholders	Manner of their execution
CONVENING THE GENERAL MEETING	A Shareholder or Shareholders representing at least one-twentieth of the share capital may request that a General Meeting be convened.
PLACING ITEMS ON THE AGENDA OF THE GENERAL MEETING	A Shareholder or Shareholders representing at least one-twentieth of the share capital may request that certain matters be placed on the agenda of the next General Meeting. The State Treasury is also entitled to this right as long as it remains a shareholder. The request should be submitted to the Management Board no later than 21 days before the scheduled date of the General Meeting, and if submitted after this date, it will be treated as a request to convene an Extraordinary General Meeting. The request should include a justification or a draft resolution concerning the proposed agenda item. The request may be submitted in electronic form.
BECOMING ACQUAINTED WITH THE LIST OF SHAREHOLDERS PARTICIPATION IN THE GENERAL MEETING	At the request of a Shareholder, the list of Shareholders will be sent to him/her free of charge by e-mail to the address he/she has indicated. The right to participate in the General Meeting is available only to persons who are shareholders of the Company sixteen days before the date of the General Meeting (date of registration of participation in the General Meeting). Lienors and users, who have the voting right, may participate in the General Meeting, if they are registered in the stockholders' ledger as at the date of registration of participation in the General Meeting. A shareholder may participate in the General Meeting provided that the shareholder presents a personal certificate confirming the right to participate in the General Meeting issued by the entity which keeps the securities account.
REPRESENTATION OF A SHAREHOLDER BY A PROXY	A shareholder participates in the General Meeting and exercises the right to vote in person or through the Proxy. Proxy to participate in the General Meeting and exercise the right to vote must be granted in writing or in electronic form. Proxy granted in electronic form should be sent to the e-mail address of the Company stated in the announcement on the General Meeting, no later than before the beginning of the General Meeting. From the date the General Meeting is convened, the Company provides a form with a specimen of proxy in electronic form on its website. The Proxy of a shareholder exercises all the rights of the shareholder unless proxy provides otherwise. If the shareholder has shares recorded in more than one securities account, the shareholder may appoint a Proxy to exercise rights in shares recorded in each account.
SUBMISSION OF DRAFT RESOLUTION	Each Shareholder may, during the General Meeting, propose draft resolutions concerning matters on the agenda in accordance with the provisions of the Polish Commercial Companies Code. A Shareholder has the right, until the discussion on an agenda item is closed, to propose amendments to the content of the draft resolution proposed for adoption by the General Meeting. The proposal should be justified by the Shareholder. Proposals may be submitted in writing to the Chairperson or orally to the minutes of the meeting. The proposal should indicate the name and surname or name (business name) of the Shareholder, and in the case of a Shareholder represented by a representative, also the name and surname of the representative.
NOTIFICATION OF OBJECTION	A Shareholder raising an objection has the opportunity to submit a brief justification of the objection to the minutes of the General Meeting.

CONVENING AND CANCELLING THE GENERAL MEETING

The General Meeting is convened in the manner and in circumstances described in the Code of Commercial Companies and the Company's Statutes. The detailed method of convening and cancelling the General Meeting is defined in the Rules of the General Meeting.

Pursuant to the Statutes of the Company, the Management Board shall convene the General Meeting on its own initiative, at the written demand of the Supervisory Board or demand of the shareholder or shareholders representing at least one twentieth of the share capital or at the written demand of the State Treasury as long as the State Treasury remains a shareholder of the Company.

The General Meeting should be convened within two weeks of the demand, by the Supervisory Board, shareholder or the State Treasury. If the General Meeting is not convened within two weeks of the demand, the registry court may authorise the shareholder or shareholders making such a demand to convene the Extraordinary General Meeting. Announcement about the convening of the general Meeting of the Company and Materials issued to shareholders in connection with the General Meeting, in particular draft resolutions proposed for voting by the General Meeting and other essential materials are provided by the Company at least 26 days before the date of the General Meeting of the Company on the corporate website www.gkpge.pl, in the manner specified for submitting current information pursuant to regulations on public offering and conditions governing the introduction of financial instruments to organised trading, and public companies.

Cancelling of the General Meeting or changing the date of the Meeting supervenes through announcement on the company's website. The Company makes efforts to ensure that cancelling of the General Meeting or changing the date of the Meeting creates the least negative results for the Company and the shareholders.

Cancelling of the General Meeting is possible only on the petitioners' permission or when holding of the meeting faces extraordinary obstacles or is nonrepresentational.

Cancelling of the General Meeting and changing the date of the Meeting shall occur promptly after occurrence of rationale justifying the cancelling or change of date, but not later than seven days before the date of the General Meeting, except when it is not possible or excessively difficult under the given circumstances, then the cancelling or change of date may occur at any time before the General Meeting date.

COMPETENCIES OF THE GENERAL MEETING OF THE COMPANY

According to the provisions of the Code of Commercial Companies and Company's Statutes the General Meeting's main competences include adoption of resolutions on the following matters:

- review and approval of the report of the Management Board on the activities of the Company and the Capital Group, financial statements and the consolidated financial statements for the past financial year,
- granting approval of fulfilment of duties by the Members of the Supervisory Board and Members of the Management Board,
- decision on the distribution of profit or covering the loss,
- appointment and recall of Members of the Supervisory Board and determination of rules of remuneration for the Members of the Supervisory Board,
- acquisition and lease of the undertaking or its organised part and placing a limited material right thereon,
- concluding credit, loan, suretyship or similar agreement with a member of the Management Board, Supervisory Board, proxy, liquidator or in the name of any of such persons,
- increase and reduction of the share capital of the Company,
- issue of convertible bonds or preferential bonds, issue of subscription warrants,
- decisions regarding claims for repair of damage caused during founding of the company and management or supervision over the Company,
- merger, transformation and division of the Company,
- redemption of shares,
- amendment to the Statutes and change of the subject of activities of the Company,
- dissolution and liquidation of the Company,
- the PGE's disposal of shares/interests in a company with respect to which frequencies from the ranges 452.5-457.5 MHz and 462.5-467.5 MHz have been reserved pursuant to a decision on frequency reservation to be issued, after consultations with the minister competent for energy-related matters, by the President of the Electronic Communication Office,
- the determination of the manner of voting at the General Meeting of a company with respect to which frequencies from the ranges 452.5-457.5 MHz and 462.5-467.5 MHz have been reserved pursuant to a decision on frequency reservation to be issued, after consultations with the minister competent for energy-related matters, by the President of the Electronic Communication Office, on matters concerning amendments to such a company's statutes / agreement.

The sale and purchase of real property, perpetual usufruct or share in real properties does not require a resolution of the General Meeting.

The General Meeting of Shareholders may vote on resolutions pertaining only to matters included on the detailed agenda, with reservation to art. 404 of the Code of Commercial Companies. This article stipulates that no resolution may be passed on items not on the agenda unless the entire share capital is represented at the General Meeting and no one present objects to the passing of the resolution. Only a motion to convene an Extraordinary General Meeting and motions of a procedural nature may be passed, even though they were not included in the agenda of the meeting.

VOTING AT THE GENERAL MEETING OF THE COMPANY

Resolutions of the General Meeting are passed with the absolute majority of votes, subject to other provisions of the Code of Commercial Companies and the Company's Statutes. One Company share carries the right to one vote at the General Meeting of the Company.

Subject to governing provisions of the law and of the Statutes, the voting shall be open. A secret voting is administered during appointments of members of Company's authorities or liquidators, and motions for recalling or prosecuting and during voting on personal matters. A secret voting should be also administered when requested by at least one of the shareholders present or represented at the General Meeting. The General Meeting may pass a resolution to override secret voting for matters pertaining to founding of a commission appointed by the General Meeting.

GENERAL MEETINGS IN 2024

On January 31, 2024, the Extraordinary General Meeting passed resolutions on changes to the composition of the Supervisory Board. The General Meeting dismissed the following persons from the Supervisory Board: Janina Goss, Tomasz Hapunowicz, Mieczysław Sawaryn, Artur Składanek, Radosław Winiarski, and appointed to the Supervisory Board: Małgorzata Banasik, Eryk Kosiński, Andrzej Kozyra, Elżbieta Niebisz, Sławomir Patyra, Andrzej Rzońca and Andrzej Sadkowski.

On June 28, 2024, the Ordinary General Meeting approved the following reports for 2023: the Separate and Consolidated Financial Statements of PGE S.A., the Management Board Report on the Activities, the Report on the Activities of the Supervisory Board as a body, the Supervisory Board's Report on the evaluation of the reports, the recommendation concerning coverage of the net loss for 2023, and the Management Board's fulfilment of disclosure obligations under the Commercial Companies Code. It also gave a positive opinion on the Report on the Remuneration of Members of the Management Board and Supervisory Board.

On July 25, 2024, during the continuation of the meeting of June 28, 2024, the Ordinary General Meeting passed resolutions concerning a refusal to grant discharge for the performance of duties in the year 2023 to: Wojciech Dąbrowski, Ryszard Wasilek, Wanda Buk, Paweł Śliwa, Lechosław Rojewski, Rafał Włodarski and Przemysław Kołodziejek.

On July 25, 2024, during the continuation of the meeting of June 28, 2024, the Ordinary General Meeting passed resolutions concerning the acknowledgement of the fulfillment of duties for the year 2023 to: Anna Kowalik, Radosław Winiarski, Cezary Falkiewicz and did not pass resolutions concerning the acknowledgement of the fulfillment of duties for the year 2023 to: Artur Składanek, Janina Goss, Mieczysław Sawaryn, Tomasz Hapunowicz, Zbigniew Gryglas and Marcin Kowalczyk.

7.4. Rules for amendments to the Company's Statutes

In accordance with provisions of the Code of Commercial Companies, any amendments to the Company's Statutes require a resolution to be passed by the General Meeting and an entry to the register of entrepreneurs.

A resolution on amendments to the Company's Statutes is made with a majority of three fourth votes. The General Meeting of the Company may authorise the Supervisory Board to agree on the uniform text of the amended Company's Statutes or introduce other editing changes as specified in the resolution of the General Meeting. Amendments to the Company's Statutes shall be valid from the day an entry is made to the register of entrepreneurs.

7.5. Composition and the description of operations of the management and supervisory bodies and its committees

7.5.1. Management Board

[ESRS 2 GOV-1]

MANAGEMENT BOARD MEMBERS AND CHANGES IN THE MANAGEMENT BOARD IN 2024

Table: Composition of the Company's Management Board as at January 1, 2024

Name and surname of the Management Board	Position	
Wojciech Dąbrowski	President of the Management Board	from February 20, 2020 to February 7, 2024
Wanda Buk	Vice-President for Regulatory Affairs	from September 1, 2020 to February 7, 2024
Przemysław Kołodziejek	Vice-President for Operations	from May 1, 2023 to April 4, 2024
Lechosław Rojewski	Vice-President for Finance	from June 9, 2021 to February 28, 2024
Rafał Włodarski	Vice-President for Support and Development	from January 9, 2023 to February 7, 2024

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

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

Moreover, the Supervisory Board of the Company on February 7, 2024 adopted resolutions to delegate Supervisory Board Members:

- No. 290/XII/2024 Eryk Kosiński to temporarily perform the duties of the Member of the Management Board of the Company for the 3-month period and to entrust him the duties of the President of the Management Board of the Company,
- No. 291/XII/2024 Małgorzata Banasik to temporarily perform the duties of the Member of the Management Board of the Company for the 3-month period.

On February 28, 2024 the Supervisory Board of the Company has adopted a resolution No. 304/XII/2024 on dismissal of Lechosław Rojewski, Vice-President of the Management Board for Finance.

In connection with the conducted qualification procedure for the election of Management Board members on March 6, 2024, the Supervisory Board adopted the following resolutions:

- No. 312/XII/2024 on appointing Dariusz Marzec to the Management Board of PGE S.A., entrusting him the position of President of the Management Board as from March 18, 2024,
- No. 313/XII/2024 on appointing Marcin Laskowski to the Management Board of PGE S.A., entrusting him the position of Vice-President of the Management Board for Regulations as from March 18, 2024.

Also on March 6, 2024 the Company's Supervisory Board adopted resolutions to:

- No. 314/XII/2024 terminate as of March 17, 2024 delegation of Eryk Kosiński, Supervisory Board Member, to temporarily perform the duties of the Member of the Management Board of PGE acting as the President of the Management Board of PGE,
- No. 315/XII/2024 terminate as of March 8, 2024 delegation of Małgorzata Banasik, Supervisory Board Member, to temporarily perform the duties of the Member of the Management Board of PGE.

In the following months, the Supervisory Board of PGE S.A. adopted resolutions:

- No. 326/XII/2024 on March 21, 2024 on appointing Robert Kowalski to the Management Board of PGE S.A., entrusting him the position of Vice-President of the Management Board for Support and Development as from May 15, 2024.
- No. 336/XII/2024 on April 4, 2024 on appointing Renata Czech to the Management Board of PGE S.A., entrusting her the position of Vice-President of the Management Board for Finance as from April 15, 2024.

Also on April 4, 2024 the Supervisory Board adopted the resolution No. 343/XII/2024 on dismissal of Przemysław Kołodziejak, Vice-President of the Management Board for Operations.

On April 5, 2024 the Supervisory Board received a statement of Renata Czech, appointed as the Vice-President of the Management Board for Finance, on resignation from this position due to personal reasons.

Later the Supervisory Board of PGE S.A. adopted resolutions:

- No. 368/XII/2024 on May 20, 2024 on appointing Maciej Górski to the Management Board of PGE S.A., entrusting him the position of Vice-President of the Management Board for Operations as from June 24, 2024.
- No. 378/XII/2024 on June 24, 2024 on appointing Przemysław Jastrzębski to the Management Board of PGE S.A., entrusting him the position of Vice-President of the Management Board for Finance as from July 15, 2024.

As a result of the changes described above, which occurred in 2024, the composition of the Management Board of PGE S.A. as at 31 December 2024 was as presented in the table below.

Table: Composition of the Company's Management Board at December 31, 2024.

Name and surname of the Management Board	Position	Period
Dariusz Marzec	President of the Management Board	From March 18, 2024
Maciej Górski	Vice-President for Operations	From June 24, 2024
Przemysław Jastrzębski	Vice-President for Finance	From July, 15 2024
Robert Kowalski	Vice-President for Support and Development	From May 15, 2024
Marcin Laskowski	Vice-President for Regulations	From March 18, 2024

As at December 31, 2024, 100% of the Management Board members were men.

None of the members of the Management Board of PGE S.A. are elected as employees' representatives.

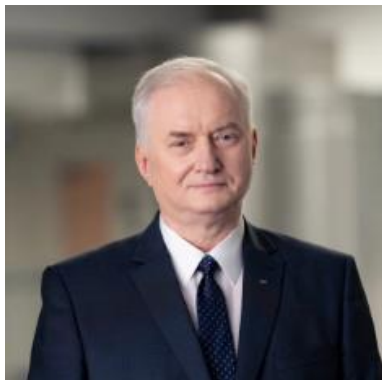
THE CURRENT COMPOSITION OF THE COMPANY'S MANAGEMENT BOARD

Table: Composition of the Company's Management Board at the date of signing of this report.

Name and surname of the Management Board	Position
Dariusz Marzec	President of the Management Board
Maciej Górski	Vice-President for Operations
Przemysław Jastrzębski	Vice-President for Finance
Robert Kowalski	Vice-President for Support and Development
Marcin Laskowski	Vice-President for Regulations

THE CURRENT COMPOSITION OF THE COMPANY'S MANAGEMENT BOARD

Dariusz Marzec – President of the Management Board



Dariusz Marzec has been appointed to the PGE S.A. Management Board of 12th term of office from March 18, 2024. Dariusz Marzec graduated from the University of Warsaw, holds MA in Organisation and Management. He has extensive experience in leading and supervising transactions and projects in the electroenergy sector.

In years 1995-2004 he held managerial positions in international advisory companies PricewaterhouseCoopers (1995-2000, 2001-2004) and Arthur Andersen Poland (2000-2001). In years 2005-2007, he was a Vice-President for Investments in Unipetrol a.s. (Czech Republic) responsible inter alia for preparation and implementation of investment strategy and organizational restructuring and supervision of M&A projects in the group. In years 2004-2005 Mr. Dariusz Marzec was an Undersecretary of State in the Ministry of State Treasury in the government of Mr Marek Belka. In years 2009-2013

he worked in KPMG Advisory Sp. z o.o. as a Director responsible for Energy area in Middle and Eastern Europe and company's financial and strategy advisory services for energy companies in Poland.

In years 2013-2016 he was associated with PGE Polska Grupa Energetyczna S.A. holding a position of the Vice-President for Development. Among others, he was responsible for the preparation and supervision of the implementation of the PGE Group Development Strategy for years 2014-2020 and the PGE Group Investment Programme. In addition, he held a position of a Chairman of the Supervisory Boards of PGE Górnictwo i Energetyka Konwencjonalna S.A., PGE Energia Odnawialna S.A. and PGE EJ1 Sp. z o.o., as well as a Member of the Management Board of the Polish Electricity Committee. In years 2019-2024 he was a Member of the Management Board for the Economic affairs in Tramwaje Warszawskie.

Maciej Górski – Vice-President of the Management Board for Operations



Maciej Górski has been appointed to the PGE S.A. Management Board of 12th term of office from June 24, 2024. Maciej Górski is a graduate of Warsaw School of Economic with a Master's degree in Economics.

In years 2005-2006, he was the Vice-President of the Management Board of ENEA S.A. responsible inter alia for managing of the capital group, restructuring and supervisory over company's IPO preparation process. In years 2014-2016 he was associated with the PGE Capital Group holding position of the President of the Management Board of PGE Energia Odnawialna S.A. In years 2020-2024 Maciej Górski was the Country Manager at Photon Energy, supervising all activities of the company in Poland, including development of PV projects, acquisitions and sales processes of PV projects and integration of company Lerta S.A. operating in the flexibility services market.

His professional experience includes also among others advisory in privatisation processes of PKN Orlen or LOTOS S.A. (Business Management and Finance 1999-2001), advisory in sales processes of companies from FMCG and telecommunication sectors and advisory for companies from power sector (PricewaterhouseCoopers 2001-2005), acting as Chief Executive of Capital Investments in KGHM Polska Miedź (2013-2014) and managerial positions in private equity funds such as Capital Partners S.A. (2006-2010), EQT Partners S.A. (2010-2011), Oresa Ventures (2011-2012) and Equitin Partners (2016-2020). He also served on the supervisory boards of more than 20 companies during his professional career.

Przemysław Jastrzębski – Vice-President of the Management Board for Finance



Przemysław Jastrzębski has been appointed to the PGE S.A. Management Board of 12th term of office from July 15, 2024. Przemysław Jastrzębski is a graduate of Warsaw School of Economics with a Master's degree in Finance and Banking.

In years 2003-2005 he worked in the Ministry of State Treasury at advisory and analytical positions. Having worked in managerial and director positions at leading financial institutions in Poland (brokerage house Centralny Dom Maklerski PEKAO S.A. 2005-2007 and Santander Bank Polska S.A. 2007-2019) he carried out numerous IPO/SPO transactions on the Warsaw Stock Exchange and M&A transactions for companies from different branches with a total value of approx. PLN 10 billion. From 2020 he held the positions of advisor and financial director in companies from IT, real estate and hotel sectors. He was the Financial Director in Polaris Hospitality Enterprises Sp.

z o.o. (owner and operator of DoubleTree by Hilton Hotel & Conference Centre Warsaw) and Financial Director in Polaris Development Sp. z o.o. (residential developer). Since April 2024 he has been the Chairman of the Supervisory Board of Agencja Rozwoju Przemysłu S.A. (Industrial Development Agency).

Robert Kowalski – Vice-President of the Management Board for Support and Development



Robert Kowalski has been appointed to the PGE S.A. Management Board of 12th term of office from May 15, 2024. Robert Kowalski is a graduate of the Faculty of Mechanical Engineering of the Gdańsk University of Technology, majoring in Thermal Power Engineering, and the Faculty of Management and Economics of the Gdańsk University of Technology, majoring in Production Systems Organisation. He also completed Postgraduate Studies in "District Heating and Heating with Energy Auditing" at the Faculty of Environmental Engineering of the Warsaw University of Technology and Postgraduate Studies in "Nuclear Power Engineering" at the Faculty of Power and Aeronautical Engineering of the Warsaw University of Technology. He has extensive experience in organisational management and coordination of commercial activities, including market development and leading investment processes.

For nearly 20 years he was responsible for the development of the Toruń heat market, where in the years 2004-2006 in EC Toruń (Toruń CHP plant) and later in years 2006-2012 in Cergia S.A. he held managerial positions, implementing the company's development strategy and was responsible, among others, for integration of the distributor and producer of heat, commercial area, marketing and customer service. In years 2012-2015, he coordinated the activities of the commercial directorates of the companies and branches of the EDF Polska Group, which became the basis for the creation of operating standards in the local heat markets. He also implemented models for sales planning and monitoring, marketing tools and evaluation of economic efficiency of product development. In years 2015-2023 as the President of the Management Board of PGE Toruń S.A. he coordinated and managed a project to build a new gas-fired CHP plant and prepared the organisation for a change in heat generation technology. After the successful transformation of heat and power generation technology in PGE Toruń S.A., he implemented projects to stabilise the company's position in the local market and created in Toruń one of the more energy- and cost-efficient district heating systems in Poland. He held the position of the Member of the Management Board of Apator S.A. and Strategy Director of the Apator Group and the President of the Management Board in Apator Powogaz. He held the position of the President of the Management Board of the Regional Energy and Environment Conservation Agency in Toruń and Member of the Council of the Chamber of Commerce Polish District Heating.

Marcin Laskowski – Vice-President of the Management Board for Regulations



Marcin Laskowski has been appointed to the PGE S.A. Management Board of 12th term of office from March 18, 2024. Marcin Laskowski is a graduate of the Warsaw University of Technology and MBA Executive. He is also a project manager certified by the International Project Management Association. He has specialised in energy infrastructure development for 24 years.

For a number of years he was responsible, as the Director of the Investment Department of Polskie Sieci Elektroenergetyczne (Polish Transmission Grid Operator), for the development of the national transmission network, including taking an active part in the creation of legal regulations dedicated to the power industry. He was responsible, among others, for the power project Poland-Lithuania co-financed with EU funds and the construction and expansion of the transmission grid for EURO 2012.

Over the past few years he was preparing and implementing projects in the area of renewable energy sources within Polska Grupa Biogazowa (Polish Biogas Group), currently being part of the French company Total Energies. In Polska Grupa Biogazowa he holds the position of the President of company PGB Inwestycje and the Vice-President of company PGB Serwis. As the Vice-President of the Polish Economic Chamber of Renewable and Distributed Energy (PIGEOR), he was engaged in the development of legal regulations aimed at the development of energy sector, including RES.

PREVIOUS COMPOSITION OF THE COMPANY'S MANAGEMENT BOARD

Wojciech Dąbrowski

Wojciech Dąbrowski was appointed to the Management Board of PGE of the 11th term on February 20, 2020 and served as President of the Management Board until February 7, 2024. He graduated from the Faculty of Law and Administration at the University of Warsaw. He later completed postgraduate studies at the Warsaw University of Technology, in the Faculty of Power and Aeronautical Engineering, in the area of steam exploitation, gas and steam-gas power plants, combined heat and power plants. Moreover, he is a graduate of the Leon Kozłowski Academy and the University of Warsaw, in Management in Public Administration.

Mr Dąbrowski has been working as a manager in the energy sector for more than ten years. From November 2017 to February 2020, he was the President of the Management Board of the PGE EC, where he completed the process of Polish heat industry assets integration, acquired by PGE from the French company EDF. From January 2016 to November 2017, he was President of the Management Board of the PGNiG Termika S.A., where he completed the process of acquisition in PEC Jastrzębie and SEJ Jastrzębie, strengthening the market position of PGNiG Termika. Between 2011 and 2016, he was Vice-President of the Municipal Heat Energy Company in Wołomin Ltd.

Wanda Buk

Wanda Buk was appointed to the Management Board of the 11th term of office as from September 1, 2020 and served as Vice-President of the Management Board for Regulations until February 7, 2024. She is an attorney, she graduated from the Faculty of Law and Administration at the University of Łódź, as well as the Faculty of French Business Law at the Université de Poitiers in France. She also graduated International Military Relations at the War Studies Academy, European Academy of Diplomacy, postgraduate studies at the Warsaw School of Economics and the prestigious Leadership Academy for Poland programme organised by the Center for Leadership in cooperation with Harvard University.

Wanda Buk has held position of the Undersecretary of State at the Ministry of Digital Affairs since July 2018. At the same time she has been a member of the Committee for European Union, the Standing Committee of the Council of Ministers and the Joint Central Government and Local Government Committee. From January 2016, Wanda Buk was the director of the Digital Poland Project Centre. She managed the institution responsible for implementation of European funds earmarked for the digitisation of the country. She was responsible for the implementation of EU-funded projects with a total value of PLN 10 billion, including: building IT and telecommunications infrastructure providing access to fast broadband, development of electronic services. She also worked in a number of law firms, where she implemented infrastructure projects, including ones financed from public funds. She also advised entities operating on the regulated market.

Przemysław Kołodziejak

Przemysław Kołodziejak was appointed to the Management Board of the 11th term of office as from May 1, 2023 and served as Vice-President of the Management Board for Operations until April 4, 2024. A graduate of the Faculty of Electrical Engineering at the Lublin University of Technology and postgraduate studies in management and finance in the energy sector at the Warsaw School of Economics. He holds a doctoral degree in technical sciences in the discipline of environmental engineering, mining and power sector, obtained at the

Wrocław University of Science and Technology. He is co-author of the patent "Liquefied natural gas storage system with energy recovery facility".

From 1997 to 2018, he held position of Director of Technical Affairs at Przedsiębiorstwo Energetyczne (Energy enterprise) in Siedlce. Previously, he was a member of the management board of company Energia Siedlce. From March 2018 he was the Vice-President of the Management Board of PGE Energia Ciepła S.A. responsible for the generation.

He was an associate of the Institute of Heat Engineering at the Faculty of Mechanical, Power and Aeronautical Engineering of the Warsaw University of Technology and the Institute of Applied Research at the Warsaw University of Technology, as well as a lecturer at postgraduate studies. Founding member of the Association of Independent Cogeneration Producers, later a member of the Board and its President. He is the Chairman of the Council of the Polish District Heating Industry Chamber of Commerce. He has also served in numerous industry organisations and conference programme boards, was an expert of the Polish District Heating Industry Chamber of Commerce and a member of the Council of its South-Eastern Branch.

Lechosław Rojewski

Lechosław Rojewski was appointed to the Management Board of PGE S.A. of the 11th term of office on June 9, 2021 and served as Vice-President of the Management Board for Finance until February 28, 2024. Mr. Lechosław Rojewski is a graduate of Gdynia Maritime University, AGH University of Science and Technology in Kraków and doctoral studies at the Institute of Economics at the Polish Academy of Sciences in Warsaw. He completed numerous training and courses in accounting, taxes, controlling, IAS, IFRS and finances. Entitled to provide services consisting in maintenance of accounting ledgers. He was a participant of Controlling and Management Accounting Academy. Certified European Fund advisor. Worked as an assistant professor in Kotarbiński University of Information Technology and Management in Olsztyn. He collaborated with WSB University (Wyższa Szkoła Bankowa) in Gdańsk and Gdynia as well as with the University of Business and Administration in Gdynia.

In the years 2019-2021 he was the Vice-President of the Management Board for finance at Węglkokoks S.A. From 2016 to 2019, he was associated with Port Gdański Eksploatacja S.A., where he first served as the Vice-President of the Management Board for finance and then the President of the Management Board. Moreover, he gained experience while working in production, service and commercial companies and on the positions of an expert, coordinator and moderator of EU projects concerning the implementation of strategic planning in a company and the introduction of innovative technical and organisational solutions. He has broad experience in restructuring of companies, optimisation of financial and accounting processes, planning and budgeting, management of financial flows and mitigation of foreign exchange risk. He also implemented integrated IT systems (ERPs).

Rafał Włodarski

Rafał Włodarski was appointed to the Management Board of PGE of the 11th term as of January 9, 2023 and served as Vice-President of the Management Board for Support and Development until February 7, 2024. A graduate of the Faculty of Law and Administration of the University of Warsaw. In 2013, after completing his legal counsel training conducted by the Warsaw Bar Association, he was admitted to the bar.

Until January 2023 Mr Rafał Włodarski served as Deputy Director of the Supervision Department I at the Ministry of State Assets, and prior to joining the Ministry of State Assets he worked with leading law firms in Poland, where as a member of the Energy & Natural Resources, Corporate/M&A and Banking&Finance practices he participated in a number of key transactions in the Polish market, with an aggregate value in excess of PLN 10 billion. Moreover, between September 2020 and January 2023 he was the Supervisory Board member of ENEA S.A.

CURRENT ALLOCATION OF MANAGEMENT BOARD MEMBERS' RESPONSIBILITIES

As at December 31, 2024, Members of the Management Board were authorised and responsible for managing the operations of PGE S.A. in the areas assigned to the organisational units indicated in the table. Members of the Management Board also exercise oversight of the subsidiaries of PGE S.A. in accordance with the competences and functions they perform on the Management Board.

Table: The allocation of responsibilities between individual Management Board Members as at December 31, 2024

Name and surname of the Management Board Member	Position	Area of responsibility ¹
Dariusz Marzec	President of the Management Board	- Management Board Department, - Human Capital Management and Organisational Culture Department, - Nuclear Energy Department, - IT Strategy Department, - Internal Audit Department, - Security Department, - Compliance Department, - AML Bureau, - Legal Department, - Corporate Governance Department, - Marketing and Advertising Department, - Corporate Communication Department, - PGE Group's Marketing and Advertising Department.
Maciej Górski	Vice-President of the Management Board for Operations	- Structured Finance Department, - Operational Management Department, - Investments Department, - Capital Transactions Department, - Department of Production Material Supplies, - Gas Capacities Department, - Department of Wholesale Trading, - Department of Balancing Services and OHT, - Sales and Customer Relations Department, - Market Analyses Department.
Przemysław Jastrzębski	Vice-President of the Management Board for Finance	- Controlling Department, - Reporting and Taxes Department, - Risk and Insurance Department, - Treasury Department, - Investor Relations and ESG Department.
Robert Kowalski	Vice-President of the Management Board for Support and Development	- Circular Economy Department, - Department of Development and Innovation, - Strategy and Key Projects Department, - Administration Department, - Procurement Department, - Security and Occupational Health and Safety Office, - Car Fleet Bureau.
Marcin Laskowski	Vice-President of the Management Board for Regulations	- Dialogue and Social Relations Department, - Regulations Department, - Supporting Instruments Department, - International Relations Department.

THE ROLE OF THE MANAGEMENT BOARD IN THE CONTEXT OF SUSTAINABLE DEVELOPMENT

In view of the need for comprehensive strategic oversight of sustainability issues – understood to encompass all material thematic areas for the PGE Group, including business conduct – the role of Chair of the Sustainable Development Committee was assigned to the Vice-President of the Management Board responsible for Strategy. At the same time, the Vice-President of the Management Board for Finance and the Vice-President for Regulatory Affairs serve as Deputy Chairs of the Sustainable Development Committee. As Chair of the Sustainable Development Committee, the Vice-President for Support and Development oversees the outcomes of the double materiality assessment. Detailed oversight of sustainability-related topics by Members of the Management Board is exercised through supervision of the activities of designated organisational units, as specified in the Organisational Regulations and pursuant to the Resolution on the division of oversight areas and responsibilities. Members of the Management Board also exercise oversight over subsidiaries in line with their responsibilities and functions on the Management Board. As at December 31, 2024, oversight of key sustainability issues was distributed as follows:

- President of the Management Board – corporate governance and culture, employee and occupational health and safety matters, anti-corruption and anti-bribery measures, whistleblower protection,
- Vice-President for Regulations – stakeholder dialogue, political engagement and lobbying activities,
- Vice-President for Operations – the natural environment, including carbon footprint, climate issues, sustainable investment, consumers and end users,
- Vice-President for Finance – sustainability reporting, EU environmental taxonomy, ESG risks,

- Vice-President for Support and Development – strategy and circular economy.

In accordance with § 14 section 3 items 8 and 9 of the Company's Statutes and Chapter 5 'Management System Documents' of the PGE Group's Code, internal regulations of the PGE Group described in the Sustainability Statement are approved by the Management Board of PGE S.A. In the coming years, a review is planned of the Management Board's role in corporate governance processes, controls and procedures applied to manage and monitor material impacts, risks and opportunities, including defining their role in tasks, powers, and related policies.

SUSTAINABLE DEVELOPMENT COMMITTEE.

On December 21, 2021, the Management Board of PGE Polska Grupa Energetyczna S.A. adopted a resolution on the establishment of the Sustainable Development Committee and the appointment of the Management Board's Plenipotentiary for ESG. The Committee is a collegial body that sets ESG standards within the PGE Capital Group. It also serves an advisory role and is intended to:

- ensure the integrity of the sustainability area within the PGE Capital Group,
- align organisational priorities and define strategic directions of action in the field of sustainable development, including ESG initiatives relevant to the PGE Group in its various business areas;
- define how the PGE Capital Group can meet stakeholders' expectations concerning ESG factors;
- establish principles for cooperation between organisational units of PGE S.A. and allocate responsibilities in the context of planned and ongoing ESG initiatives, and issue recommendations concerning the integration of ESG matters into the operations of organisational units and the implementation of organisational improvements at the PGE S.A. level, and their further transfer into tasks carried out within PGE Group companies;
- supervise the activities of relevant units designated by the Committee to implement ESG activities and initiatives at PGE S.A. or PGE Capital Group's companies.

As at December 31, 2024, the composition of the Committee was as follows:

- Chair of the Committee – Vice-President of the Management Board for Support and Development (responsible for strategy),
- Deputy Chair – Vice-President of the Management Board for Finance,
- Deputy Chair – Vice-President of the Management Board for Regulatory Affairs,
- Secretary of the Committee – Plenipotentiary of the Management Board for ESG,
- Members of the Committee – Division Directors at PGE S.A.

The Plenipotentiary, acting as Secretary of the Committee, reports to the Chair of the Committee and also presents ESG-related matters to the Management Board.

PRINCIPLES RELATING TO THE APPOINTMENT AND DISMISSAL OF MANAGEMENT BOARD MEMBERS

The Management Board of the Company consists of from one to seven members, including President; the remaining members fulfil the functions of Vice-Presidents. Members of the Management Board are appointed for a joint three-year term of office.

The Management Board or individual members of the Management Board are appointed and recalled by the Supervisory Board, following a competitive procedure intended to test and evaluate the candidates' qualifications and to select the best candidate for the position of Management Board member, with the stipulation that candidates for this post must meet the conditions specified in binding PGE's Statutes.

Pursuant to § 15 sec. 2, 3 of PGE's Statutes, a candidate for a Member of the Management Board may be a person fulfilling jointly the following conditions:

- should meet the conditions specified in Article 22 of the State Property Management Act;
- has higher education or higher education acquired abroad and recognized in the Republic of Poland on the basis of separate regulations;
- 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;
- 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;
- meets requirements other than these specified in items above, specified in separate regulations, in particular, a candidate does not breach any restrictions or prohibitions related to the holding of a position of a member of a governing body in commercial companies.

Pursuant to § 15 sec. 4 of the Statutes a candidate for a Management Board Member cannot be a person who fulfils at least one of the following conditions:

- 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;
- is a member of a political party's body representing a political party and authorized to incur liabilities;
- 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;
- 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;
- a candidate's social or business activities are in conflict with the interests of the company.

In addition, each member of the Management Board may be recalled or suspended by the General Meeting or, for major reasons, suspended by the Supervisory Board. A resolution of the Supervisory Board on the suspension of a member of the Management Board must include a justification. The Supervisory Board may delegate members of the Supervisory Board to perform activities of the members of the Management Board on a temporary basis. A member of the Management Board submits his/her resignation in writing to the Supervisory Board at the address of the registered office of the Company.

COMPETENCIES OF THE MANAGEMENT BOARD

The Management Board administers affairs of the Company and represents the Company in all court and out-of-court affairs. The Management Board deals with all the matters related to managing the affairs of the Company, not reserved by the law or Statutes for the General Meeting or the Supervisory Board.

Co-operation of two Members of the Management Board or one member of the Management Board with a proxy is required to make statements on behalf of the Company. In the event that the Management Board comprises one member, declarations of intent on behalf of the Company may be made by the sole Management Board member.

The modus operandi of the Management Board and internal division of competence among Management Board members as regards managing the Company's affairs are specified in regulations of the Management Board, available on the corporate website <https://www.gkpge.pl/en/for-investors/corporate-governance/regulations>.

Pursuant to the Statutes of the Company, resolutions of the Management Board are required for all matters that go beyond the scope of ordinary acts of the Company. In the case of a voting tie, the President of the Management Board has the casting vote.

In accordance with the PGE's Statutes, resolutions of the Management Board are required particularly for the following:

- the Company's acquisition or disposal of the following components of assets: real property, perpetual usufruct, interest in real property or perpetual usufruct, shares, interests or other participation rights;
- incurring credits and loans,
- granting sureties and guarantees by the Company and issuance of promissory notes,
- making donations and releasing from debts;
- concluding agreements not related to the Company's business activities specified in § 3 clause 1 of the Statutes,
- appointing commercial proxies;
- appointing Company proxies authorised to incur liabilities with a value exceeding PLN 400 000, excluding (i) the powers of attorney to conclude agreements or incur liabilities related to trade in electricity and gas, related products and rights related thereto, and related to the purchase and sale of fuels and raw materials (ii) powers of attorney ad litem,
- adopting the Regulations of the Management Board,
- approving the Company's Organisational Regulations;
- establishing and closing Branches,
- establishing of another company,
- adopting the Company's yearly and long-term financial plans, including investment, marketing and sponsorship plans;
- approving the rules of conducting sponsorship activity,
- adopting the Company's development Strategy;
- determining the method of exercising the voting right at general meetings or general meetings of the companies in which the Company holds shares or interests,

- making advanced payments towards planned dividends,
- approving the materials submitted by the Management Board to the Supervisory Board.

Regardless of the above mentioned matters, resolutions of the Management Board are required for any matter referred by the Management Board to the Supervisory Board or the General Meeting.

The Statutes do not provide for detailed regulations which authorise Members of the Management Board to decide on the issue or buy-out of shares.

ACTIVITIES AND ORGANISATION OF WORK OF THE MANAGEMENT BOARD

The Management Board manages Company's affairs in a transparent and effective manner based on and within the limits of the governing provisions of the law, including the Code of Commercial Companies, provisions of the Company's Statutes, Rules of the Management Board and other internal regulations governing in the Company.

The works of the Management Board are headed by the President of the Management Board. Meetings of the Management Board are convened by the President of the Management Board on his/her own initiative or on the motion of a member of the Management Board. Management Board meetings may take place without having been formally called, provided that all Management Board members were effectively notified about the meeting and none of the Management Board members object to the meeting taking place and to the proposed meeting agenda.

Minutes are taken for each meeting of the Management Board and signed by the members of the Management Board, not excluding persons who filed a dissenting opinion or were temporarily absent when adopting any of the resolutions. Resolutions of the Management Board are passed with an absolute majority of votes in an open voting. In case of voting parity, the President of the Management Board has the decisive vote. A secret voting is administered by a member of the Management Board. All members of the Management Board must be properly notified of the scheduled meeting for the resolutions to be valid. A member of the Management Board may present an opposing opinion with a justification to be included in the minutes.

Resolutions may be made in writing or using means of direct remote communications.

Competencies of members of the Management Board regarding the ordinary management to operating areas in which individual members of the Management Board perform the leading role. For the functions performed, each member of the Management Board is assigned appropriate scope of responsibilities for the Company's affairs, as presented below.

7.5.2. Supervisory Board

[ESRS 2 GOV-1]

Supervisory Board of PGE S.A. operates on the basis of the Act of September 15, 2000 - Code of Commercial Companies and the Company's Statute and Regulations of the Supervisory Board, the content of which is available on the Company's website:

- [Statutes](#)
- [Regulations of the Supervisory Board.](#)

COMPOSITION OF THE SUPERVISORY BOARD AND CHANGES TO THE SUPERVISORY BOARD IN 2024

Table: Composition of the Supervisory Board as at January 1, 2024

Name and surname of the Management Board	Position
Anna Kowalik	Chairman of the Supervisory Board
Artur Składanek	Vice-Chairman of the Supervisory Board – independent
Radosław Winiarski	Secretary of the Supervisory Board
Janina Goss	Supervisory Board Member - independent
Tomasz Hapunowicz	Supervisory Board Member - independent
Mieczysław Sawaryn	Supervisory Board Member - independent

On January 25, 2024, the Minister of State Assets by a statement appointed Michał Domagała to the Supervisory Board.

On January 31, 2024 the Extraordinary General Meeting adopted resolutions to dismiss from the Supervisory Board:

- Janina Goss (Resolution 4 of the Extraordinary General Meeting),
- Tomasz Hapunowicz (Resolution 5 of the Extraordinary General Meeting),

- Mieczysław Sawaryn (Resolution 6 of the Extraordinary General Meeting),
- Artur Składanek (Resolution 7 of the Extraordinary General Meeting),
- Radosław Winiarski (Resolution 8 of the Extraordinary General Meeting).

Subsequently, the Extraordinary General Meeting of PGE S.A. adopted resolutions to appoint the following persons to the Supervisory Board of PGE S.A. from February 1, 2024:

- Elżbieta Niebisz (Resolution 9 of the Extraordinary General Meeting),
- Eryk Kosiński (Resolution 10 of the Extraordinary General Meeting),
- Małgorzata Banasik (Resolution 11 of the Extraordinary General Meeting),
- Andrzej Rzońca (Resolution 12 of the Extraordinary General Meeting),
- Sławomir Patyra (Resolution 13 of the Extraordinary General Meeting),
- Andrzej Sadkowski (Resolution 14 of the Extraordinary General Meeting),
- Andrzej Kozyra (Resolution 15 of the Extraordinary General Meeting).

At the first meeting of the Supervisory Board of PGE S.A. convened following the Extraordinary General Meeting of the Company, held on February 7, 2024, the Members of the Supervisory Board of PGE S.A. elected a new Presidium of the Supervisory Board. In accordance with the adopted resolutions, the following individuals were appointed to the Presidium of the Supervisory Board:

- Michał Domagała – Chairman of the Supervisory Board,
- Andrzej Sadkowski – Vice-Chairman of the Supervisory Board,
- Anna Kowalik – Secretary of the Supervisory Board.

On February 7, 2024 the Supervisory Board also adopted resolutions to delegate Supervisory Board Members to the Management Board:

- 290/XII/2024 Eryk Kosiński to temporarily perform the duties of the Member of the Management Board of the Company for the 3-month period and to entrust him the duties of the President of the Management Board of the Company,
- 291/XII/2024 Małgorzata Banasik to temporarily perform the duties of the Member of the Management Board of the Company for the 3-month period.

On March 6, 2024, the Supervisory Board adopted resolutions concerning the termination of the delegation of Supervisory Board Members to temporarily perform the duties of Members of the Management Board of PGE S.A.

On September 11, 2024 the Company received a resignation of Mr. Eryk Kosiński from the position of a member of the Company's Supervisory Board.

As a result of the changes described above, the composition of the Supervisory Board of PGE S.A. as at December 31, 2024 and as at the date of signing of the report was as shown in the table below.

CURRENT COMPOSITION OF THE SUPERVISORY BOARD

Table: Composition of the Company's Supervisory Board at December 31, 2024 and at the date of signing of the report

Name and surname of the Management Board	Position
Michał Domagała	Chairman of the Supervisory Board – independent
Andrzej Sadkowski	Vice-Chairman of the Supervisory Board – independent
Anna Kowalik	Secretary of the Supervisory Board
Małgorzata Banasik	Member of the Supervisory Board – independent
Andrzej Kozyra	Member of the Supervisory Board – independent
Elżbieta Niebisz	Member of the Supervisory Board – independent
Sławomir Patyra	Member of the Supervisory Board – independent
Andrzej Rzońca	Member of the Supervisory Board – independent

There are seven independent members on the Supervisory Board, which constitutes 87.5% of its composition.

CVS OF SUPERVISORY BOARD MEMBERS

Michał Domagała – Chairman of the Supervisory Board



A graduate of John Paul II Catholic University of Lublin. Dean of the Faculty of Law, Canon Law and Administration of the Catholic University of Lublin. Legal counsel.

He specialises in energy law, including in particular issues related to energy security and the rules of cooperation between energy companies; business regulation and administrative and court- administrative procedure.

In 2008, he was awarded the degree of PhD in Law on the basis of his doctoral thesis entitled Legal and Administrative Aspects of National Energy Security.

In 2017, on the basis of his scientific output, including the monograph Obligation of economic cooperation of energy companies, he was awarded the degree of Hab. PhD in Law.

Author of scientific articles and monographs in the field of energy law.

In accordance with the submitted statement, Michał Domagała meets the independence criteria of a supervisory board member, determined in Best Practices.

Michał Domagała was appointed to the Supervisory Board on January 25, 2024.

Andrzej Sadkowski – Vice-Chairman of the Supervisory Board



He graduated from Tufts University in Boston with a Bachelor of Arts degree in International Relations and Political Science. A graduate of University of Illinois at Urbana-Champaign with Master of Business Administration and of the University of Warsaw where he obtained a Master's degree in Management and Marketing.

In the 1990s, he was associated with the Office of the Government Plenipotentiary for Ownership Transformations, the Ministry of Ownership Transformations and the Ministry of the State Treasury, he was the co-founder and Deputy Chairman of the State Agency for Foreign Investment (PAIZ) and took part in the creation and implementation of pension reform, as an advisor to the World Bank and Advisor to the President of the Social

Insurance Institution (ZUS).

He held various management positions, including as President of the Management Board of Lottomerkury Sp. z o.o. and President of the Management Board of Towarzystwo Ubezpieczeń na Życie SAMPO S.A.. He was a member of the supervisory boards of, among others, NFI Kazimierz Wielki S.A., Nafta Polska S.A., PTE Sampo S.A., PTE Norwich Union S.A., Polskie Przedsiębiorstwo Wydawnictw Kartograficznych S.A. and Gerlach S.A.

For more than 20 years an entrepreneur in the medical-pharmaceutical industry and an investor.

In accordance with the submitted statement, Andrzej Sadkowski meets the independence criteria of a supervisory board member, determined in Best Practices.

Andrzej Sadkowski was appointed to the Supervisory Board from February 1, 2024.

Anna Kowalik – Secretary of the Supervisory Board



Anna Kowalik is a graduate of the Faculty of Law and Administration at the University of Warsaw. A legal counsel (after completing the legal adviser apprenticeship in Warsaw) with many years of experience in corporate supervision over companies with State Treasury shareholding, including companies of significant importance to the state economy in the Ministry of State Treasury.

She was the director of the Legal Office at the Ministry of Energy and the Deputy Director of Legal Department at the Ministry of State Assets. Participant of many trainings in the field of commercial law, public companies and economy. Lecturer in commercial law at trainings for managerial staff and for candidates for a supervisory board member in companies with the Treasury shareholding. Member of supervisory boards in the following companies: Polskie Linie Lotnicze LOT S.A., Kombinat

Koksochemiczny Zabrze S.A., Pabianickie Zakłady Farmaceutyczne Polfa S.A., Inowrocławskie Zakłady Chemiczne Soda Mątwy S.A., Zakłady Chemiczne Rudniki S.A., Metalplast Złotów S.A. and the function of the Partner's Proxy at Fabryka Obrabiarek do Drewna sp. z o.o. in Bydgoszcz.

As at the date of signing of this report, Anna Kowalik holds the position of Secretary of the Supervisory Board. Anna Kowalik was appointed to the Supervisory Board of PGE S.A. on June 27, 2013. During the reporting period, Anna Kowalik served as Chair of the Supervisory Board until February 6, 2024, and from February 7, 2024 has served as Secretary of the Supervisory Board.

Małgorzata Banasik – Member of the Supervisory Board



Graduate of the University of Szczecin. Legal counsel with 20 years of experience in providing legal services to companies operating in the electrical power industry, gas, district heating, RES, WtE, hydrogen sectors and utilities. Managing Partner of Banasik Woźniak i Wspólnicy Legal Counsels Firm.

In years 2007 – 2015 she was involved in the liberalisation processes of the Polish gas market, in the processes of unbundling of energy infrastructure and its transfer between energy companies.

In years 2009 – 2018 she was involved in the process of integration of gas markets in the Baltic Sea region and Central and Eastern Europe (CEE).

In years 2018 - 2021 she was involved in the transformation of the Ukrainian gas market and its integration with the EU. As a leader of the legal team, she co-founded the independent Ukrainian TSO. In 2023, she advised on the unbundling process in Moldova.

In accordance with the submitted statement, Małgorzata Banasik meets the independence criteria of a supervisory board member, determined in Best Practices.

Małgorzata Banasik was appointed to the Supervisory Board from February 1, 2024.

Andrzej Kozyra – Member of the Supervisory Board



Obtained Master's degree in law at the Faculty of Law and Administration of the Jagiellonian University. Advocate and since 2008 the owner of a law firm - Kancelaria Adwokacka Andrzej Kozyra. He is also registered on the list of legal advisors kept by the Regional Chamber of Legal Advisors in Cracow.

He has nearly 20 years of experience in providing legal assistance, he specialises in strategic legal advisory for private and public business entities, e.g. in projects related to the implementation of the investment process and in advising bodies of companies or cooperatives, including support for their supervisory boards.

A member of the supervisory board of a capital company for nearly 10 years.

In accordance with the submitted statement, Andrzej Kozyra meets the independence criteria of a supervisory board member, determined in Best Practices.

Andrzej Kozyra was appointed to the Supervisory Board from February 1, 2024.

Elżbieta Niebisz – Member of the Supervisory Board



She graduated from the Warsaw School of Planning and Statistics at the Faculty of Domestic Trade with a Master's degree in Economics and also completed postgraduate studies at the Warsaw School of Economics in "Development and Market Management in the Electric Power Industry".

Lecturer and examiner at courses for candidates for supervisory board members in companies with State Treasury shareholding.

In years 1991-2005 at the Ministry of Ownership Transformations and the Ministry of the State Treasury she managed departments responsible for corporate governance of state-owned companies, including electric power sector as well as she coordinated first consolidation in the power sector (ENEA S.A., ENERGA S.A., ENION S.A. and EnergiaPRO S.A.). Director of

the Licensing Department at the Energy Regulatory Office in years 1998-2001.

In years 2006-2019 she held managerial and supervisory positions in companies of ZEPAK S.A. Capital Group, including inter alia Vice-President of the Management Board of the power plant ZE PAK S.A. in Konin, Member of the Management Board of the lignite mines PAK KWB Konin S.A. and PAK KWB Adamów S.A.

In addition, she has served on the supervisory boards of companies including among others KGHM Polska Miedź S.A., PZU S.A., Polimex-Mostostal S.A., Polskie Sieci Elektroenergetyczne S.A.

In accordance with the submitted statement, Elżbieta Niebisz meets the independence criteria of a supervisory board member, determined in Best Practices.

Elżbieta Niebisz was appointed to the Supervisory Board from February 1, 2024.

Sławomir Patyra – Member of the Supervisory Board



A graduate of Graduate of the Faculty of Law and Administration of Maria Curie-Skłodowska University in Lublin (UMCS). He holds a PhD in law, he is a professor at Maria Curie-Skłodowska University in Lublin, specialist in constitutional law and legal counsel.

Serves as Head of the Chair of Constitutional Law at the UMCS and the Centre for Parliamentary Studies at the Institute of Legal Studies of the UMCS.

Author of nearly a hundred scientific publications, including three books, and more than a hundred legal opinions prepared, among others, for the parliament, state administration entities or the National Chamber of Legal Advisers.

Member of the Board of the Polish Constitutional Law Society, the Team of Legal Experts of the Stefan Batory Foundation and Head of the Team for State Structure and Justice of the Centre for Studies and Legislation of the National Council of Legal Advisers.

In years 2008-2013 member of the Supervisory Board of the Lublin Science and Technology Park S.A.

In accordance with the submitted statement, Sławomir Patyra meets the independence criteria of a supervisory board member, determined in Best Practices.

Sławomir Patyra was appointed to the Supervisory Board from February 1, 2024.

Andrzej Rzońca – Member of the Supervisory Board



A graduate of Warsaw School of Economics. PhD in economic sciences. Chair of the Department of International Comparative Studies at the Warsaw School of Economics. Member of the Advisory Council of the Centre for Social and Economic research (CASE) and of the Society of Polish Economists.

Economic strategist with experience from private sector (corporate and financial industries, including hedge funds), public sector (central bank, ministry of finance), international financial institutions (World Bank, European Central Bank) and NGOs (Civil Development Forum Foundation, CASE). Member of supervisory boards in industrial and financial companies. Former member of the Monetary Policy Council in the National Bank of Poland during the sovereign debt crisis in the Euro Area and the first war in

Ukraine. Repeatedly awarded for innovative research. Holder of Citibank Foundation Kronenberg Prize and Polish Academy of Sciences Fryderyk Skarbek Prize.

In accordance with the submitted statement, Andrzej Rzońca meets the independence criteria of a supervisory board member, determined in Best Practices.

Andrzej Rzońca was appointed to the Supervisory Board from February 1, 2024.

Eryk Kosiński – Member of the Supervisory Board



Graduate of Asser College Europe, The Hague. Head of the Department of Public Economic Law, Faculty of Law and Administration, Adam Mickiewicz University, Poznan, Poland.

Member of the Board of Directors of the Poznan Branch of the Polish Economic Society. Fulbright Fellow, James Baker Institute for Public Policy, Center for Energy Studies, Rice University, Houston USA (2023/2024); visiting professor at Ivan Kozedub National Air Force University, Kharkov, Ukraine; LL. M from the University of the State of New York, Albany, USA and Central European University in Budapest, Hungary (1992-1993). Graduate of Asser College Europe, The Hague, Netherlands (1995); Santander Universidades Fellow at the Wharton School, University of

Pennsylvania, Philadelphia, USA. Lecturer at foreign universities.

Author of publications in the field of law, including energy law, public economic law, public finance, competition law, transport law, legal regulation of infrastructure investments, public procurement, public health law, legal regulation of liberal professions, gambling law, administrative proceedings.

He has held, among others, positions of President of the Military Property Agency and Deputy Mayor of the City of Bydgoszcz. He also worked as a lawyer and legal counsel.

In accordance with the submitted statement, Eryk Kosiński met the independence criteria of a supervisory board member, determined in Best Practices.

Eryk Kosiński was appointed to the Supervisory Board from February 1, 2024. He hold the position of the Supervisory Board member until September 11, 2024.

MEMBERS OF THE SUPERVISORY BOARD OF PGE S.A. UNTIL JANUARY 31, 2024

Artur Składanek – Vice-Chairman of the Supervisory Board

Artur Składanek holds Master Engineer degree obtained from Institute of Chemistry at the Warsaw University of Technology in 1983. During years 1983 – 1985 he was taking individual studies at the Faculty of Power and Aeronautical Engineering at the Warsaw University of Technology.

During years from 1994 to 2007 Artur Składanek was running his own business activity - AWI – Przedsiębiorstwo Wielobranżowe. From June 2007 Artur Składanek started to work in Finpol Rohr sp. z o.o. as a Production Specialist and from January 2008 has held a position of Director of Production. Since January 2018 a chief specialist for business development in Radpol S.A. and since 2020 he heads the research and development department at Radpol S.A.

In accordance with the submitted statement, Artur Składanek met the independence criteria of a supervisory board member, determined in Best Practices. He served on the Supervisory Board of PGE S.A. until January 31, 2024.

Radosław Winiarski – Secretary of the Supervisory Board

Radosław Winiarski graduated from Faculty of Management at the University of Warsaw. Since 2001 he has been working as a researcher at the above faculty in the Department of Economy's Financial Systems, within the Unit of Banking and Financial Markets. In 2007 he earned PhD in Economics, at his alma mater – in the field on management.

In years 2007-2016 he was employed in the Ministry of State Treasury and in years 2016-2019 employed at the Ministry of Energy. Mr Radosław Winiarski used to be a member of supervisory boards of inter alia ENEA S.A., H. Cegielski S.A. and Polfa Tarchomin S.A. Since September 2017 Mr. Radosław Winiarski has been a member of supervisory board of Lotos Upstream sp. z o.o. Since 2019, he has been associated with the Ministry of State Assets, where he is the head of the Department in the Department of Analysis and Reporting.

He served on the Supervisory Board of PGE S.A. until January 31, 2024.

Janina Goss – Member of the Supervisory Board

Janina Goss is a graduate of Law Faculty at the University of Łódź. A legal counsel.

In years 1968-1990 she worked in the Management Board of Spółem, including 20 years as a legal counsel. In years 1990-2003 Member of the Local Government Appeal Council in Łódź, in years 1991-2003 she was

employed as legal counsel in Provincial Inspectorate of Environmental Protection in Łódź. In years 2006-2009 she was a Supervisory Board member in TVP S.A., including approx. 2 years at the position of the Chairman of the Supervisory Board. In years 2009-2010 she was a Supervisory Board member in Polskie Radio S.A. Since 2012 Janina Goss has held a position of Management Board member in Srebrna Sp. z o.o.

In period from June 23, 2016 till January 10, 2023 she was a member of the Supervisory Board in Bank Ochrony Środowiska S.A. From January 11, 2023 till December 15, 2023, she was a member of the Supervisory Board of PKN ORLEN S.A.

In accordance with the submitted statement, Janina Goss met the independence criteria of a supervisory board member, determined in Best Practices. She served on the Supervisory Board of PGE S.A. until January 31, 2024.

Tomasz Hapunowicz – Member of the Supervisory Board

Tomasz Hapunowicz graduated from Faculty of Humanities at Podlasie University in Siedlce and Post graduate studies of local government and local development at the University of Warsaw.

In years 2010-2021 he held position of Zbuczyn Commune head. Since November 2016, he has been a member of the Supervisory Board of Torpol S.A. Previously, he was a manager of cultural institute and was a specialist in external funds.

In accordance with the submitted statement, Tomasz Hapunowicz met the independence criteria of a supervisory board member, determined in Best Practices. He served on the Supervisory Board of PGE S.A. until January 31, 2024.

Mieczysław Sawaryn – Member of the Supervisory Board

Mieczysław Sawaryn is a graduate of history and a graduate of law studies, having finished legal practice in Bar Association of Szczecin.

Mieczysław Sawaryn in years 1996-1998 was a Member of the Supervisory Board of a heating company Przedsiębiorstwo Energetyki Ciepłej sp. z o.o. in Gryfino. In years 1998-2014 Mieczysław Sawaryn was a Councillor of the Gryfino Town Council, in years 2006-20014 being the President of the Council. In years 1998-1999 he was Management Board Member of Gryfino Commune. In years 2011-2014 and 1999-2007 he run his own Legal Office in Gryfino. In years 2002-2004 he was a Member of the Regional Bar Council in Szczecin at the Bar Association of Szczecin. In years 2006-2007 Mieczysław Sawaryn served as a Board Member of ZEDO S.A. in Nowe Czarnowo. In years 2006-2011 Mieczysław Sawaryn was employed in ZEDO S.A., at first as the CEO and then as the Director of Human Resources and Law, being responsible for consolidation of ZEDO S.A. within PGE Capital Group. Member of the Supervisory Board of Regional Hospital in Gryfino in years 2012-2014. Since 2014 he has been the Mayor of Town and Community Gryfino.

In accordance with the submitted statement, Mieczysław Sawaryn met the independence criteria of a supervisory board member, determined in Best Practices. He served on the Supervisory Board of PGE S.A. until January 31, 2024.

RULES OF APPOINTING AND RECALLING OF THE SUPERVISORY PERSONNEL

According to the valid Statutes, Members of the Supervisory Board are appointed for a joint term of office of three years. The Supervisory Board consists of five to nine members appointed and recalled by the General Meeting. The Supervisory Board elected by way of group voting shall consist of five members. With the exception of the Member of the Supervisory Board appointed by the State Treasury, member of the Supervisory Board may be appointed and dismissed by the General Meeting at all times by way of a written declaration submitted to the Management Board. State Treasury's entitlement is valid until it remains a shareholder. Moreover, a half of members of the Supervisory Board (except the Supervisory Board member mentioned in the previous sentence), shall be elected from among persons identified by the State Treasury, until its stake in the share capital falls below 20%. At the time when this right of the State Treasury expires, another shareholder with the highest stake in the Company's share capital acquires that right, provided that he holds at least 20% in the Company's share capital. According to the provisions of the Statutes, the Supervisory Board shall include at least one person appointed by the General Meeting from among persons meeting the criteria of independence specified in the principles of corporate governance adopted by the Board of the Warsaw Stock Exchange. Proposing a candidate for this position a shareholder nominating such candidate shall be obliged to submit to the minutes of the General Meeting such candidate's written declaration confirming his/her independency. The State Treasury's failure to appoint one member of the Supervisory Board or the General Meeting's failure to elect members of the Management Board meeting the criteria of independence or the absence of such persons in the composition of the Supervisory Board shall 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 Board pursuant to principle 2.11.1.

ACTIVITIES AND ORGANISATION OF THE SUPERVISORY BOARD

The operating procedure of the Supervisory Board is described in the Statutes of the Company and in the Rules of the Supervisory Board. The Supervisory Board performs its obligations collectively, however, it may delegate individual members for temporary and independent performance of certain supervisory activities. The Supervisory Board meets as required, not less often than once every two months.

Meetings of the Supervisory Board are convened by the Chairman of the Supervisory Board or the Vice-Chairman in the absence of the Chairman. The meeting of the Supervisory Board is convened by sending out a written invitation to all members of the Supervisory Board at least seven days before the schedule date of the meeting.

This period of seven days may be shortened to two days in justified cases. The Meeting of the Supervisory Board may be also convened on demand of each member of the Supervisory Board or the motion of the Management Board (the person filing the motion proposes the agenda). Then the meeting should be convened within two weeks. If the Chairman of the Supervisory Board fails to convene the meeting within that period, the person filing the motion may convene the meeting on his/her own, stating the date, place and proposed agenda. The agenda may be changed if all members of the Supervisory Board are present at the meeting and no one objects to the change.

Supervisory Board meetings may take place without having been formally called, provided that all Supervisory Board members are present at the meeting and none of the Supervisory Board members object to the meeting taking place and to the proposed meeting agenda.

The Supervisory Board passes resolutions if at least half of the members of the Supervisory Board are present at the meeting and all the members have been invited. The Supervisory Board passes resolutions in an open voting. A secret voting is administered when requested by a member of the Supervisory Board, and during voting on personal matters. Resolutions of the Supervisory Board may be made in writing or using means of direct remote communications. The latter cannot be used for resolutions on the appointment or recalling of the Chairman, Vice-Chairman and Secretary of the Supervisory Board, and appointment, recalling or suspending a member of the Management Board and determining the remuneration and other contractual terms and executing agreements with Management Board members, except for competences reserved for the Company's General Meeting resulting from mandatory provisions of law.

In 2024, 25 in-office meetings of the Supervisory Board were held. The Supervisory Board adopted 202 resolutions.

COMPETENCIES OF THE SUPERVISORY BOARD

Pursuant to the provisions of the Statutes, the Supervisory Board maintains a continuous supervision over activities of the Company in all areas of the Company's activities. In 2019, the Ordinary General Meeting of Shareholders, by Resolution no. 27 of May 15 on amendments to § 18 of the Company's Statutes, clarified the provisions related to the amendment of the Act of December 16, 2016 on Principles of Management of State Property. The said resolution of the Ordinary General Meeting introduced amendments to § 18 sec. 2 of the PGE's Statutes with respect to the disposal of fixed assets, extending the powers of the Supervisory Board.

The competencies of the Supervisory Board include inter alia:

- review of the report of the Management Board on the activities of the Company and the separate financial statements for the past financial year for compliance with the books, documents and the actual status. This also applies to the report of the Management Board on the activities of the Capital Group and consolidated financial statements of the Capital Group if prepared,
- review of the motions of the Management Board on the division of profit or covering the loss,
- presenting the General Meeting with a written report on the results of activities referred to in the aforementioned two points,
- appointing the statutory auditor to audit the unit financial statements and the consolidated financial statements of the Capital Group if any,
- approval of the annual and long-term financial plans of the Company, including investment, marketing and sponsoring plans, as well as specifying the scope and dates of presentation of such plans by the Management Board,
- giving opinions on the principles of conducting sponsorship activities and assessing the effectiveness of the sponsoring activities carried out by the Company,

- approval of the development strategy of the Company,
- approval of the rules which lays down detailed operating procedure of the Supervisory Board,
- approval of the rules of the Management Board of the Company,
- establishing the uniform text of the Company's Statutes,
- setting remuneration and other terms of agreements and concludes agreements with the members of the Management Board (including the President of the Management Board), subject to competencies of the General Meeting resulting from the binding laws,
- giving opinions on the Management Board's reports on expenses on representation, legal services, marketing services, public relations services, social communication services and legal advisory connected with management as well as report on compliance with the best practices, referred to in Art. 7 sec. 3 of the Act of December 16, 2016 on the principles of state property management,
- giving opinions on the change in the rules of disposal of fixed assets, determined in § 41(1) of the Company's Statutes,
- approval of the remuneration policy for the Capital Group,
- providing opinions on all the motions for resolutions submitted by the Management Board to the General Meeting.
- In addition, the Supervisory Board's competencies particularly include:
- delegating members of the Supervisory Board to perform, on a temporary basis, activities of the members of the Management Board who cannot fulfill their duties,
- granting consent for the members of the Management Board to hold positions in authorities of other companies.

Documents that in detail regulate the competences of the Supervisory Board i.e. the Statutes of the Company and the Rules of the Supervisory Board are available on the corporate website: [Statute of PGE S.A., Regulations of the Supervisory Board](#)

COMMITTEES OF THE SUPERVISORY BOARD

In accordance with the Company's Statutes, the Rules of the Supervisory Board or a resolution of the General Meeting may provide for establishment of committees within the Supervisory Board, in particular the audit committee and the appointment and remuneration committee. The current Rules of the Supervisory Board provide that the Supervisory Board may appoint standing or ad hoc committees, acting as collective advisory and opinion-making bodies of the Supervisory Board. The particular goal of the committees is to provide the Supervisory Board with opinions and recommendations on matters within their competencies. The committees are established by the Supervisory Board out of its members. The committee consists of 3 to 5 people. The committee appoints a chairman out of its members. The chairman convenes meetings of the committee, manages works of the committee and represents the committee in relations with the authorities and employees of the Company. The mandate of a committee member expires with the expiry of the mandate of the member of the Supervisory Board, resignation from membership in the committee or recalling from the committee by the Supervisory Board. Each Member of the Supervisory Board may participate in committee meetings. The committee chairman may invite to the meetings members of the Management Board, Company employees and other persons whose participation is advisable. Decisions of the committee are made on a consensus basis, unless the regulations of a given committee state otherwise.

The document regulating in detail the scope and object of the Committees' activities is the Rules of Procedure of the Supervisory Board of PGE S.A.

Chart: Committees of the Supervisory Board of PGE S.A.

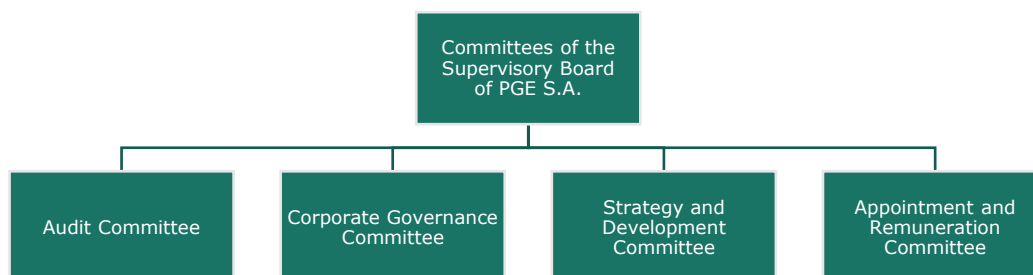


Table: Composition of the committees of the Supervisory Board as at January 1, 2024

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

As a result of changes in the composition of the Supervisory Board of PGE S.A., consisting of:

- appointing Michał Domagała to the Supervisory Board by the Minister of State Assets on January 25, 2024, ,
- adoption of resolutions by the Extraordinary General Meeting on January 31, 2024 on removing from the composition of the Supervisory Board the following persons: Janina Goss, Artur Składanek, Radosław Winiarski, Tomasz Hapunowicz, Mieczysław Sawaryn and on appointing as of February 1, 2024 the following persons to the composition of the Supervisory Board: Małgorzata Banasik, Eryk Kosiński, Andrzej Kozyra, Elżbieta Niebisz, Sławomir Patyra, Andrzej Rzońca, Andrzej Sadkowski,
- the resignation on September 11, 2024 of Eric Kosiński from his position as Member of the Supervisory Board of PGE S.A.,

the composition of the individual committees as at 31 December 2024 was as in the table below.

Table: Composition of the committees of the Supervisory Board as at December 31, 2024

Name and surname of the member of the Supervisory Board	Audit Committee	Corporate Governance Committee	Strategy and Development Committee	Appointment and Remuneration Committee
Małgorzata Banasik			Chairwoman	Member
Michał Domagała	Member			Member
Anna Kowalik	Member	Member		Chairwoman
Andrzej Kozyra		Member		Member
Elżbieta Niebisz	Member		Member	
Sławomir Patyra		Chairman		Member
Andrzej Rzońca	Chairman		Member	
Andrzej Sadkowski			Member	

Table: Composition of the committees of the Supervisory Board as at the signing date of the report

Name and surname of the member of the Supervisory Board	Audit Committee	Corporate Governance Committee	Strategy and Development Committee	Appointment and Remuneration Committee
Małgorzata Banasik			Chairwoman	Member
Michał Domagała	Member			Member
Anna Kowalik	Member	Member		Chairwoman
Andrzej Kozyra		Member		Member
Elżbieta Niebisz	Member		Member	
Sławomir Patyra		Chairman		Member
Andrzej Rzońca	Chairman		Member	
Andrzej Sadkowski			Member	

The detailed scope of competences of individual Committees of the Supervisory Board of PGE can be found in the Regulations of the Supervisory Board available on the website of PGE S.A.

AUDIT COMMITTEE

As at the date of signing of the report, the composition of the Audit Committee was as follows:

- Andrzej Rzońca – Chairman,
- Michał Domagała – Member,
- Anna Kowalik – Member,
- Elżbieta Niebisz – Member.

The Audit Committee operates on the basis of the Regulations of the Audit Committee of the Supervisory Board of PGE S.A., which meets the requirements of the Act of May 11, 2017 on Statutory Auditors, Audit Firms and Public Supervision (the Act on Statutory Auditors). The Company also has the following documents adopted by the Audit Committee:

- Policy and Procedure for the Selection of the Audit Firm to Conduct the Audit (Auditor Selection Policy),
- Policy on the provision of permitted non-audit services by the audit firm, by affiliates of the audit firm and by a member of the audit firm's network (Service Provision Policy).

All members of the Audit Committee of the Supervisory Board of the 12th term of office have submitted a declaration for the record that they meet the requirements set out in the Act on Statutory Auditors regarding the Audit Committee.

In 2024 the Supervisory Board Audit Committee had the following members:

- meeting statutory independence criteria: Michał Domagała, Elżbieta Niebisz, Andrzej Rzońca,
- having knowledge and skills in accounting or auditing financial statements due to their education and experience: Andrzej Rzońca,
- having knowledge and skills in the industry in which the company operates due to their education and professional experience: Michał Domagała, Anna Kowalik, Elżbieta Niebisz and Andrzej Rzońca.

Curricula vitae of the Members of the Audit Committee of the Supervisory Board containing details of their education and professional experience, confirming that they possess the requirements indicated above, are available above and on the PGE S.A. website.

The main task of the Audit Committee is assessment of the correctness and effectiveness of internal control at PGE S.A. and PGE Group and cooperation with the statutory auditors of the Company. The Audit Committee's tasks include in particular defining the rules for selecting an audit firm to audit the Company's financial statements and monitoring the Company's financial reporting.

The Audit Committee at PGE S.A. held 7 minuted meetings in 2024. At its meetings, the Audit Committee analysed, among other things, reports for 2023 i.e. the Company's separate financial statements, the consolidated financial statements of the PGE Capital Group, and the Management Board's report on the activities of the Company and the PGE Capital Group. The Audit Committee held also regular meetings with the representatives of the auditors – the company PKF Consult sp. z o.o. sp. k. in the scope of year 2023 and 2024 results.

Furthermore, the Audit Committee analysed the Company's separate financial statements for the first half of 2024, as well as the consolidated financial statements of the PGE Capital Group for the same period.

In 2024 the Audit Committee approved the compliance programme of PGE Group for the year 2024.

The Audit Committee issued its positive opinion on the audit plan of the PGE Capital Group for the year 2024.

The Audit Committee also analysed:

- the results of audits carried out at the Company and PGE Group,
- reports on services provided by the Auditor of PGE S.A. and entities related to the Auditor to PGE Group companies for 2023 and 2024,
- information on the adoption of a recommendation to the Supervisory Board on the evaluation of transactions entered into by PGE S.A. and its subsidiaries with related parties on an arm's length basis in the ordinary course of business.

SELECTION OF THE AUDIT FIRM TO CARRY OUT THE AUDIT

Pursuant to the Auditor Selection Policy, the selection of the auditing firm to audit the financial statements of the Company and the consolidated financial statements of PGE Group is made in compliance with the mandatory provisions of law and internal regulations, in particular:

- Act on Statutory Auditors, Audit Firms and Public Supervision, in particular art. 130 sec. 3 point 2 of this Act,
- Public Procurement Law (i.e.: Polish Journal of Laws of 2023, item 1605 as amended),
- PGE Group's General Procurement Procedure,
- PGE S.A. Procurement Procedures,
- Auditor Selection Policy,
- Guidelines for the selection and co-operation with the audit firm auditing the annual financial statements of the State-owned Company of September 2017.

The first audit engagement will be with an audit firm for a period of not less than 2 years, renewable for successive periods of at least 2 years. The maximum duration of uninterrupted audit engagements with the same audit firm or an audit firm affiliated with that audit firm or any Member of a network operating in countries of the European Union to which those audit firms belong will not exceed 10 years, with the proviso that the key Auditor may not audit for more than 5 years and that the key Auditor may re-perform an audit after a period of at least 3 years has elapsed since the completion of the last audit.

The auditor auditing the non-consolidated financial statements of PGE S.A. and the consolidated financial statements of PGE Group for 2022-2024 is PKF Consult sp. z o.o. sp.k. (PKF Consult). PKF Consult was selected in a procurement procedure in the form of negotiations with an announcement.

In accordance with the Auditor Selection Policy, the following criteria and conditions of participation were taken into account in the tender process:

- price for carrying out the audit and permitted additional services,
- knowledge of the energy industry and the specifics of state-owned companies;
- experience in auditing public entities;
- composition and experience of the audit team;
- size and organisational capacity to carry out the audit of PGE Group.

The criteria for selecting the audit firm and the method of evaluation of the bids were determined by the Supervisory Board, on the recommendation of the Audit Committee. The selection of the audit firm to carry out the audit of the financial statements is made by the Supervisory Board, following a recommendation by the Audit Committee. The selection of PKF Consult by the Supervisory Board was in line with the recommendation of the Audit Committee.

On September 3, 2024, following a procurement procedure conducted in accordance with the principles described above, the Supervisory Board selected KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp. k. to audit the separate financial statements of PGE S.A. and the consolidated financial statements of the PGE Group for the years 2025–2027.

In accordance with the Service Provision Policy a statutory auditor or audit firm conducting a statutory audit at PGE S.A. or any of its network members may not provide any prohibited non-audit services directly or indirectly to PGE S.A. and PGE Group companies.

The aforesaid prohibited non-audit services include:

- services indicated in Regulation (EU) No 537/2014 of the European Parliament and of the Council of April 16, 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC ("Regulation no. 537/2014") (in art. 5 section 1 of the Regulation no. 537/2014),
- other non-financial revision services.

Table: Allowed non-audit services.

The scope of the allowed service	Indication whether the service was provided in 2024 or will be provided for 2024	Indication of whether the Audit Committee has carried out an independence assessment	Indication of whether the Audit Committee has agreed to provide the service
services: conducting economic and financial due diligence, issuing of comfort letters in connection with prospectuses issued by the audited entity, conducted in compliance with the national standard for related services and consisting of agreed procedures	No	N/a	N/a
assurance services as regards pro forma financial information, earnings forecasts or estimated results published in a prospectus of the audited entity	No	N/a	N/a
auditing of historic financial information for the prospectus referred to in Commission Regulation (EC) No 809/2004 of April 29, 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements	No	N/a	N/a
verification of consolidation packages	Yes	Yes	Yes
confirming compliance with conditions included in credit agreements based on analysis of financial information from financial statements audited by the audit firm	Yes	Yes	Yes
assurance services concerning reporting on corporate governance, risk management and corporate social responsibility (including assurance of sustainable development reporting) ³²	Yes	Yes	Yes
services consisting of evaluating the compliance of information disclosed by financial institutions and investments firms with information disclosure requirements concerning capital adequacy and variable pay components	Yes	Yes	Yes
assurances concerning financial statements or other financial information intended for supervision authorities, supervisory board or other supervisory body of the company or owners, exceeding the scope of statutory audit and intended to help these entities in compliance with their statutory obligations	Yes	Yes	Yes
review of standalone and consolidated financial statements	Yes	Yes	Yes
open workshops, thematic conferences, industry meetings or other events that are open in nature and are not prepared for or adapted to the needs of PGE S.A., PGE Group companies or their employees	Yes	No ³³	N/a

The provision of these services by an audit firm performing a statutory audit of PGE S.A. and by members of the network for PGE S.A. and PGE Group companies is possible only in as far as this is not linked to tax policy after the Audit Committee at PGE S.A.'s Supervisory Board carries out an assessment of independence threats and precautions as referred to in the Act on statutory auditors. According to the table provided, in all but the last item, the Audit Committee has carried out an assessment of the threats and safeguards to independence referred to in the Act on Statutory Auditors. In the case of the open training sessions, thematic conferences, industry meetings and other events, the assessment of threats and safeguards for independence is carried out by the Audit Committee of PGE S.A. only if, in a given financial year, the value of these services, provided jointly by PGE S.A. and the PGE Group Companies to a statutory auditor or audit firm carrying out statutory audits of PGE S.A. or a member of the network to which the statutory auditor or audit firm belongs, reaches the limit of PLN 100 thousand set in the Policy. The costs of the services in question in 2024 were less than PLN 100 thousand.

The Services Provision Policy also specifies how a PGE Group company may request the Audit Committee of PGE S.A. to carry out the aforementioned assessment. The Audit Committee will take a written position within 14 calendar days of receiving a request to perform the assessment.

CORPORATE GOVERNANCE COMMITTEE

At the date of signing of the report, the composition of the Corporate Governance Committee was as follows:

- Sławomir Patyra – Chairman,
- Anna Kowalik – Member,
- Andrzej Kozyra – Member.

³² The agreement for the assurance engagement of the sustainability statement was signed in 2024. As at the date of signing, the assurance was classified as a permitted service. As of 1 January 2025, assurance in the area of sustainability reporting is mandatory for PGE S.A.

³³ In accordance with the Service Provision Policy.

The tasks of the Corporate Governance Committee include, in particular, evaluating the implementation of corporate governance principles in the Company and evaluating the manner in which the Company fulfils its disclosure obligations with respect to the application of corporate governance principles and submitting recommendations or initiatives for changes in this area to the Supervisory Board, providing opinions on internal acts and other documents of the Company submitted to the Supervisory Board which have a significant impact on corporate governance, as well as initiating and developing proposals for amendments to the Company's internal acts concerning corporate governance and submitting them to the Supervisory Board.

There were 2 meetings of the Corporate Governance Committee in 2024.

STRATEGY AND DEVELOPMENT COMMITTEE

At the date of signing of the report, the composition of the Strategy and Development Committee was as follows:

- Małgorzata Banasik – Chairwoman,
- Elżbieta Niebisz – Member,
- Andrzej Rzońca – Member,
- Andrzej Sadkowski – Member.

The Strategy and Development Committee is responsible for providing opinions and presenting recommendations to the Supervisory Board on issues related to the determination of the strategy and development planning of the Company and PGE Group. In particular, the Strategy and Development Committee's tasks include providing opinions on strategy and strategic plans as well as on investments having a significant impact on the Company's assets submitted to the Supervisory Board by the Management Board.

There were 5 minuted meetings of the Strategy and Development Committee in 2024.

Among others the following topics were the subject of the Strategy and Development Committee in 2024:

- Information of the Management Board of PGE S.A. on key projects and activities currently carried out in the area of research, development and innovation at PGE Group,
- Information provided by the Management Board of the Company on investments in offshore and onshore wind farms,
- Information concerning the assumptions and directions of changes in PEP 2040,
- Update of the PGE Group's Strategy,
- Investments in gas-fired sources as part of the decarbonisation of the PGE Group's assets.

APPOINTMENT AND REMUNERATION COMMITTEE

At the date of signing of the report, the composition of the Nomination and Remuneration Committee was as follows:

- Anna Kowalik – Chairwoman,
- Małgorzata Banasik – Member,
- Michał Domagała – Member,
- Andrzej Kozyra – Member,
- Sławomir Patyra – Member.

The Appointment and Remuneration Committee's task is facilitating achievement of strategic goals of the Company by presenting the Supervisory Board with opinions and motions on the development of the management structure, including remuneration system and selection of properly qualified personnel. In particular, the tasks of the Nomination and Remuneration Committee include:

- initiating and giving an opinion on the arrangements for the appointment of Management Board members,
- giving its opinion on the solutions proposed by the Management Board regarding the Company's management system in order to ensure that the Company's management is efficient, consistent and secure and compliance with the law and internal regulations,
- periodically reviewing and recommending principles for determining the incentive remuneration of members of the Management Board and senior executives, in accordance with the interests of the Company,
- periodically reviewing the remuneration system for members of the Management Board and executives reporting directly to the members of the Management Board, including management contracts and incentive schemes and submitting to the Supervisory Board proposals for their design depending on achieving the Company's strategic objectives,

- providing opinions to the Supervisory Board on the justification for the award of performance-related remuneration in the context of assessing the extent to which the Company's specific tasks and objectives have been achieved,
- evaluating the Company's human resources management system.

There were 5 meetings of the Nomination and Remuneration Committee in 2024.

The subject matter of the meetings of the Nomination and Remuneration Committee in 2024 included inter alia Discussion of the proposal of Management Objectives for the PGE S.A. Management Board for 2024.

7.6. Remuneration of the management of PGE S.A.

7.6.1. Rules with respect to the determination of remuneration for the Management Board Members of PGE S.A.

On September 9, 2016, the Act of June 9, 2016 on the principles of determining the amount of remuneration for persons managing certain companies (Act on remuneration) – came into force. The Act on remuneration determines, inter alia, principles for determining remuneration in companies with a stake of the State Treasury (including PGE), in particular determines the way in which the remuneration of the members of the Management Board and Supervisory Board is set (rules for determining remuneration of the Management Board and Supervisory Board are adopted by the General Meeting and the Supervisory Board adopts resolutions on specific conditions of the management board remuneration). The act also determines select provisions of management services agreements executed with management board members.

On December 14, 2016, the Company's Extraordinary General Meeting adopted resolution 4 on determining the rules for remuneration for members of the Management Board of PGE S.A., subsequently changed through resolution no. 37 of the Company's Ordinary General Meeting of June 27, 2017. Subsequently, on March 7, 2022, the Company's Extraordinary General Meeting adopted Resolution 5 revoking the previously adopted principles for shaping the remuneration of the Members of the Management Board of the Company and introduced new principles for shaping the remuneration of the Members of the Management Board of the Company. The changes resulting from the resolution of March 7, 2022 were subsequently incorporated into the Remuneration Policy for the Members of the Management Board and Supervisory Board of PGE S.A. (Remuneration Policy) by Resolution no. 11 of the Ordinary General Meeting of the Company of June 22, 2022.

The Remuneration Policy is available in the following location on the PGE S.A. website:

<https://www.gkpgge.pl/en/for-investors/corporate-governance/remuneration-policy>

The remuneration of all Members of the Company's Management Board for 2024 was awarded in accordance with the provisions of the Remuneration Policy. The remuneration included only the components provided for in the Remuneration Policy, and 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 the 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.

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 is 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 specific applicable legal regulations determining its amount.

TERMS AND CONDITIONS OF AWARDING THE 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% 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 index 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 utilization 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 December 16, 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 Act of July 29, 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies (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 2024, 30% 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.

Terms of non-competition agreements and related benefits:

The Supervisory Board and a Member of the Management Board may enter into a non-competition agreement binding and effective after discontinuation in the performance of the function; such a non-competition agreement may be entered into only if a Member of the Management Board has performed their function for a period of at least six months, with the proviso that the amount of a monthly compensation may not exceed 100% of the fixed remuneration.

Entering into a non-competition agreement after the dissolution or termination of the Agreement is not permissible.

The period of the prohibition against competition may not exceed six months from the discontinuation of the performance of the function of a Member of the Management Board.

Should a Member of the Management Board fail to perform, or improperly perform, a non-competition agreement, such a Member will be obliged to pay the Company a contractual penalty in the amount not lower than the amount of compensation due for the whole non-competition period.

In a non-competition agreement, the Supervisory Board is obliged to determine at least activities competitive to those of the Company, the amount of compensation for complying with the prohibition against competition, the deadline for the payment of such compensation, information provision obligations of a Member of the Management Board, as well as cases in which the prohibition against competition becomes ineffective. The Supervisory Board may determine the Company's right to withdraw from a non-competition agreement or the Parties' rights to terminate a non-competition agreement.

CONDITIONS FOR THE GRANTING OF ADDITIONAL BENEFITS:

Apart from the remuneration referred to above, the Supervisory Board may additionally, in justified cases, under the Agreement, grant Members of the Management Board the right to additional benefits.

In the Agreement, the Supervisory Board determines the scope and principles of providing a Member of the Management Board with technical equipment and resources constituting the Company's assets and necessary for the performance of the function; the Supervisory Board may also determine limits or a manner of determining limits concerning costs incurred by the Company in connection with providing a Member of the Management Board with such equipment and resources as well as a Member's using such equipment and resources for business purposes.

Table: Remuneration and benefits received in 2024 by the Members of the Management Board of PGE S.A. (in PLN)

Name and surname of the Management Board member	Start of the period of office	End of period of office	Fixed salary -	Variable remuneration	Remaining components	Refund of social security contributions	Total
			Management Contract	for 2023	Severance payment/ Compensation for non-competition		
Wojciech Dąbrowski	20-02-2020	07-02-2024	81 469.93	0.00	594 510.30	0.00	675 980.23
Paweł Śliwa	20-02-2020	23-11-2023	0.00	0.00	369 917.52	0.00	369 917.52
Wanda Buk	01-09-2020	07-02-2024	76 038.62	0.00	554 876.28	0.00	630 914.90
Lechosław Rojewski	09-06-2021	28-02-2024	119 195.72	0.00	554 876.28	0.00	674 072.00
Rafał Włodarski	09-01-2023	07-02-2024	76 038.62	0.00	554 876.28	0.00	630 914.90
Przemysław Kołodziejek	01-05-2023	04-04-2024	254 832.08	0.00	554 876.28	20 826.35	830 534.71
Małgorzata Banasik	07-02-2024	08-03-2024	62 681.55	0.00	0.00	0.00	62 681.55
Eryk Kosiński	07-02-2024	17-03-2024	86 336.68	0.00	0.00	0.00	86 336.68
Dariusz Marzec	18-03-2024		625 336.76	0.00	0.00	6 326.39	631 663.15
Marcin Laskowski	18-03-2024		583 647.68	0.00	0.00	0.00	583 647.68
Robert Kowalski	15-05-2024		466 507.14	0.00	0.00	4 042.12	470 549.26
Maciej Górski	24-06-2024		384 303.22	0.00	0.00	0.00	384 303.22
Przemysław Jastrzębski	15-07-2024		343 201.30	0.00	0.00	0.00	343 201.30
Total			3 159 589.30	0.00	3 183 932.94	31 194.86	6 374 717.10

The total remuneration achieved by the Management Board members in 2024 amounted to PLN 6 375 thousand (according to PIT11). In cost perspective (including mark-ups and provisions), in 2024 the remuneration cost of all persons who acted as Management Board members of PGE S.A., amounted to PLN 9 510 thousand.

7.6.2. Rules with respect to the determination of remuneration for the Supervisory Board Members of PGE S.A.

The amount of remuneration of the Supervisory Board Members of PGE S.A. was determined by Resolution No. 5 of the Extraordinary General Meeting of the Company dated December 2, 2019 on the amendment of Resolution No. 5 of the Extraordinary General Meeting of 'PGE Polska Grupa Energetyczna Spółka Akcyjna' dated December 14, 2016 concerning the principles of determining the amount of remuneration for members of the Supervisory Board of PGE S.A. These rules are taken into account in the Remuneration Policy for the Members of the Management Board and Supervisory Board of PGE S.A. adopted by Resolution no. 9 of the General Meeting of the Company of June 26, 2020, amended by Resolution of the General Meeting of the Company of June 22, 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 the 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 set as a product of the average remuneration in the business sector exclusive of profit-based bonuses in the fourth quarter of the previous year as announced by the President of the Central Statistical Office of Poland and the following factor: 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, the Supervisory Board members do not receive additional cash or non-cash benefits.

Table: Remuneration received by the Supervisory Board Members of PGE S.A. in 2024 (in PLN).

Name and surname of the Supervisory Board member	Start of the period of office	End of period of office	Remuneration value
Anna Kowalik	27-06-2013		92 540.47 ¹
Janina Goss	01-03-2016	31-01-2024	11 651.42
Mieczysław Sawaryn	01-03-2016	31-01-2024	11 651.42
Artur Składanek	01-03-2016	31-01-2024	12 733.96 ¹
Tomasz Hapunowicz	09-01-2018	31-01-2024	11 651.42
Radosław Winiarski	14-11-2018	31-01-2024	11 651.42
Cezary Falkiewicz	28-04-2023	30-11-2023	1 438.68 ²
Michał Domagała	25-01-2024		90 378.78
Małgorzata Banasik	01-02-2024		66 762.65
Eryk Kosiński	01-02-2024	11-09-2024	42 149.96
Andrzej Kozyra	01-02-2024		77 708.12
Elżbieta Niebisz	01-02-2024		77 708.12
Sławomir Patyra	01-02-2024		77 708.12
Andrzej Rzońca	01-02-2024		77 708.12
Andrzej Sadkowski	01-02-2024		77 708.12
Total			741 150.78

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.

² This item includes only reimbursement of social security contributions for 2023

Total remuneration earned in 2024 by the members of the Supervisory Board in PGE S.A. amounted to PLN 741 thousand. In cost perspective (including mark-ups), the remuneration cost of all persons who acted as Supervisory Board members amounted to PLN 865 thousand in 2024.

8. Other elements of the report

8.1. Significant events of the reporting period affecting operation in 2024 and subsequent periods.

8.1.1. Changes in the Management Board and Supervisory Board

A detailed description of the changes in the composition of the Management Board and the Supervisory Board can be found in p. 7.5 of this report.

8.1.2. Project of carve-out of coal generation assets.

For a description see note 32.2 of the consolidated financial statements.

8.1.3. Regulatory changes

For a description see note 32.4 of the consolidated financial statements and p. 4.6 of this report.

8.1.4. Environmental decision on the Turów Lignite Mine

For a description see note 27.3 of the consolidated financial statements.

8.1.5. Impact of war between Russia and Ukraine on PGE Group's activities

For a description see note 32.1 of the consolidated financial statements.

8.1.6. Restructuring proceedings of ENESTA sp. z o.o.

For a description see note 1.2 of the consolidated financial statements.

8.1.7. Implementation by PGE Paliwa sp. z o.o. of the decision concerning the purchase and sale of coal

For a description see note 32.3 of the consolidated financial statements.

8.1.8. Dividend

On April 3, 2024 the Management Board of PGE S.A. decided on the recommendation not to pay dividend for 2023 to the PGE's shareholders. Decision was taken in accordance with the dividend policy and is a result of analysis of total Company's indebtedness and expected capital expenditures, in the context of lack of implementation of coal assets carve-out project and deteriorating operational conditions of the coal-fired power plants that are reflected in results of the impairment tests of property, plant and equipment in the Conventional Generation segment. The Ordinary General Meeting of the Company of June 28, 2024 agreed with the recommendation.

8.1.9. Impairment tests

For a description see note 3 of the consolidated financial statements.

8.1.10. Nuclear power plant construction project

For a description see note 32.5 of the consolidated financial statements.

8.1.11. Signing of an annex to the syndicated loan

On February 6, 2024 an annex was signed to the revolving loan agreement which was signed on March 1, 2023 by PGE S.A. with a syndicate consisting of the following banks: Powszechna Kasa Oszczędności Bank Polski S.A., Bank Polska Kasa Opieki S.A., Bank of China (Europe) S.A., Industrial and Commercial Bank of China (Europe) S.A., Alior Bank S.A. and Santander Bank Polska S.A. As a result of the annex China Construction Bank (Europe) S.A. with its seat in Luxembourg joined the agreement and the amount of the Loan was increased from PLN 2 330 million to PLN 3 150 million.

The subject matter of the agreement includes granting by the banks of the revolving loan which may be utilised for:

- finance the day-to-day operations of PGE S.A. and the Group in particular in line with the long term Group strategy aiming at reduction of emissions and increase of production of electricity from renewable sources,
- finance investment and capital expenditure in connection with the operations of PGE S.A. and the PGE group, other than investments in new carbon assets;
- refinancing of the financial liabilities of PGE and PGE Group.

The final repayment date falls on March 1, 2027. Interest rate of the loan is calculated on the floating rate based on the relevant WIBOR rate (reference rate) plus margin. The margin may be periodically adjusted depending on the ESG rating assigned to PGE by a specialised agency. According to the provisions of the agreement, PGE undertakes to keep the consolidated net debt to consolidated EBITDA at a level not higher than 4:1 in the case PGE holds investment grade credit rating or at a level not higher than 3.5:1 in the case PGE does not hold investment grade credit rating. The loan is not secured on any of the assets of PGE or of the PGE Group.

[Signing of an annex to the syndicated loan](#)

8.1.12. The impact of the approval of the G tariff on the financial results of the PGE Capital Group

For a description see note 20.4 of the consolidated financial statements.

8.1.13. Estimation of electricity imbalance fed to the grid by prosumers

For a description see note 2.4 of the consolidated financial statements.

8.1.14. Conclusion of the agreement by Elektrociepłownia Zielona Góra S.A. for the supply of gas fuel

On July 1, 2024 Elektrociepłownia Zielona Góra S.A. (company from PGE Group) concluded a framework agreement with ORLEN S.A. for the comprehensive sale of gas fuel in the distribution system together with an individual contract to the Agreement.

The framework agreement was concluded for an indefinite period, while the individual contract provides for gas fuel deliveries from July 2, 2024 to January 1, 2037.

The estimated value of the individual contract during its validity period, determined on the basis of gas market prices and distribution rates, amounts to a total of PLN 6.3 billion net. The basis for calculating the price formula in the individual contract will be variable components based on quotation of gas price indexes, taking into account the conditions of gas supplies from local deposits.

The agreement is secured by a bank guarantee for the amount of PLN 33 million and a surety provided by PGE in the amount of PLN 40 million.

[Conclusion of the agreement for the supply of gas fuel](#)

8.1.15. The General Meetings

On January 31, 2024, the Extraordinary General Meeting passed resolutions on changes to the composition of the Supervisory Board. The General Meeting dismissed the following persons from the Supervisory Board: Janina Goss, Tomasz Hapunowicz, Mieczysław Sawaryn, Artur Składanek, Radosław Winiarski, and appointed to the Supervisory Board: Małgorzata Banasik, Eryk Kosiński, Andrzej Kozyra, Elżbieta Niebisz, Sławomir Patyra, Andrzej Rzońca and Andrzej Sadkowski.

The Ordinary General Meeting was held on June 28, 2024 and on July 25, 2024. On June 28, 2024, the Annual General Meeting adopted the reports for 2023. On July 25, 2024, during the continuation of the meeting of June 28, 2024, the Annual General Meeting passed resolutions:

- concerning a refusal to grant discharge for the performance of duties in the year 2023 to: Wojciech Dąbrowski, Ryszard Wasilek, Wanda Buk, Paweł Śliwa, Lechosław Rojewski, Rafał Włodarski and Przemysław Kołodziejek,
- concerning the acknowledgement of the fulfillment of duties for the year 2023 to: Anna Kowalik, Radosław Winiarski, Cezary Falkiewicz.

The Ordinary General Meeting did not pass resolutions concerning the acknowledgement of the fulfillment of duties for the year 2023 to: Artur Składanek, Janina Goss, Mieczysław Sawaryn, Tomasz Hapunowicz, Zbigniew Gryglas and Marcin Kowalczyk.

The content of adopted resolutions is presented in the locations on the PGE S.A. website indicated below:

[Content of OGM resolutions from June 28, 2024](#)

[Content of OGM resolution from July 25, 2024](#)

8.1.16. Commissioning dates of CCGT units in PGE Gryfino Dolna Odra sp. z o.o.

On July 23, 2024 PGE Gryfino Dolna Odra sp. z o.o. and the syndicate of General Electric Global Services GmbH (leader of syndicate), Polimex Mostostal S.A. and GE Vernova LLC concluded before the mediator of the arbitration court at the Solicitor's Office of the Republic of Poland a settlement regarding the realisation of the contract for construction of two CCGT units with a capacity of 683 MWe each.

As a consequence of the Settlement, the commissioning date of unit no. 9 was set at August 15, 2024 and of unit no. 10 at September 30, 2024. There was a 35-days joint grace period for both units for non-compliance with the mentioned commissioning dates that could be prolonged in the event of early commissioning of unit no. 9.

Unit no. 9 was commissioned on August 14, 2024, unit no. 10 – on October 18, 2024.

[New commissioning dates for units at PGE Gryfino Dolna Odra](#)

8.1.17. Contractual penalties for the contractor for unit 7 at Turów Power Plant

For a description see note 27.3 of the consolidated financial statements.

8.1.18. Signing of a loan agreement with the European Investment Bank

On July 29, 2024 PGE signed a term loan agreement with the European Investment Bank ("EIB"). The value of the loan agreement amounts to PLN 1 billion and the loan will be intended for financing of capital expenditures of PGE Energetyka Kolejowa S.A. for the Modernisation of Power Supply Systems implemented in years 2023-2028 which will ensure modernisation of railway network power supply systems throughout Poland.

The loan will be drawn in instalments. Each instalment may be drawn in PLN or EUR. The final maturity date will be maximum 18 years from the drawing date of the last instalment whereby the last instalment may be drawn no later than 24 months from the Agreement signing date. The interest rate will be determined before the payment of the each instalment. The Agreement does not provide for tangible collaterals. After signing of the Agreement, total nominal value of the financing from the EIB amounts to PLN 6 663 million.

[Signing of a loan agreement with EIB](#)

8.1.19. Signing of an annex to the term loan agreement with Bank Gospodarstwa Krajowego

On November 20, 2024 an annex was signed to the term loan agreement with Bank Gospodarstwa Krajowego (BGK). As a result of the annex the amount of the loan was increased from PLN 2.5 billion to PLN 3.9 billion and the financing period has been extended from maximum of 8 years to maximum of 12 years. The final maturity date was set at December 20, 2036. In addition the annex introduces possibility to use the financing in EUR currency on the floating interest rate based on the relevant EURIBOR rate (reference rate) plus margin.

After signing the above mentioned annex, total debt resulting from the term loans from BGK may amount to no more than PLN 4.6 billion while the total debt resulting from all loan agreements with BGK may amount to no more than PLN 7.5 billion.

[Signing of an annex with BGK](#)

8.1.20. Result of main capacity market auction for the year 2029

The clearing price of the main capacity market auction for 2029 was 264.90 PLN/kW/year. The price of capacity obligation in multi-year contracts will be adjusted every year with the annual average consumer price index.

Total capacity obligation of 1 434.936 MW has been ultimately contracted for units owned by PGE Group, including:

- 349.479 MW in 17-years contracts,
- 138.066 MW in 7-years contracts,
- 947.391 MW in 1-year contracts.

Total capacity obligation contracted for units owned by PGE Group for the year 2029, including long-term obligations contracted in the auctions for the years 2021-2028, amounts to 7 199.652 MW.

8.2. Subsequent events

8.2.1. Change of PGE's rating by Fitch Ratings

On January 13, 2025 Fitch rating agency ("Fitch", the "Agency") has downgraded long-term Issuer Default Rating (IDR) of PGE from BBB+ with stable outlook to BBB with stable outlook, PGE's senior unsecured rating and senior unsecured rating of subsidiary PGE Sweden AB (publ) from BBB+ to BBB and national ratings: PGE from AA(pol) with stable outlook to A+(pol) with stable outlook and senior unsecured rating from AA(pol) to A+(pol).

Within the rating assessment Fitch agency did not assume a spin-off from PGE Group's structure of conventional assets associated with mining and electricity generation from lignite and hard coal.

Fitch justifies the rating downgrade by projected increase of Company's net leverage due to a high capex, allocated largely to energy transition. Additionally, in its report the Agency points out a weakening PGE's competitive position due to structural market changes, including the growth of renewables in electricity generation. As a consequence, Fitch expects decrease in volumes of PGE's lignite- and coal-fired power generation and reduced profitability of the Company, which is significantly affected by the fixed cost base of its lignite mines, given the lack of domestic regulatory mechanisms to cover these losses.

According to the Agency's report, stable outlook reflects PGE's adequate projected net leverage and the solid share of regulated distribution and a gradually improving electricity generation mix, including investments in new CCGT units, onshore renewable energy sources and first offshore wind project.

The Management Board of PGE emphasises that the ratings downgrade, within the investment grade rating level, does not impact the current Company's financing agreements and costs of debt servicing.

8.2.2. Construction of an energy storage facility in Żarnowiec

The Żarnowiec Battery Energy Storage Facility will be located in the Pomeranian Voivodeship, close to PGE Group's future offshore wind farms and Poland's largest pumped storage power plant in Żarnowiec. It will have a power of 262 MW and a capacity of approximately 981 MWh - the largest energy storage facility in Poland and one of the largest in Europe. The contractor for the investment will be LG Energy Solution Wrocław, with which PGE signed an agreement worth PLN 1.6 billion gross on March 7, 2025. The completion of construction is scheduled for 2027. In December 2024, the storage facility was awarded a 17-year contract in a capacity market auction for 2029. As part of the financing of the project, the PGE Group has applied for funds from the National Recovery and Resilience Plan.

[PGE plans to build over 80 energy storage facilities by 2035](#)

8.2.3. Signing by PGE S.A. and ZE PAK of a term sheet regarding terms of acquisition by PGE of shares in two companies owned by ZE PAK

PGE S.A. is interested in acquiring from ZE PAK S.A. 100% of shares in PAK CCGT sp. z o.o., pursuing the gas project on the Adamów Power Plant site, and 50% of shares in PGE PAK Energia Jądrowa S.A., responsible for the nuclear project. To this end, PGE and ZE PAK S.A. signed a term sheet to establish the terms and conditions for the purchase of the gas and nuclear project. The next step will be to conduct due diligence, i.e. a study of the condition of both entities, with the participation of external advisors, which is a condition for the conclusion of the agreement.

PAK CCGT sp. z o.o. is implementing investment in 600 MWe class CCGT unit together with accompanying infrastructure on the Adamów Power Plant site. The general contractor of the investment is the syndicate of Siemens Energy Global GmbH Co KG, Siemens Energy sp. z o.o. and Mytilineos S.A. The power plant obtained 17-year capacity auction contract for delivery year 2026 at a level of 493 MW.

PGE PAK Energia Jądrowa S.A. was established in 2023 by PGE and ZE PAK S.A. to carry out preparatory activities with a view to the possible construction of a nuclear power plant in the Konin region with a total

capacity of 2.8 GW. Each shareholder holds 50% of the shares in this entity. The buyback from ZE PAK S.A. 50% of their shares will make PGE S.A. the sole owner of the nuclear project.

8.2.4. Implementation and financing of the Baltica 2 project

On January 28, 2025, PGE's Supervisory Board adopted a resolution consenting to the construction of an offshore wind farm with a planned maximum capacity of 1 498 MW (Baltica 2 Project) being developed by Elektrownia Wiatrowa Baltica - 2 sp. z o.o. and the execution and performance by PGE of agreements related to the execution of the Baltica 2 Project.

On January 29, 2025 Elektrownia Wiatrowa Baltica - 2 sp. z o.o. and the relevant entities from the PGE and Ørsted groups concluded a series of agreements related to the execution of an investment undertaking comprising the construction of an offshore wind farm. The conclusion of the above-mentioned agreements is related to the proposed adoption by the shareholders of Baltica 2 of a resolution regarding the Final Investment Decision (FID) commencing the stage of construction of the Baltica 2 Project. The concluded agreements include, among others:

- the amended shareholders' agreement governing, among other things, the corporate governance of the company during the construction phase, the rules of the functioning of the integrated project team during the construction phase, the obligations of the parties in terms of financing and providing other types of support to Baltica 2 in connection with the construction, share transfer restrictions and the consequences of any material breach of obligations and change of control over the shareholders;
- agreements governing the rendering of services of managing construction works by a relevant PGE group entity - for the onshore construction, and by a relevant Ørsted group entity - for the offshore construction;
- agreements that regulate the servicing and maintenance of the Baltica 2 Project offshore wind farm after it is commissioned for use, by a relevant PGE group entity and by a relevant Ørsted group entity;
- shareholder loan agreements on the basis of which the shareholders of Baltica 2 will provide debt financing to the company (in addition to equity financing);
- agreements concerning the sale of electricity generated by the offshore wind farm within the scope of the Baltica 2 Project to the shareholders of Baltica 2.

Simultaneously with the conclusion of the above mentioned agreements, PGE Baltica 6 sp. z o.o. concluded credit facility agreements together with the relevant security agreements for the purposes of financing the construction of the Baltica 2 Project. The credit facility agreements were concluded with a consortium comprising of 25 Polish and foreign financial institutions, among others Bank Gospodarstwa Krajowego S.A., European Investment Bank and European Bank for Reconstruction and Development. Based on the credit facility agreements, the company will receive financing in the form of non-recourse project finance of approximately PLN 11.1 billion for the construction period and 22 subsequent years and it will have possibility to use additional and supplementary credit lines in amount of approx. PLN 1.5 billion.

The repayment of the obligations assumed under the Credit Facility Agreements will be based on future cash flows generated by Elektrownia Wiatrowa Baltica - 2 sp. z o.o.

On January 29, 2025, the shareholders of the company adopted a resolution regarding the granting of the FID commencing the construction phase of Baltica 2 offshore wind farm. The first power in the project shall be generated in the first half of 2027 and the commissioning of the whole project is planned for the second half of 2027. The total budget for the project including capital expenditures in the development and construction phases as well as operating costs in the construction phase is estimated at approximately PLN 30 billion, where the shareholders are responsible for raising financing in equal proportions.

[Signing of agreements - realisation of Baltica 2 Project](#)

[Signing of a loan agreement with BGK within National Recovery Plan](#)

[Resolution of the Supervisory Board](#)

8.2.5. Signing of loan agreements with BGK within National Recovery and Resilience Plan

On March 31, 2025 the Company and Bank Gospodarstwa Krajowego ("BGK") signed two loan agreements for funds from National Recovery and Resilience Plan for a total amount of app. PLN 12.1 bn, including respectively:

- app. PLN 9.5 billion for financing of projects pursued by PGE Dystrybucja S.A. - Improving the capacity to integrate renewable energy sources and improving the security of electricity supplies through construction and modernisation of the electricity grid,

- app. PLN 2.6 billion for financing of projects pursued by PGE Energetyka Kolejowa S.A. - strengthening of security, improving the energy quality and improving the capacity to connect larger number of RES to the distribution grid feeding the Polish railways and the accompanying ecosystem.

[Loan agreements with BGK within National Recovery and Resilience Plan](#)

8.3. Proceedings in front of court, body appropriate for arbitration proceedings or in front of public administration authorities

Significant proceedings pending in front of courts, competent arbitration authority or public administration authority are described in note 27 to the consolidated financial statements. This note discusses, inter alia the issue of compensation regarding the conversion of shares, issues related to the request by the Polimex-Mostostal consortium for an increase in remuneration for the construction of a CHP plant in Siechnice and environmental decision on the Turów Lignite Mine.

8.4. Information on credit and loan agreements concluded and terminated in a given financial year

The information is presented in point 5.4.4 of this report, in note 16.1.3 to the standalone financial statements and in note 24.1.3 to the consolidated financial statements.

8.5. Information on sureties and guarantees granted and received in a given financial year, including those granted to related entities of the issuer

The information is presented in point 5.4.5 of this report, in note 19 to the standalone financial statements and in note 27 to the consolidated financial statements.

8.6. Information concerning the loans and guarantees for loans granted by the Company, including granted to its subsidiary

The information is presented in point 5.4.4 of this report, in note 16.1.1 to the standalone financial statements and in note 24.1.1 to the consolidated financial statements.

8.7. Information on issue, redemption and repayment of debt securities and other securities

Information on issue, redemption and repayment of debt securities and other securities is described in p. 1.3 of the foregoing report and in note 1.3 to the consolidated financial statements.

8.8. Transactions with related entities

Information about transactions with related entities is presented in note 30 to the consolidated financial statements.

In addition, note 6 to the consolidated financial statements indicates that PGE CG accounts for inter-segment transactions as if they related to unrelated parties - on an arm's length basis.

8.9. Publication of financial forecasts

PGE S.A. did not publish financial forecasts.

8.10. Significant off-balance sheet items

Significant off-balance sheet items are described in notes 27 and 28 to the consolidated financial statements.

8.11. Significant agreements

Significant contracts and events are set out in p. 8.1 and 8.2 of this report.

8.12. Branches of the Company

The company has a Branch of the Center for Knowledge and Development of the PGE Group with its registered office in Lublin.

8.13. Entity authorised to audit of financial statements

An entity authorised to audit stand-alone financial statements of PGE S.A. and consolidated financial statements of PGE Capital Group for 2023 is PKF Consult sp. z o.o. sp.k. (PKF) on the ground of the agreement signed on January 21, 2022. More information regarding the co-operation of PGE Capital Group with the auditor is presented in note 31 to the consolidated financial statements.

8.14. Factors which, in the issuer's opinion, will have an impact on its results over at least the next quarter

Significant factors and events that, in the issuer's opinion, will affect its results over at least the next quarter are described in the remaining sections of this report.

8.15. Agreements and other information important for the assessment of the personnel and financial situation, financial result of the PGE Capital Group and their changes, as well as information important for the assessment of the Group's ability to fulfil its obligations

In 2024, apart from the events indicated in the other sections of this report, there were no other events that are important for the assessment of the personnel and financial situation, financial result of the PGE Capital Group and their changes, as well as for the assessment of the Group's ability to fulfil its obligations.

9. Sustainability Statement

9.1. GENERAL DISCLOSURES [ESRS 2]

9.1.1. [BP-1] General basis for preparation of the sustainability statement

The formal basis for the preparation of this Sustainability Statement³⁴ (hereinafter: 'Statement') is the Directive of the European Parliament and of the Council (EU) 2022/2464 (Corporate Sustainability Reporting Directive, CSRD), the European Sustainability Reporting Standards (ESRS), and the Accounting Act. Information concerning ESRS disclosures included in the Management Board Report are indicated in the body of the Statement and in the index of indicators (section IRO-2). No other sustainability data reporting standards were used in the disclosures.

This Sustainability Statement has been prepared in consolidated form for the PGE Capital Group (PGE CG, PGE Group). It covers sustainability-related information for the period from 1 January to 31 December 2024 and includes data for the entire PGE Capital Group. The scope of consolidation is consistent with the PGE Capital Group's Financial Statements. Data collection for sustainability reporting covers companies consolidated using the full consolidation method (excluding associates, joint ventures, and non-consolidated entities deemed immaterial). The subsidiary KOGENERACJA S.A. is the only company within the PGE Group that has been required to prepare a separate Sustainability Statement, having met the criteria set out in the Accounting Act for entities obliged to publish their own (individual) report.

This Statement is in line with the requirements of the ESRS, and its structure follows the layout set out in Appendix D to ESRS 1.

The content of the Statement is the result of a double materiality assessment and covers the PGE Group's value chain, both upstream and downstream. In selected areas, elements of the value chain are also reflected in the descriptions of individual sections of the Statement. The time horizons applied are consistent with those defined in ESRS 1.

The scope of the Statement covers companies within the PGE CG. In certain topics, disclosures have been limited to selected companies. Where applicable, this is clearly noted alongside the reported information.

Representatives of all companies within the PGE Capital Group were involved in the preparation of this Statement. With regard to employee-related information, the Statement was consulted with the PGE S.A. Employee Council, representing all employees of the corporate centre.

In preparing the Statement, the PGE Group made use of the option to omit information relating to intellectual property, know-how or the results of innovation.

The PGE Capital Group did not apply the exemption from disclosing information on anticipated events or matters under ongoing negotiations, as provided for in Articles 19a(3) and 29a(3) of Directive 2013/34/EU.

The PGE Capital Group is also required 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 the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088, as well as from the Delegated Regulations on the establishment of a framework to facilitate sustainable investment (hereinafter: the EU Environmental Taxonomy, or the Taxonomy). Details of the Taxonomy-related disclosures are provided in Section 9.2 of this Statement.

9.1.2. [BP-2] Disclosures in relation to specific circumstances

As this is the first time the PGE Group is disclosing data under the ESRS, the approach to preparing and presenting sustainability-related information has changed compared to the previous reporting period. This Statement does not include comparative data. Furthermore, the reporting standards applied in earlier periods (such as the Global Reporting Initiative) do not allow for a full or meaningful comparison of the information now being disclosed. As a result, it is also not possible to verify any potential errors in previous disclosures.

In preparing the quantitative data for this Statement, some figures are based on estimates. In addition, indirect sources within value chain indicators were used for calculating the carbon footprint, which may introduce a certain level of measurement uncertainty. In such cases, this is clearly noted alongside the relevant indicators. Detailed information on these sources and their accuracy is provided in Section E1.

³⁴ The title of the report on non-financial information adopted in accordance with the nomenclature used in the Polish translation of the ESRS.

The PGE Group has made use of the option to omit information on the anticipated financial effects of environmental risks and opportunities in all environmental disclosures during the first year of preparing the Statement.

Table: Disclosure by reference to the Management Board Report on activities of the PGE CG.

Disclosure No	Regarding	Place of disclosure
[SBM-1] Strategy, business model and value chain	Information on the business model and value chain	1.4
[SBM-1] Strategy, business model and value chain	Information on the key elements of the overall strategy includes the products offered, the markets served, customer groups, and the number of employees	1.1, 1.4, 1.5
[GOV-1] The role of the administrative, management and supervisory bodies	The role of the management board in the context of sustainable development	7.5.1
[GOV-1] The role of the administrative, management and supervisory bodies	Information on the composition, distribution of powers and functions, and biographical information on the members of the company's authorities	7.5.1
[GOV-1] The role of the administrative, management and supervisory bodies	Data on composition and diversity among Board Members, number of executive members	7.5.1
[GOV-1] The role of the administrative, management and supervisory bodies	Information on the number of non-executive members and the percentage of independent members of the Supervisory Board	7.5.2

9.1.3. [GOV-1] The role of the administrative, management and supervisory bodies

The highest governing body within the PGE Capital Group is the Management Board of PGE S.A. Throughout this Sustainability Statement, any reference to the 'Management Board' refers specifically to the Management Board of PGE S.A. In this regard, the PGE Group ensures that the information presented in the Sustainability Statement is consistent and aligned with that disclosed in the PGE Capital Group's Financial Statements.

The powers and responsibilities of the various governing bodies are defined in the Company's Articles of Association, which are determined by the General Meeting of PGE S.A.

Detailed information on the composition, allocation of responsibilities, functions, and biographical information of the members of the governing bodies can be found in the Management Board's Report on the activities of PGE Polska Grupa Energetyczna S.A. and the PGE Capital Group for 2024 (section 7.5). Data on the diversity of Management Board members, the number of executive and non-executive members, the proportion of independent members of the Supervisory Board, and the role of the Management Board in the context of sustainability are also provided in section 7.5 of the Management Board's Report on the activities

The roles of the governing bodies are set out in the Company's Articles of Association, the Rules of Procedure of the Management Board of PGE, and the Management Board resolution on the division of oversight areas and responsibilities among its members. In the case of the Supervisory Board and its Committees, these roles are defined in the Articles of Association of PGE S.A. and the Rules of Procedure of the Supervisory Board. These documents are available on the corporate website of PGE S.A. A detailed description of the competencies of the individual Supervisory Board Committees is also provided in section 7.5.2 of the Management Board's Report on the Activities of PGE Polska Grupa Energetyczna S.A. and the PGE Capital Group for 2024.

INFORMATION ON SKILLS AND EXPERTISE FOR OVERSEEING SUSTAINABILITY MATTERS, INCLUDING BUSINESS CONDUCT

Given the objectives and responsibilities of the Corporate Centre – PGE S.A., as well as the obligations of the management arising from the management services agreements, including the duty to act with the utmost diligence, Members of the Management Board take part in conferences, seminars and business-related meetings relevant to the Company's operations. They also participate in individual training sessions.

During internal meetings focused on selected ESG topics, Management Board Members have the opportunity to gain knowledge on sustainability-related matters, including aspects of responsible business conduct. In addition, collaboration with external advisers provides ongoing support and access to ESG-related expertise.

In 2024, no structured sustainability training was conducted for Members of the Supervisory Board or the Management Board of PGE S.A. However, such training has been scheduled for implementation in 2025.

9.1.4. [GOV-2] Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

Sustainability-related information is communicated to the governing and supervisory bodies of the entity in accordance with the organisational structure of PGE S.A. In addition, sustainability issues are addressed during meetings of the Sustainable Development Committee, including matters related to the process and outcomes of the double materiality assessment.

The unit responsible for the overall oversight of ESG-related activities within the PGE Capital Group is the Investor Relations and ESG Department at PGE S.A. (DRIE). This department works closely with the Management Board of PGE S.A. on corporate ESG and sustainability communications, as well as on relations with shareholders, stakeholders, and decision-makers. It also collaborates closely with other departments and companies within the PGE Capital Group in stakeholder communication and manages communications relating to sustainability and ESG factors.

All key information – including matters related to sustainability and ESG activities – is presented during Management Board meetings as required, for example to monitor project implementation, approve or endorse a project, or determine the strategic direction.

As part of the Management Board's activities in 2024, a report on the implementation of ESG initiatives within the PGE Capital Group was presented, including recommendations for future actions. The Management Board also approved the report from the double materiality assessment process. Depending on the needs, the Management Board provides its opinions or decisions accordingly.

In addition, sustainability-related topics and updates on the status of ESG-related activities across different areas of the organisation are more broadly discussed during meetings of the Sustainable Development Committee, chaired by the Vice-President of the Management Board responsible for strategy. At the same time, the PGE Group has begun work on structuring the management of sustainability within the Group. This effort aims to establish clear objectives and indicators, define responsibilities, and set directions for the development of sustainability practices. The comprehensive integration of sustainability into the organisation's operations will require a reconfiguration of the current management system.

As part of its oversight role, the Supervisory Board of PGE S.A., both independently and with the support of the Strategy and Development Committee, carries out tasks related to monitoring the implementation of the PGE Capital Group's Strategy – including programmes that support the integration of sustainability principles – taking into account the impacts, risks, and opportunities linked to sustainable development.

9.1.5. [GOV-3] Integration of sustainability-related performance in incentive schemes

The remuneration of all Members of the Management Board and the Supervisory Board of PGE S.A. is awarded in accordance with the provisions of the Remuneration Policy for Members of the Management Board and the Supervisory Board, as described in detail in the Management Board's Report on the Activities of PGE Polska Grupa Energetyczna S.A. and the PGE Capital Group for 2024 (Section 7.6: Remuneration of the governing bodies of PGE S.A.).

In line with the principles of the Policy, the variable components of Management Board remuneration are designed to support the implementation of the Company's business strategy, safeguard its long-term interests and stability, and incentivise the achievement of both general and specific management objectives.

The criteria for awarding variable remuneration (set at the level of general management objectives) also include, at a more detailed level – determined by the Supervisory Board – the consideration of social interests. These criteria serve as incentives that support the implementation of initiatives across the PGE CG aimed at environmental protection, preventing negative social impacts of the Company's and the Group's activities, and mitigating such impacts by adapting operations in line with ESG factors.

The bonus criteria for individual Members of the Management Board are designed to encourage action towards the achievement of key strategic objectives by linking remuneration to the execution of management processes aligned with the implementation of the business strategy of both the Company and the PGE Capital Group.

The management objectives set for the Management Board for 2024 relate to performance indicators in the areas of: climate change mitigation, climate change adaptation, and workers' rights. The 2024 objectives did not include a direct reference to the reduction of absolute greenhouse gas emissions.

The portion of variable remuneration for Management Board Members linked to sustainability-related objectives during the reporting period amounted to 30%.

The management objectives applicable during the reporting period, which form part of the Company's incentive system, were approved by resolution of the Supervisory Board of PGE S.A. on 24 June 2024.

During the reporting period, Members of the Supervisory Board were not entitled to any variable remuneration linked to the Company's performance. They received only fixed remuneration, as set out in accordance with the current Remuneration Policy for Members of the Management Board and the Supervisory Board.

9.1.6. [GOV-4] Statement on due diligence

The table below presents where key information on the due diligence process within the PGE CG is disclosed in this Statement.

Core elements of due diligence	Reference points in the Sustainability statement
Embedding due diligence in governance, strategy and business model	GOV-2, GOV-3, SBM-3
Engaging with affected stakeholders in all key steps of the due diligence	GOV-2, SBM-3, IRO-1, topical disclosures
Identifying and assessing adverse impacts	IRO-1, SBM-3
Taking actions to address those adverse impacts	Thematic disclosures on activities: E1-3; E2-2; E3-2; E4-3; E5-2; S1-4; S2-4; S3-4; S4-4; G1-2; G1-3.
Tracking the effectiveness of these efforts and communicating	Thematic disclosures on objectives and metrics: E1-4; E1-5; E1-6; E2-3; E2-4; E3-3; E3-4; E5-3; E5-4; E5-5; S1-5; S1-13; S1-14; S1-15; S1-16; S4-5

9.1.7. [GOV-5] Risk management and internal controls over sustainability reporting

In 2024, the internal process for reporting non-financial data to support the preparation of the Sustainability Statement was updated in response to an expanded scope of work – both in terms of the volume of data to be reported and the number of Group companies involved in the process. For the development of sustainability disclosures, the PGE Group decided to develop a new model for the preparation and reporting of non-financial data, building on past experience.

The role of coordinating non-financial reporting was assigned to the ESG Division within the Investor Relations and ESG Department at PGE S.A. In addition to coordinating the process, the ESG Division supported Group companies in data collection – through training sessions, the development of reporting tools, and the preparation of guidance materials.

As part of preparations for sustainability reporting for the year 2024, internal analyses were carried out to identify and mitigate potential risks associated with the reporting process.

At the same time, the Group undertook actions aimed at mitigating these risks.

At every stage of the process, the PGE Group identifies and analyses potential risks while simultaneously planning and implementing mitigating measures. During the cooperation with an external adviser to prepare the PGE CG for CSRD reporting, risks related to sustainability disclosures were identified. These risks were discussed during meetings with the adviser and among internal experts, followed by the development of proactive actions to prevent them.

The reporting process is subject to oversight and control mechanisms equivalent to those applied in periodic reporting.

Internal procedures include established rules for reporting, information policies, and related areas.

To address identified risks, the Group undertakes preventive measures, including training sessions for management and employees involved in the reporting process – both within PGE S.A. and across the Group's companies. Data collection is supported by the use of structured templates containing built-in aggregation formulas, and the process is carried out with the involvement of experts who have participated in non-financial reporting in previous years. As part of the collaboration, the adviser assessed the feasibility of introducing IT solutions. Based on this assessment, a solution was selected that minimised risks associated with implementing entirely new systems across all Group companies – including risks related to working in an external cloud environment and vendor-related risks.

At the current stage of implementing the reporting process in accordance with the CSRD Directive (first year of reporting), the organisation is preparing the appropriate components necessary to build a system for managing the risk associated with the sustainability reporting of the year. The process is treated as long-term and is based both on existing expert knowledge in managing the reporting process and on knowledge of risk management. Preparing the appropriate foundation and materials necessary to build a reliable, complete, and experience-based method of measurement requires a multidimensional approach – work on this will

commence within the PGE Capital Group under the newly established sustainable development management project.

The current risk assessments did not result from a developed methodology and were also not assigned a scale (from highest to lowest risk). In the first year of preparing the Statement, the PGE Group adopted the principle that all identified risks related to sustainability reporting are at the same high level – both in terms of the probability of occurrence and the significance of possible effects. Therefore, the PGE Group recognised the necessity to mitigate all identified risks and implemented actions to prevent their occurrence. All actions carried out aimed to ensure continuity of uninterrupted operation in the reporting process, i.e. maintaining process continuity without significant disruptions, by aligning the adequacy of solutions with the organisation's capabilities.

The first year of reporting serves as a basis and pilot phase for creating a sustainability reporting risk management system in the coming years. Roles in the process and levels of data verification have been defined.

In the following years, it will be possible to compare the impact of disruptions and the classification of estimated risk using appropriate internal tools. This will enable not only the analysis and identification of risk but also ongoing monitoring and the implementation of necessary changes to reduce the probability of occurrence and minimise the significance of effects depending on the classification of a given risk.

KEY IDENTIFIED RISKS FOR SUSTAINABILITY REPORTING:

- **Risk of insufficient competencies**

Mitigation: external and internal training, ongoing cooperation with an external adviser, early initiation of the process, workshops for teams responsible for specific components of the reporting process.

- **Risk of unavailability of sustainability-related data**

Mitigation: gradual implementation of the process from September 2023, starting with the development of a data collection structure and definition of roles within the organisation: subject area owners within PGE / ESRS / disclosure leaders / topic coordinators in segments / data providers in PGE Group companies; appointment of ESG Coordinators in each company; preparation of tools for collecting quantitative data.

- **Risk of low data quality (consistency / reliability / completeness)**

Mitigation: development of a data collection structure, a five-step data checking/verification process involving the roles of individuals responsible for reporting at company level, thematic coordinators at company level, thematic area owners at PGE Group level, the ESG Division for completeness and data analysis in relation to previous years, where comparability is possible.

- **Process-related risk (at the level of data aggregation and analysis)**

Mitigation: five-step data checking/verification process, development of data collection forms, use of long-standing experience from previous reporting processes.

- **Risk of adequacy (selection of appropriate material topics)**

Mitigation: thorough implementation of the double materiality assessment process.

9.1.8. [SBM-1] Strategy, business model and value chain

Partial disclosure by reference to the Management Board Report on activities of the PGE CG.

Detailed information on the business model and value chain is provided in the Management Board's Report on the Activities of PGE Polska Grupa Energetyczna S.A. and the PGE Capital Group for 2024, Section 1.4. Information on the key elements of the overall strategy, such as products offered, markets served, customer groups, and number of employees, can be found in Sections 1.1, 1.4, and 1.5 of the Management Board's Report on Activities.

SUSTAINABILITY IN THE PGE CG STRATEGY:

At the strategic level, the PGE Group incorporates sustainability by, among other things, aligning with the United Nations 2030 Agenda for Sustainable Development. The initiatives undertaken, the processes implemented, and the investments made in support of the Sustainable Development Goals are directly linked to the Group's core business activities. As the largest integrated producer and supplier of electricity and heat in Poland, PGE has an impact on both the natural environment and the communities in which it operates. The PGE Group Strategy identifies four key Sustainable Development Goals:

- Affordable and clean energy,
- Sustainable cities and communities,
- Responsible consumption and production,

- Climate action.

Key elements of the PGE Group Strategy and their link to the activities of core segments supporting the Sustainable Development Goals:

- **Climate neutrality by 2050** – The Group has committed to achieving climate neutrality by 2050. This target will be reached through the expansion of renewable energy sources such as offshore wind farms, onshore wind farms, photovoltaic farms, and energy storage facilities. Increasing the share of installed RES capacity in the generation mix will allow for a reduction in the use of fossil fuels in the production of electricity and heat for end users. Additionally, the Group is implementing a Decarbonisation Plan for the District Heating Segment, which foresees a complete phase-out of coal combustion in heating and CHP plants by the end of 2030.
 - PGE Group segments whose operations and the products and services they offer are key to achieving this goal: Renewables and District Heating; in terms of supporting customers in participating in the energy transition: Supply (including the PRO-EKO offering) and Distribution (e.g. RES connections, network modernisation, and strengthening local balancing capacity).
- **Just transition of coal regions** – PGE S.A. emphasises the importance of supporting coal sector employees and investing in new jobs in zero- and low-emission technologies.
 - PGE Group segments whose operations and the products and services they offer are key to achieving this goal: Conventional Generation and Gas Energy (in the scope of investment realisation in the locations of current coal-fired power plants). From the perspective of transitioning coal regions and phasing out traditional methods of energy production, social support will be essential to achieving the Group's sustainability ambitions.
- **Development of new employee competencies and support for local communities**
 - PGE Group segments whose operations and the products and services they offer are key to achieving this goal: all segments.
- **Environmental protection and circular economy** – Through its strategy, the PGE Group has committed to increasing the waste recycling rate by over 65% by 2035 and reducing the volume of landfilled waste by 10% by the same year.
 - PGE Group segments whose operations and the products and services they offer are key to achieving this goal: all segments, particularly Circular Economy.

Table: Revenue from fossil fuels in 2024 (PLN million).

Type	Value
Revenue from coal	28 989
Revenue from gas	4 371
Revenue from oil and oil derivatives	220
TOTAL	33 580
Revenue from electricity generation using fossil fuels	28 433
Revenue from electricity generation using coal	25 092
Revenue from electricity generation using gas	3 341
Revenue from heat generation using fossil fuels	4 312
Revenue from heat generation using coal	3 314
Revenue from heat generation using gas	998
Revenue from coal sales	542
Revenue from gas sales	32
Revenue from diesel fuel sales	220
Revenue from compensation - coal	41
Revenue from gaseous fossil fuels – environmentally sustainable (Taxonomy-aligned)	0

9.1.9. [SBM-2] Interests and views of stakeholders

The PGE Group makes every effort to ensure that its ongoing activities in the area of energy transition are fair, transparent, and carried out in line with arrangements developed through dialogue with its stakeholders. This dialogue takes place at various levels and is tailored to the type and communication needs of each stakeholder group. There are also mechanisms in place – such as regular dialogue sessions – that provide all key stakeholder groups with a platform to exchange views collectively and to express their expectations towards the company. As part of the PGE CG's efforts to gain insight into stakeholder perspectives, the following activities can be highlighted:

- **Review and revision of the stakeholder map.** With the participation of representatives from various departments within PGE S.A. and key companies of the PGE Capital Group, a review and verification of the stakeholder map was conducted. As part of this process, the influence and level of interest of individual stakeholder groups in the PGE Capital Group were assessed. The data collected was then consolidated and standardised during dedicated workshops.
 - **Regular stakeholder dialogue sessions** in line with the AA1000 standard (open to all stakeholder groups). Based on the information and suggestions gathered during the meetings, the PGE Group assesses the feasibility of implementing the proposals and incorporating them into strategic planning processes. Following each session, all participants receive a formal response from the organisation regarding the matters raised during the discussion. The most recent session was held in 2022, with the next planned for 2025. This three-year cycle allows time for the fulfilment or planning of previous commitments and the identification of new issues of particular importance to stakeholders.
 - **Double materiality assessment process.** As part of the double materiality analysis, stakeholder opinion surveys were conducted alongside a series of in-depth interviews with representatives from various areas of the PGE Capital Group. These interviews took the form of structured discussions, giving participants the opportunity to express their views on the materiality of ESG topics for the PGE Group and to identify opportunities, challenges, and ambitions related to environmental, social, and governance aspects. Based on these interviews, the reported topics were analysed for their materiality to PGE in accordance with ESRS.
- The in-depth interviews with PGE Group employees led to the identification of initially material topics across environmental, social, and corporate governance dimensions. The outcomes of the materiality impact assessment — of which the stakeholder opinion research formed a key component — were presented to the PGE Capital Group's Sustainable Development Committee and subsequently approved by the Management Board of PGE S.A.
- **The PGE Capital Group has dedicated units responsible for maintaining ongoing cooperation with stakeholders and conducting dialogue with selected stakeholder groups.** These include, among others, the Department of Dialogue and Social Relations, the Department of International Relations, the Regulatory Affairs Department, and the Investor Relations Division.

Table: Scope and objectives of cooperation with key stakeholders of the PGE Capital Group.

PGE Group stakeholders	Purpose of cooperation	The extent of collaboration, including how PGE CG understands the interests and views of key parties in relation to the strategy and business model
STATE PUBLIC ADMINISTRATION	Implementing tasks related to the country's energy security and responding to regulatory requirements. Cooperation in achieving climate goals and contributing to national energy policy directions, as well as supporting the development of a favourable and growth-oriented regulatory environment.	PGE's important role in the Polish economy makes it a natural dialogue partner for a wide range of government institutions. Cooperation with public administration includes, among other things, active participation in the regulatory process by providing feedback and presenting positions during public consultations on draft legislation. The aim of this cooperation is to support the development of the energy sector in Poland and to undertake actions in the interest of electricity and heat consumers. Furthermore, the PGE Capital Group carries out projects within public-private partnerships, for example in the expansion and modernisation of energy infrastructure. PGE Group maintains continuous cooperation with the Energy Regulatory Office, aimed at ensuring the PGE Group's compliance with applicable regulations, contributing to market development through administrative decisions, and protecting consumer rights. The PGE Group's operations are also subject to oversight by other regulators, such as the Office of Competition and Consumer Protection, the Office of Technical Inspection, and the Polish Financial Supervision Authority.
SHAREHOLDERS	Providing access to information necessary for assessing the company's market position.	Creating shareholder value is the primary objective of the company as a commercial entity and a listed company on the Warsaw Stock Exchange. The Group undertakes investment projects following a thorough analytical process aimed at estimating the expected rate of return in relation to the weighted average cost of capital, adjusted for premiums or discounts stemming from the nature and risk profile of the given investment project. Annual bonus targets for the management team include financial indicators such as EBITDA or fixed cost levels. The Investor Relations and ESG Department ensures the coordination of all activities necessary to initiate and maintain good relations with current and potential shareholders and investors. This involves comprehensive and timely communication with the market and adherence to the highest

PGE Group stakeholders	Purpose of cooperation	The extent of collaboration, including how PGE CG understands the interests and views of key parties in relation to the strategy and business model
		reporting standards. Communication is carried out through the publication of periodic and current reports, as well as meetings and conferences where shareholders are regularly updated on PGE Group's activities. Cooperation with shareholders also takes place through other communication channels, allowing for the exchange of views and submission of expectations.
FINANCIAL INSTITUTIONS AND RATING AGENCIES	Providing access to information to enable company assessments and secure investment financing.	The PGE Group maintains active and open dialogue with financial institutions and rating agencies. It cooperates with banks and other financial institutions by providing key information on its operations, development plans, and financial performance. Additionally, the PGE Capital Group collaborates with rating agencies that assess, among other things, the Group's creditworthiness. Interactions are conducted as needed, for example through responses to enquiries or questionnaires. The results of these assessments are communicated to investors, shareholders, and business partners.
SUPRANATIONAL INSTITUTIONS	Influencing the development of regulations at the EU level, cooperation within international organisations.	The PGE Group works with international institutions by submitting opinions on draft regulations at the international level, helping to shape legislation in a way that supports the energy sector. The Group actively engages in cooperation with organisations through a dedicated unit within PGE S.A. At the same time, Members of the Management Board of PGE S.A. are members of international industry associations, which play an active role in providing input and submitting proposals to supranational institutions.
CURRENT EMPLOYEES (AS OWN WORKFORCE)	Ensuring safe and stable working conditions, offering competitive remuneration and development opportunities, while promoting well-being and work-life balance.	Creating safe working conditions and stable employment for its internal workforce is a priority for the PGE Group. Cooperation with employees is carried out through regular contact with the employer – using dedicated communication channels, through HR Business Partners, employee surveys, satisfaction studies, and other forms of evaluation.
EMPLOYEE REPRESENTATIVE ORGANISATIONS AND TRADE UNIONS	Collaboration and dialogue aimed at ensuring safe and stable working conditions for employees, and implementing social support measures.	The PGE Group cooperates with employee organisations and trade unions through discussions and consultations on key matters affecting employees, including working conditions, health and safety, and other important aspects of employment. Their opinions and arguments are analysed by the organisation and contribute to informed business decision-making.
STRATEGIC CUSTOMERS	The aim of the cooperation is to provide the best possible offer and a stable and secure supply of energy and heat.	The Group conducts customer satisfaction surveys and gathers information on customer expectations and needs regarding its product offering and customer service processes. It uses available communication channels for this purpose. The findings from these surveys are implemented in day-to-day operations by optimising sales and service processes. From a financial perspective, the Group pursues a selective investment approach, taking into account the potential impact on the cost of electricity or district heating supply for end users. In addition to tailored energy solutions, the PGE Capital Group offers its clients energy advisory services to help optimise energy consumption. Through its investments in RES, the Group supports strategic clients in their energy transition by offering opportunities to switch to more sustainable energy sources.
MEDIA	The aim of the cooperation is to ensure the transparency of the PGE Group's activities, to educate, as well as to build the image of the PGE CG and to ensure constant access to information.	For PGE, the media represent one of the key communication channels with stakeholders, used to inform the public about its plans, results, and achievements. PGE places strong emphasis on a careful and proactive approach to media relations, recognising the importance of timely and comprehensive communication. Cooperation with the media is carried out through press releases, interviews, articles, and information campaigns.
LOCAL AUTHORITIES	The aim is to work together for the development and stable operation of the municipalities in which the PGE Group operates, leading to the development of the municipalities and the improvement of the quality of life of its inhabitants.	Given the scale and scope of its operations, the PGE Group engages in direct and regular dialogue with local authorities. It cooperates with local governments on various levels to support the development of local communities and implement joint projects. This cooperation takes the form of regular meetings, dialogue, and the exchange of positions, views, and information. The PGE Group actively supports the municipalities in which it operates through infrastructure investments, educational programmes, and social initiatives that contribute to improving the quality of life of local residents.
INDUSTRY ORGANISATIONS	The aim of being present in industry organisations is to increase the influence of energy companies and to communicate the industry coherently,	The PGE Group is a member of the Polish Electricity Association (PKEE) and EURELECTRIC. As a member of EURELECTRIC, the PGE Group also plays an important role in the Polish Committee of the World Energy Council. Through its participation in

PGE Group stakeholders	Purpose of cooperation	The extent of collaboration, including how PGE CG understands the interests and views of key parties in relation to the strategy and business model
	e.g. when giving opinions on new regulations.	industry organisations, PGE builds valuable strategic partnerships. Meetings are held both in person and online.
CLIMATE AND ENVIRONMENT	The PGE Group's aim is to strive to reduce its environmental and climate impact and increase its positive impact in this area.	Since 2020, the PGE Capital Group has cooperated with national parks. In 2024, the Bieszczady, Ojców, and Wolin National Parks joined the programme. PGE's cooperation with national parks focuses primarily on endangered species protection, including monitoring the status and population of animals and plants in ecosystems, conducting scientific research (the results of which help guide conservation efforts), and undertaking initiatives to preserve biodiversity — including plant and animal species, wetlands, and landscape diversity in individual parks. The PGE Group is also actively involved in land reclamation projects. It restores the utility and natural value of post-mining areas to recreate or establish new environmental features. These activities are carried out, among others, at the Bełchatów and Turów lignite mines. The PGE Group also maintains open communication with environmental organisations regarding its impact on the climate and the natural environment.
SUPPLIERS AND BUSINESS PARTNERS (INCLUDING PERSONS WORKING IN THE VALUE CHAIN)	The aim of the collaboration is to ensure a reliable, stable energy supply and to build long-term relationships by working with responsible business partners who adhere to certain ethical, legal and social standards.	The PGE Group cooperates with suppliers and business partners on various levels to ensure operational efficiency and transparency. PGE's procurement policy and the Code of Conduct for Business Partners of the PGE Capital Group emphasise the importance of compliance with high ethical, social, and environmental standards by both current and prospective suppliers. Purchasing and procurement activities are conducted on transparent and objective terms, in accordance with applicable law and internal procedures. When selecting business partners, the Group bases its decisions on substantive criteria. Cooperation is governed by internal regulations. The Group has developed a standard set of clauses used in contracts with business partners, covering requirements related to anti-corruption, respect for human and labour rights, occupational health and safety, fire protection, waste management, property protection, and the protection of the climate and natural environment.
SUPPLIERS AND BUSINESS PARTNERS OPERATING IN THE RES MARKET	The aim of the cooperation is to ensure a reliable, stable energy supply through the development of RES.	As part of building stable, long-term relationships with suppliers and business partners, the PGE Group develops cooperation standards, which are shared with suppliers during direct meetings. These sessions present the available opportunities for collaboration and the standards and rules that apply within PGE Group's procurement processes.
LOCAL COMMUNITIES (INCLUDING AFFECTED COMMUNITIES)	The aim is to provide access to information about PGE's activities in selected areas of the community, build trust and create new areas for collaboration. Taking care to ensure the security of local energy and heat supplies, transparency and inclusiveness of investment processes, through consultation, dialogue and support of residents and local authorities.	PGE Group's investment processes are preceded by communication with the local community to provide full information about planned and ongoing activities. Communication takes place in the form of meetings with residents and local authorities, as well as information shared via municipal websites and local media. The company supports, on transparent and objective terms, the activities of legal entities and individuals – including employees of the PGE Capital Group and their families – as well as local communities in areas such as culture, science and education, medical care and healthcare, social assistance, environmental action, climate and nature protection, and sport (including sport for children, young people, and people with disabilities). PGE Group employees contribute to local communities, for example through employee volunteering. Cooperation with local communities takes many forms and is ongoing. Activities include dialogue sessions, direct meetings, and collaboration with local community representatives.
COMPETITORS	The aim is to share knowledge and experience, and to communicate consistently with the industry, e.g. when giving opinions and implementing new regulations.	PGE Group engages in dialogue with competitors through industry organisations in which it participates. Cooperation is based on the principles of fair competition, in accordance with the Code of Ethics of the PGE Capital Group.

The PGE Group takes stakeholder relationships and feedback into account wherever possible during its day-to-day operations and considers them when making key decisions related to its strategy and business model. The PGE Group's business model continues to evolve and adapt in response to technological progress, economic developments, social and regulatory trends, and stakeholder expectations. However, its core structure as a vertically integrated energy group remains stable – in 2024, there were no changes to the scope of the PGE Capital Group's value chain, which continues to cover mining, generation, wholesale trading, distribution, retail sales, and other activities. In line with internal regulations, the Company conducts a

strategic review at least once a year. As a result of this review, a decision may be taken to initiate an update of the strategy. As at the date of publication of this Statement, PGE S.A. has announced that an updated strategy will be published in mid-2025. The PGE Group continued to implement the strategic objectives and directions set out in the strategy adopted in October 2020. Key actions and decisions supporting the strategy and impacting the business model are taken on an ongoing basis by the Company's governing bodies and internal collegial bodies (established by internal regulations), which perform management, supervisory, and advisory roles in specific business areas and key investment programmes.

9.1.10. [SBM-3] Material impacts, risks and opportunities and their interrelationship with the strategy and with the business model

Table: Results of materiality assessment of impact, taking into account the location of the impact in the value chain.

Topic	Sub-topic	Sub-thematic unit	Actual or potential impact	Negative or positive impact	Occurrence in value chain ¹	Description of impact
E1 Climate change	Climate change adaptation	-	Actual	Negative and positive	U+O+D	Positive impact: The activities of PGE Group have an indirect influence on climate change adaptation, e.g. by increasing the resilience of the electricity network. Negative impact: By pursuing its primary objective of ensuring continuity of energy supply, PGE Capital Group continues to rely on sources considered to be high-emission, which may contribute to a negative impact on climate change.
	Climate change mitigation	-	Actual	Negative and positive	U+O+D	Positive impact: PGE Group carries out and plans actions to reduce emissions – decarbonisation, reducing greenhouse gas emissions, e.g. by increasing the share of zero- and low-emission sources. Negative impact: Until the aforementioned actions are implemented, the organisation remains a significant emitter of greenhouse gases, which may contribute to negative impacts on climate change.
	Energy	-	Actual	Negative and positive	U+O+D	Positive impact: PGE Capital Group carries out activities in the area of energy efficiency and supplements its energy mix with renewable sources. Negative impact: PGE Capital Group (CG) is an energy-intensive enterprise with a high demand for non-renewable energy carriers.
E2 Pollution	Pollution of air	-	Actual	Negative and positive	U+O+D	Positive impact: PGE Group has a positive impact on air quality, e.g. through new investments, transforming energy generation which increases access to clean heat (cleaner method of generation). Negative impact: In the course of extracting raw materials for production (upstream and mining organisation), air pollution may occur – e.g. due to failures or exceeding limits. As part of the PGE CG's operations, in some processes, particularly in conventional energy generation, pollutants are emitted into the atmosphere. From a downstream perspective, the electricity generated by PGE Capital Group may contribute to powering enterprises that emit air pollutants.
	Pollution of water	-	Actual	Negative and positive	U+O+D	Positive impact: Closed water circuits are used within PGE Capital Group, enabling the reuse of water. PGE CG is investing in upgrades to wastewater treatment plants, resulting in lower discharges of polluted water. Negative impact: In the course of extracting raw materials for production (upstream, organisation), water pollution may occur – e.g. due to failures or exceeding limits. As part of the PGE CG's operations, certain processes result in the discharge of pollutants into water. From a downstream perspective, the electricity generated by PGE Capital Group may contribute to powering enterprises that emit water pollutants.
	Pollution of soil	-	Actual	Negative	U+O+D	Negative impact: In the course of extracting raw materials for production (upstream, organisation), soil contamination may occur – e.g. due to failures or exceeding limits. As part of the PGE CG's operations, certain processes result in soil contamination (e.g. in the context of incidents involving oil leaks from transformers). From a downstream perspective, the electricity generated by PGE Capital Group may contribute to powering enterprises that emit soil pollutants.

Topic	Sub-topic	Sub-thematic unit	Actual or potential impact	Negative or positive impact	Occurrence in value chain ¹	Description of impact
E3 Water and marine resources	Water	Water consumption	Actual	Negative	U+O+D	Negative impact: At PGE Capital Group, water is used for core processes, particularly for cooling generating units (e.g. coal-fired). Additionally, significant amounts of water are used in the upstream process of extracting raw materials such as lignite. From a downstream perspective, the electricity generated by PGE Capital Group may contribute to powering enterprises that use substantial amounts of water.
		Water withdrawals	Actual and potential	Negative and positive	U+O+D	Positive impact: PGE Capital Group owns and develops pumped-storage power plants (PPS) as part of its infrastructure, which may be used for water retention purposes. Negative impact: PGE Capital Group makes significant use of water resources in its ongoing operations. As part of the PSPP, water reservoirs are created, and their water circulation may have a negative impact on the environment (biodiversity and ecological balance). From a downstream perspective, the electricity generated by PGE CG may contribute to powering enterprises that use substantial amounts of water. The potential impact arises from the completion or modernisation of selected infrastructure elements, which may in turn intensify the described effects.
		Water discharges	Actual	Negative	U+O+D	Negative impact: PGE Capital Group has an impact across the entire value chain. During the extraction of raw materials required for production (upstream), as well as during certain production processes, post-production water may be discharged into existing watercourses (e.g. water drained from mines). From a downstream perspective, the electricity generated by PGE CG may contribute to powering enterprises that discharge water into watercourses or other reservoirs.
E4 Biodiversity and ecosystems	Direct impact drivers of biodiversity loss	Climate change	Actual and potential	Negative and positive	U+O+D	Positive impact: PGE CG engages in activities aimed at protecting biodiversity through numerous partnerships and proprietary projects, which enable the monitoring, preservation, and enhancement of ecosystems. The Group also carries out investment projects aimed at reducing installation emissions and mitigating impacts on the climate, environment, and biodiversity. Negative impact: The organisation's operations, as well as its entire value chain, are highly emissive, which may interfere with biodiversity due to greenhouse gas emissions, potentially undermining its preservation.
		Land-use change, fresh water-use change and sea-use change	Actual and potential	Negative	U+O+D	Negative impact: PGE Capital Group conducts mining and distribution activities that interfere with existing land use, which may negatively affect the biodiversity of the affected areas. Moreover, the significant development of renewable energy sources also requires land use, thereby potentially impacting biodiversity.
		Direct exploitation	Actual and potential	Negative	U+O+D	Negative impact: PGE Capital Group's mining and distribution activities directly exploit land, which may adversely affect biodiversity in those areas. Additionally, the substantial development of renewable energy sources requires land use, thus potentially contributing to biodiversity loss.
	Impact on the extent and condition of ecosystems caused by land degradation	-	Actual	Negative	U+O+D	Negative impact: The mining activities conducted by PGE Capital Group contribute to land degradation and affect both the extent and condition of ecosystems. In addition, the significant development of renewable energy sources and their distribution also requires land use, thus impacting ecosystems.
	Impacts and dependencies on ecosystem services	-	Actual	Negative and positive	O+D	Positive impact: PGE Capital Group owns and develops pumped-storage power plants as part of its infrastructure, which can be used for water retention purposes. Negative impact: Pumped-storage power plants involve the creation of reservoirs, the water circulation of which may have adverse effects on the surrounding environment, including biological and ecological diversity. The exploitation of lignite deposits using open-pit mining

Topic	Sub-topic	Sub-thematic unit	Actual or potential impact	Negative or positive impact	Occurrence in value chain ¹	Description of impact
						methods requires the dewatering of rock mass, which affects hydrogeological conditions and alters hydrodynamic systems.
E5 Circular economy	Resources inflows, including resource use	-	Actual and potential	Negative and positive	U+O+D	Positive impact: The company is developing its business segment focused on the circular economy, making use of energy carriers such as biomass and waste. Research and development activities are also being conducted on technical conditions, new technologies, diagnostic methods, and research techniques related to the circular economy. Negative impact: As part of its core activities, PGE CG uses fossil-based and non-renewable energy sources.
	Resource outflows related to products and services	-	Actual and potential	Positive	U+O+D	Positive impact: The Group is gradually developing a business segment dedicated to the circular economy, aimed at closing the loop on raw materials in line with circular economy principles.
	Waste	-	Actual	Negative and positive	U+O+D	Positive impact: PGE Capital Group's dedicated circular economy segment was established to maximise the reuse of raw materials involved in energy production processes, thus preventing waste generation. As a result of the Group's activities, the majority of post-process waste volume is transferred to external recipients, either as waste or as a by-product. Negative impact: Due to the nature and scale of its operations, PGE CG generates a significant amount of waste.
S1 Own workforce	Working conditions	Secure employment	Actual	Positive	U+O	Positive impact: The predominant form of employment at PGE Capital Group is permanent employment contracts, which positively contribute to job security for the Group's employees. Furthermore, an agreement has been concluded concerning stable and secure working and pay conditions for employees in light of the changes arising from the transformation of the power generation and mining sectors.
		Working time	Actual	Positive	O	Positive impact: PGE Capital Group has implemented relevant processes and procedures to regulate working time. Within the scope of its activities, the Group seeks to ensure a positive impact on its human resources by adapting working time to employees' needs wherever possible.
		Adequate wages	Actual	Positive	O	Positive impact: PGE Capital Group has in place appropriate remuneration processes and procedures aligned with market conditions. Employers regularly carry out market benchmarking and analyse financial capabilities. Stakeholders (employees), through their representatives, are involved in processes related to fair pay.
		Social dialogue	Actual	Positive	O	Positive impact: PGE Capital Group conducts regular social dialogue with employees, including through trade unions.
		Freedom of association, the existence of works councils and the information, consultation and participation rights of workers	Actual	Positive	O	Positive impact: PGE Capital Group respects the freedom of employees to associate in trade unions. Employers maintain ongoing social dialogue with union organisations, which represent the collective interests of employees and ensure the enforcement of statutory rights related to their operation within the workplace. Works councils and several trade unions actively participate in the functioning of the enterprise.
		Collective bargaining, including rate of workers covered	Actual	Positive	O	Positive impact: At PGE Capital Group, the primary forum for collective bargaining is the workplace. The most important outcomes of collective bargaining are company-level and sector-level collective labour agreements, which play a key role in shaping collective employment conditions. In addition, measures aimed at supporting work-life balance have been implemented

Topic	Sub-topic	Sub-thematic unit	Actual or potential impact	Negative or positive impact	Occurrence in value chain ¹	Description of impact
		by collective agreements				as part of collective bargaining efforts, which has a positive impact on internal human resources, employee loyalty and efficiency, while reducing absenteeism and staff turnover.
		Work-life balance	Actual	Positive	O	Positive impact: PGE Capital Group respects employees' rights and implements solutions that account for special entitlements, such as preferences for parents of young children (under 8 years of age), the right to request flexible working arrangements, additional days of care leave, and emergency leave with partial pay.
		Health and safety	Actual	Negative and positive	O	Positive impact: A wide range of activities is carried out, including training, consultations and monitoring of the working environment, with the aim of maximising the level of health and safety protection for both internal staff and persons working within the PGE Capital Group's value chain. Negative impact: Due to the nature of its operations, PGE Capital Group faces an increased risk of workplace accidents.
	Equal treatment and opportunities for all	Gender equality and equal pay for work of equal value	Actual	Negative and positive	O	Positive impact: In order to ensure a positive influence in the area of equal pay for work of equal value, PGE Group individualises salaries based on assessments of competence, qualifications and work performance. It also fosters working and remuneration conditions that promote equal opportunities. Negative impact: Due to the nature of its operations and the technical nature of the work, PGE Capital Group employs a greater proportion of men.
		Training and skills development	Actual	Positive	O	Positive impact: PGE Capital Group places strong emphasis on the continuous development of employees aligned with business needs. It supports staff in effectively carrying out their tasks through the development of competences and qualifications and by fostering a culture of organisational learning. The organisation provides appropriate mechanisms and tools to educate employees, ensuring a positive impact in this area.
		Measures against violence and harassment in the workplace	Actual	Positive	O	Positive impact: To ensure a positive influence in this area, the organisation provides appropriate mechanisms and tools to prevent violence and harassment in the workplace, such as training sessions, awareness campaigns and support systems.
		Diversity	Actual	Positive	O	Positive impact: Within its HR policy, PGE Capital Group operates in accordance with regulatory requirements. Efforts are made to ensure greater diversity among employees.
	Other work-related rights	Privacy	Actual	Positive	U+O+D	Positive impact: PGE Capital Group has implemented processes, procedures and mechanisms affecting this area of impact. Additionally, these standards – as required by law – are extended to actors across the value chain (e.g. GDPR) through relevant contracts, information, etc. To ensure a positive influence, the organisation undertakes activities aimed at raising management awareness in the area of personal data protection and runs information campaigns for directors and managers.
S2 Workers in the value chain	Working conditions	Secure employment	Actual	Positive	U+O	Positive impact: PGE CG sets out requirements in its Code of Conduct for Business Partners of PGE Capital Group companies concerning respect for human rights and provision of appropriate working conditions for those employed across the value chain. It also outlines obligations such as on-the-job training, provision of protective equipment and occupational health and safety training. PGE Capital Group builds relationships with potential suppliers through information meetings aimed at assessing the capabilities of Polish and foreign suppliers.
		Working time	Actual	Positive	U+O	
		Adequate wages	Actual	Positive	U+O	
		Health and safety	Actual	Positive	U+O	
	Equal treatment and opportunities for all	Measures against violence and harassment in the workplace	Actual	Positive	U+O	
		Diversity	Actual	Positive	-	

Topic	Sub-topic	Sub-thematic unit	Actual or potential impact	Negative or positive impact	Occurrence in value chain ¹	Description of impact
S3 Affected communities	Communities' economic, social and cultural rights	Adequate housing	Actual	Negative and positive	U+O+D	Positive impact: PGE Capital Group undertakes activities aimed at reducing pollution by gradually phasing out coal-based energy generation and investing in local infrastructure, such as building roads during energy project implementation. Negative impact: PGE Capital Group operates in a high-emission sector, which directly affects housing conditions in communities through air pollution and reduced air quality. The organisation's operations may also be associated with noise and other forms of environmental impact.
		Security-related impacts	Actual	Negative and positive	U+O+D	Positive impact: PGE Capital Group creates jobs in the construction and operation of renewable and low-emission installations, reduces the duration of power outages through investment projects in distribution, and helps ensure the availability of district heating for urban areas. Negative impact: Job reductions are occurring as coal-fired units are phased out and mines are closed within the PGE Capital Group, resulting in a decline in local tax and fee revenues.
S4 Consumers and end-users	Information-related impacts for consumers and/or end-users	Privacy	Actual	Negative and positive	O+D	Positive impact: PGE Capital Group protects customer privacy by complying with legal regulations, such as the General Data Protection Regulation (GDPR). Data Protection Officers implement privacy-by-design strategies and conduct regular training. Customers may report personal data breaches and exercise their rights under GDPR. Negative impact: Due to the volume of digital data used in day-to-day operations, the organisation is exposed to risks of cyberattacks, including data leaks.
		Access to (quality) information	Actual	Positive	U+O+D	Positive impact: The organisation concludes contracts with consumers and end users in line with legal requirements. PGE CG ensures that product presentations and required contract documentation are structured in a clear and accessible manner, following specially developed guidelines on plain language use, which supports informed consumer decision-making. Information mechanisms and communication channels are available as part of sales and customer service processes.
	Personal safety of consumers and/or end-users	Health and safety	Actual	Negative and positive	O+D	Positive impact: PGE Capital Group has implemented appropriate governance solutions to establish a personnel security system. It runs information and education campaigns on health and safety, helping to raise public awareness about the safe use of electricity and energy-related equipment. Additionally, PGE Capital Group sells renewable energy installations. From the consumer perspective, replacing outdated heat sources with renewable energy technologies reduces the risk of carbon monoxide poisoning and improves air quality, positively impacting health.
		Security of a person	Actual	Negative and positive	O+D	Negative impact: PGE Capital Group operates in a high-emission industry, which may adversely affect the health and safety of consumers and end users.
	Social inclusion of consumers and/or end-users	Access to products and services	Actual	Positive	O+D	Positive impact: PGE Capital Group treats all consumers and end-users equally. It provides and promotes digital customer service solutions such as eInvoice, Moje PGE, eBOK, and the 991 Assistant App, ensuring 24/7 access to products and services and equal accessibility for all clients, including through traditional contact channels.
		Responsible marketing practices	Actual and potential	Positive	O+D	Positive impact: PGE Capital Group conducts its marketing practices in accordance with legal requirements, taking care not to mislead end users.
G1 Business conduct	Corporate culture	-	Actual	Positive	O	Positive impact: The development and promotion of corporate culture is supported through educational and informational activities as well as promotional campaigns. PGE CG also evaluates corporate culture among its employees.
	Protection of whistle-blowers	-	Actual	Positive	U+O+D	Positive impact: PGE Capital Group operates a whistleblowing system in compliance with the Act of 14 June 2024 on the Protection of Whistleblowers. Employees of the Group's companies have

Topic	Sub-topic	Sub-thematic unit	Actual or potential impact	Negative or positive impact	Occurrence in value chain ¹	Description of impact
						been provided with extensive information about the protection of both whistleblowers and other reporting individuals. This information is a regular part of training on the PGE Capital Group's Code of Ethics and anti-corruption policies. A broad information campaign has also been carried out regarding the whistleblowing channels and protection measures.
	Political engagement and lobbying activities	-	Actual	Negative and positive	O	Positive impact: PGE Capital Group takes steps to help shape favourable regulations by presenting its position to external stakeholders during public consultations on draft legislation and by independently proposing amendments to legal acts. Negative impact: The organisation's ownership structure introduces a potential risk of dependence on political influence.
	Management of relationships with suppliers including payment practices	-	Actual	Positive	U+O	Positive impact: PGE Capital Group has implemented processes, procedures and mechanisms affecting this area of influence. It has introduced one of the first Dynamic Purchasing Systems (DPS) in Poland, allowing suppliers to join proceedings at any time, thereby avoiding restrictions on competition and supporting long-term supplier relationships. To prevent payment delays, most of the Group's companies have implemented control and monitoring mechanisms for documents under processing and the payments themselves.
	Corruption and bribery	Prevention and detection including training	Actual	Positive	U+O	Positive impact: The Group's anti-corruption approach is outlined in the PGE Capital Group Code of Ethics, with detailed rules laid out in additional internal regulations. The organisation has implemented processes, procedures and mechanisms in this area of impact. Furthermore, partners of PGE Group companies are required to comply with minimum anti-corruption standards. Regular mandatory anti-corruption training sessions are held, alongside communication and educational activities to raise awareness among employees. Reporting mechanisms are available for both employees and third parties.
		Incidents	Rzeczywisty	Pozytywny	O	

1 U-upstream, D-downstream, O- organisation.

Table: Results of the assessment of significant risks and opportunities, taking into account their location in the value chain

Topic	Sub-topic	Sub-thematic unit	Significant risks/opportunities	Time perspective	Location in the value chain
E1 Climate change	Climate change adaptation <i>as a physical risk</i>	-	Risk: Risk of business continuity disruption due to irregularity in energy production from renewable energy sources (RES)	- Medium-term - Long-term	Organisation
		-	Risk: Decreased revenue due to reduced demand for products and services resulting from climate change	Long-term	Organisation Downstream
		-	Risk: Increased operational costs (including repair of failures) resulting from adapting business operations to the effects of climate change	- Short-term - Medium-term - Long-term	Organisation
		-	Opportunity: Increased revenue resulting from the introduction of new products in response to climate change adaptation	Long-term	Organisation Downstream
	Climate change mitigation <i>as a transition risk</i>	-	Risk: Failure to achieve assumed revenues due to the company's offer not being aligned with new market conditions resulting from the energy transition	Long-term	Organisation Downstream
		-	Risk: Increased operating costs due to regulatory changes related to climate change mitigation in the process of sustainable economic transformation	- Short-term - Medium-term - Long-term	Upstream Organisation Downstream
		-	Opportunity: Increased revenue resulting from the development of new services/products in response to changing market demand	- Medium-term - Long-term	Organisation Downstream
	Energy	-	Opportunity: Increased revenue resulting from the development of new services/products in response to market demand shifting towards RES	- Medium-term - Long-term	Organisation Downstream
E2 Pollution	Pollution of air	-	Risk: Increased operating costs due to regulatory changes related to air pollution in the process of sustainable economic transformation	Long-term	Upstream Organisation
E3 Water and marine resources	Water withdrawals	-	Risk: Risk of business continuity disruption due to the unavailability of natural resources of adequate quality	- Medium-term - Long-term	Upstream Organisation
E5 Resource efficiency and circular economy	Waste	-	Risk: Increased operating costs due to regulatory changes related to waste management in the process of sustainable economic transformation	Medium-term	Organisation Downstream
		-	Opportunity: Increased revenue through the development of new technologies for the management of waste and by-products	- Medium-term - Long-term	Organisation Downstream
	Resource outflows related to products and services	-	Opportunity: Increased revenue resulting from growing demand for the organisation's existing products and services	- Medium-term - Long-term	Organisation Downstream

Topic	Sub-topic	Sub-thematic unit	Significant risks/opportunities	Time perspective	Location in the value chain
S1 Own workforce	Working conditions	Adequate wages	Opportunity: Reduced operating costs due to increased motivation of internal staff, lower turnover, and reduced recruitment costs resulting from ensuring appropriate working conditions and adequate pay	- Medium-term - Long-term	Organisation
		Social dialogue	Risk: Increased costs resulting from adjusting working conditions in response to wage pressure from trade unions	Medium-term	Organisation
		Health and safety	Risk: Increased costs due to workplace accidents and the need to pay compensation, penalties, or bear additional costs related to hiring/training new employees	- Medium-term - Long-term	Organisation
	Equal treatment and opportunities for all	Training and skills development	Risk: Increased operating costs resulting from the need to develop the skills of internal employees – including training costs and potential absences from work	- Medium-term - Long-term	Organisation
			Opportunity: Increased revenue through the introduction of new products to the market, developed thanks to improved efficiency of internal employees through skills development	Long-term	Organisation
		Measures against violence and harassment in the workplace	Opportunity: Reduced or avoided litigation costs as a result of effective implementation of measures to prevent violence and harassment in the workplace	- Medium-term - Long-term	Organisation
S2 Workers in the value chain	Working conditions	Secure employment	Opportunity: Reduced operating costs due to the provision of safe working conditions for employees in the value chain, leading to lower staff turnover	- Medium-term - Long-term	Upstream Organisation
S4 Consumers and end-users	Social inclusion of consumers and/or end-users	Responsible marketing practices	Risk: Loss of revenue or additional costs due to reputational damage and customer loss resulting from irresponsible marketing practices	- Medium-term - Long-term	Organisation Downstream
			Opportunity: Increased revenue resulting from responsible marketing practices – active collaboration with potential clients on expanding the product and service offer, ensuring better alignment with their needs and reaching a broader customer base	- Medium-term - Long-term	Organisation Downstream

Estimates of the materialisation of significant ESG risks and opportunities (as presented in the table above), calculated in accordance with the process described in section IRO-1 as the product of financial impact and the assessment of their probability across various time horizons, along with an additional qualitative assessment, indicate their high potential impact on the revenues, costs, or capital expenditures of the PGE Group. The results of the financial materiality assessment did not expand the list of material topical areas for the PGE Group. In 2024, the Group applied a qualitative approach to assessing significant ESG risks and opportunities. As a result, the current financial impact of materialised significant risks and opportunities has not been identified, and consequently, there is no possibility of adjusting the financial data.

Table: Phenomena with a material impact on the business model and the ways of counteracting specific material impacts or risks, or of taking advantage of specific material opportunities.

Phenomenon with a material impact	How the PGE Group responded to mitigate risks	How the PGE Group responded to enhance opportunities
DECARBONISATION	- discontinuation of investment in new coal mining and power generation - adoption of a strategy assuming climate neutrality by 2050 - notification of decommissioning of unprofitable units - dialogue with the government administration on allocating coal assets and developing financing mechanisms for conventional energy, to secure the needs of the National Power System (KSE)	- investments in renewable and low-emission energy sources - raising capital for expansion into new business segments and modernisation of existing infrastructure
ELECTRIFICATION	development and implementation of a new distribution model concept – a package of investment projects and process changes to adapt infrastructure to new electrification-related challenges	- construction of large-scale heat pumps and electric boilers - modernisation of the grid infrastructure - development of telemetry and IT tools to improve grid management
DECENTRALISATION	- discontinuation of new investments in coal-fired generation - adaptation of the grid to a two-way energy flow model - optimisation of the retail energy portfolio - implementation of tools allowing for more precise forecasting of demand and energy prices	- inclusion of services and distributed energy installations in the offering - expansion of the energy storage (battery) portfolio
COMPETITION	- use of strong analytical, engineering and commercialisation competencies in preparing and launching new investments - leveraging brand recognition in the energy market	
DEMOGRAPHY	detailed analysis of the potential changes in demand for district heating and adjustment of the future scale and structure of the generation portfolio at individual locations	

The table presents the current and anticipated effects of material impacts, risks, and opportunities on the business model, value chain, strategy, and decision-making process, as well as the manner in which the PGE Capital Group has responded or plans to respond to these impacts, including any changes it has made or intends to make to its strategy or business model as part of efforts to mitigate identified material impacts or risks or to seize identified material opportunities.

9.1.11. [IRO-1] Description of the process to identify and assess material impacts, risks and opportunities

The double materiality assessment and analysis process consisted of two stages: impact materiality and financial materiality, the latter involving the evaluation of risks and opportunities.

The PGE CG conducted the double materiality analysis taking into account the perspective of subsidiaries within Business segments when identifying and assessing material topics. Given the unified sector in which the PGE CG operates, and in line with the requirements of the ESRS regarding sustainability statements, the data will generally be presented on a consolidated basis, without separating out the above-mentioned subsidiaries or Business segments. However, for selected disclosures, where justified by the need to provide users of the report with specific information, the PGE CG will supplement the data/information with commentary clarifying its link to a specific business segment or company.

Information required under ESRS E3 regarding the geographical areas where water is a material issue for the PGE CG's own operations and its upstream and downstream value chain, as well as segments associated with material impacts, risks, and opportunities related to water and marine resources, is presented in sections SBM-3 and ESRS E3.

ASSESSMENT OF IMPACT MATERIALITY

Responsibility for carrying out the comprehensive impact materiality assessment process was assigned to the ESG Division within the Investor Relations and ESG Department at PGE S.A. The process is conducted on an annual cycle and involves representatives from thematic areas within PGE S.A., as well as from segments and subsidiaries. The impact materiality assessment included the following stages:

Phase I – Identification of business sectors, value chain mapping – in order to assess the context and operating environment of the PGE CG, a review of the Group's business sector was conducted. Based on the analysis, the identified sector was energy production and energy services (as the company generated more than 10%

of its revenue from this sector in the most recent financial year). The main elements of PGE Group's value chain were also confirmed, covering both upstream and downstream activities, as well as the Group's own operations.

Stage II - Identification of an initial list of relevant topics – based on available sources of information, an analysis was carried out including: a benchmark review of selected disclosures by competitors, ESG ratings, and industry reports. In order to capture stakeholder perspectives on the materiality of sustainability topics for the PGE Capital Group, the findings of the stakeholder dialogue session conducted in 2022 were analysed (including input from local communities – affected communities). As PGE Group's operations have not undergone significant changes since that consultation, its results were mapped against the material ESRS topics. Additionally, eight in-depth internal interviews were conducted (in line with the information provided in section ESRS2 SBM-2). The collected findings served as input for Stage III.

Stage III – Assessment of impacts and topics in terms of materiality – A broad list of topics, originating both from the ESRS (all sustainability topical standards were assessed³⁵) and from stakeholder consultations and analysis of market and industry trends, was assessed for impact. The assessment was carried out using the dimensions and criteria defined in the ESRS, including: point of occurrence (upstream, own operations, downstream), timeframe, scale, scope of the impact, reversibility of the impact, and probability of occurrence. In the first step, the relevant sector for each identified impact was indicated (as defined in Stage I). In the second step, the timing of the impact was determined – whether the impact is actual (currently occurring) or potential (may occur in the future). In the third step, the impact was assessed using the above criteria, depending on whether the impact was positive (evaluating scale and scope) or negative (evaluating scale, scope, and reversibility). For potential impacts, the assessment also considered time horizons (short, medium, and long-term, in line with ESRS1 definitions) and the probability of occurrence. The evaluation was carried out in the form of workshops.

Table: Rating scale used by the PGE Capital Group in the process of assessing sustainability issues in terms of impact materiality.

SCALE OF THE IMPACT	
5	Critical / disruptive to the surroundings – the organisation's impact alters existing conditions in the environment
4	Significant / noticeable by the surroundings – the organisation's impact is clearly visible and materially influences the conditions in the surrounding environment
3	Moderately significant / moderately noticeable by the surroundings – the organisation's impact is noticeable and slightly improves or worsens the conditions in the surrounding environment
2	Low significance / slightly noticeable by the surroundings – the organisation's impact is visible but does not significantly improve or worsen conditions
1	Insignificant / not noticeable by the surroundings – the organisation's impact is neither visible nor perceived
0	not applicable

SCALE OF IMPACT SCOPE	
5	Global – the organisation's impact is felt worldwide
4	Widespread (covering more than one country) – the organisation's impact is felt across several countries related to its operations
3	National – the organisation's impact is felt within the country in which it operates
2	Regional – the organisation's impact is felt in one or several voivodeships (regions)
1	Local (direct surroundings of the organisation) – the organisation's impact is felt only in its immediate vicinity, not exceeding the poviats (district) where it operates
0	not applicable

IMPACT PROBABILITY SCALE	
5	Almost certain – the impact is expected to occur
4	Likely – the occurrence of the impact is highly probable
3	Possible – the impact may occur under specific circumstances
2	Unlikely – there is a low probability of the impact occurring
1	Rare – the impact may occur only in exceptional circumstances
0	No probability

³⁵ Including climate impacts from greenhouse gas emissions.

IMPACT REMEDIABILITY SCALE

5 – Irremediable – the impact cannot be reversed; the consequences are irreparable
4 – Very difficult to remedy or long-term – reversing the impact is very difficult and possible only after a very long period, requiring significant financial and time investment
3 – Difficult to remedy or medium-term – the impact is difficult but possible to remedy, requiring substantial financial and time resources
2 – Remediable with effort (time and cost) – the impact can be reversed but requires action involving financial and time resources
1 – Easily or relatively easily remediable in the short term – the impact can be reversed easily or resolves itself over time, without significant effort or cost
0 – not applicable

As part of Stage III, the PGE CG reviewed its assets, operations, and locations in order to identify impacts (using the results of Stage I) related to pollution, water, the circular economy, and other sustainability topical areas across its own operations and throughout the upstream and downstream value chain. The following aspects were considered: air, water, soil, and biological and food resource pollution; water withdrawal, consumption, and discharge; as well as the type of waste generated and materials used and discharged – including in the context of by-products from combustion processes.

Stage IV – Aggregation of impact materiality assessment results – The ESG Division of PGE S.A. verified and aggregated the results from the PGE CG based on defined thresholds for total impact scores. Individual sustainability topics were deemed material if they received a combined score of over 50%, and based on an additional qualitative assessment.

No specific public consultations were held with affected communities exclusively concerning the sustainability of shared biological resources and ecosystems. However, the stakeholder perspective in this area was taken into account in the process, in line with the description provided in Stage II of the impact materiality assessment.

The results of the impact materiality assessment process are subject to approval by the Sustainable Development Committee and the Management Board of PGE S.A.

ASSESSMENT OF FINANCIAL MATERIALITY

Responsibility for conducting the comprehensive process of ESG risk and opportunity assessment and financial materiality analysis was assigned to the Risk and Insurance Department of PGE S.A. The process is carried out on an annual cycle, with the involvement of individuals responsible for coordinating activities within each business segment of the PGE CG. The assessment of ESG risks and opportunities is conducted as a separate process from the PGE Group's corporate risk management process, which is described in Chapter 3 of the Management Board's Report on the Group's Activities. However, the two processes above are complementary from the perspective of the data sources for their implementation and the cross-use of the results.

The ESG risk and opportunity assessment process comprises the following:

Stage I - Identification of ESG risks and opportunities – Using available data sources – including the results of the corporate risk management process, findings from the taxonomy process, and expert input from representatives of business segments – risks and opportunities related to individual sustainability topical areas were identified. This stage also took into account information regarding the organisation's impacts and its dependencies on the external environment³⁶.

- The structure and level of detail of internal tools used in the ESG risk and opportunity assessment process within the PGE Group ensure that, at the segment level, it is possible to evaluate the extent to which assets and business activities may be exposed or sensitive to identified climate-related threats. Where relevant, specific locations and assets were also considered.
- As part of the process of assessing ESG risks and opportunities, a period of up to 10 years from the current reporting period was adopted as the long time horizon. From the perspective of high-emission climate scenarios, this timeframe does not reflect significant differences in values for individual physical climate risk factors when compared with a scenario of limiting global warming to 1.5 °C. Nevertheless, during Stage I, the qualitative dimension of these scenarios was taken into account – including factors such as the intensification of extreme weather events, chronic climate changes³⁷, and the implications of a 1.5 °C scenario involving active implementation of decarbonisation policies (at national, regional, or global level).
- As part of Stage I, the PGE CG reviewed its assets, operations, and locations in order to identify risks and opportunities related to pollution, water, the circular economy, and other sustainability topical areas across its own operations and throughout the upstream and downstream value chain. In their assessments,

³⁶ Under E1 climate change, those relating to transition risks, i.e. climate change mitigation, and physical risks, i.e. climate change adaptation and energy, are distinguished.

³⁷ According to the ESRS E1 AR.11 list of factors.

individual segments considered factors such as air, water, soil, and biodiversity and food resource pollution, as well as water withdrawal, consumption, and discharge, the types of waste generated, and materials introduced and discharged — including in the context of combustion by-products. They also took into account potential risk factors that could generate risks and opportunities for the PGE Group in these areas (e.g. market demand shifts, regulatory changes).

- The process of identifying potential ESG risks and opportunities related to biodiversity and ecosystems included transition and physical risks, systemic risks, and the perspective of the Group's dependencies on biodiversity-related issues.

Stage II - Financial valuation of ESG risks and opportunities – For the identified ESG risks and opportunities within each sustainability topical area selected for valuation, two key factors were assessed: the probability of occurrence and the potential financial impact. Probability was evaluated using a five-category scale (as presented in the table below), while the financial impact of materialisation was estimated with an accuracy of up to PLN 1 million, referring to its effect on revenues, costs, or capital expenditures. The valuation was conducted for each of the following time horizons:

- Short-term (1 year – year n)
- Medium-term (cumulative assessment over 5 years – years n+1 to n+5)
- Long-term (cumulative assessment over 5 years – years n+6 to n+10)

The assessment of potential financial impact was based, among other things, on data included in financial and investment plans, outcomes of the corporate risk management process, available analyses and market studies, as well as the expert knowledge of ESG risk and opportunity owners in each segment and company.

Table: Probability evaluation scale used by the PGE CG in the process of assessing ESG risks and opportunities.

Frequency level	Probability %	Description
Very high	80%-100%	It is highly likely that the given risk or opportunity will materialise within the considered assessment horizon.
High	60%-80%	It is fairly likely that the given risk or opportunity will materialise within the considered assessment horizon.
Medium	40%-60%	It is moderately likely that the given risk or opportunity will materialise within the considered assessment horizon.
Low	20%-40%	It is unlikely that the given risk or opportunity will materialise within the considered assessment horizon.
Negligible	0%-20%	It is negligibly likely that the given risk or opportunity will materialise within the considered assessment horizon.

Stage III - Calculation of thresholds for the assessment of financial effect – PGE S.A.'s controlling unit calculates the thresholds for the financial impact assessment.

Stage IV – Aggregation of financial valuation of ESG risks and opportunities at the PGE CG level – The Risk and Insurance Department of PGE S.A. verifies and aggregates the results submitted by individual segments of the PGE Capital Group against the defined financial impact thresholds. This includes an additional qualitative assessment for positions where a quantitative valuation is difficult.

The results of the ESG risk and financial materiality assessments are subject to approval by the Risk Committee, the Sustainable Development Committee, and the Management Board of PGE S.A.

The process for managing material ESG risks and opportunities is currently being implemented within the PGE CG, drawing on the experience gained through the general risk management process.

9.1.12. [IRO-2] Disclosure requirements in ESRS covered by the undertaking's sustainability statement

The PGE CG carried out a double materiality assessment in accordance with the requirements of the ESRS, as outlined in section IRO-1. Based on the identified material topics, the corresponding disclosure requirements were determined.

Table: Information on where the ESRS is disclosed in the Report.

Indicator No	Indicator Name	Section in the Statement
ESRS 2	GENERAL DISCLOSURES	

Indicator No	Indicator Name	Section in the Statement
ESRS 2 [BP-1]	General basis for preparation of the sustainability statement	9.1.1
ESRS 2 [BP-2]	Disclosures in relation to specific circumstances	9.1.2
ESRS 2 [GOV-1]	The role of the administrative, management and supervisory bodies	9.1.3
ESRS 2 [GOV-2]	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	9.1.4
ESRS 2 [GOV-3]	Integration of sustainability-related performance in incentive schemes	9.1.5
ESRS 2 [GOV-4]	Statement on due diligence	9.1.6
ESRS 2 [GOV-5]	Risk management and internal controls over sustainability reporting	9.1.7
ESRS 2 [SBM-1]	Strategy, business model and value chain	9.1.8
ESRS 2 [SBM-2]	Interests and views of stakeholders	9.1.9
ESRS 2 [SBM-3]	Material impacts, risks and opportunities and their interaction with strategy and business model	9.1.10
ESRS 2 [IRO-1]	Description of the process to identify and assess material impacts, risks and opportunities	9.1.11
ESRS 2 [IRO-2]	Disclosure requirements in ESRS covered by the undertaking's sustainability statement	9.1.12
ESRS E1	CLIMATE CHANGE	9.2.2
ESRS 2 GOV-3	Integration of sustainability-related performance in incentive schemes	9.2.2.1
[E1-1]	Transition plan for climate change mitigation	9.2.2.2
[ESRS 2 SBM-3]	Material impacts, risks and opportunities and their interaction with strategy and business model	9.2.2.3.
[ESRS 2 IRO-1]	Description of the processes to identify and assess material climate-related impacts, risks and opportunities	9.2.2.4
[E1-2]	Policies related to climate change mitigation and adaptation	9.2.2.5.
[E1-3]	Actions and resources in relation to climate change policies	9.2.2.6.
[E1-4]	Targets related to climate change mitigation and adaptation	9.2.2.7.
[E1-5]	Energy consumption and mix	9.2.2.8.
[E1-6]	Gross Scopes 1, 2, 3 and Total GHG emissions	9.2.2.9
[E1-7]	GHG removals and GHG mitigation projects financed through carbon credits	9.2.2.10
[E1-8]	Internal carbon pricing	9.2.2.11
[E1-9]	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	9.2.2.12
ESRS E2	POLLUTION	9.2.3
[ESRS 2 IRO-1]	Description of the processes to identify and assess material pollution-related impacts, risks and opportunities	9.2.3.1
[E2-1]	Policies related to pollution	9.2.3.2
[E2-2]	Actions and resources related to pollution	9.2.3.3
[E2-3]	Targets related to pollution	9.2.3.4
[E2-4]	Pollution of air, water and soil	9.2.3.5
[E2-6]	Anticipated financial effects from material pollution-related risks and opportunities	9.2.3.6
ESRS E3	WATER AND MARINE RESOURCES	9.2.4
[ESRS 2 IRO-1]	Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities	9.2.4.1
[E3-1]	Policies related to water and marine resources	9.2.4.2
[E3-2]	Actions and resources related to water and marine resources	9.2.4.3
[E3-3]	Targets related to water and marine resources	9.2.4.4
[E3-4]	Water consumption	9.2.4.5
[E3-5]	Anticipated financial effects from water and marine resources-related impacts, risks and opportunities	9.2.4.6
ESRS E4	BIODIVERSITY AND ECOSYSTEMS	9.2.5
[E4-1]	Transition plan and consideration of biodiversity and ecosystems in strategy and business model	9.2.5.1
[ESRS 2 SBM-3]	Material impacts, risks and opportunities and their interaction with strategy and business model	9.2.5.2

Indicator No	Indicator Name	Section in the Statement
[ESRS 2 IRO-1]	Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks, dependencies and opportunities	9.2.5.3
[E4-2]	Policies related to biodiversity and ecosystems	9.2.5.4
[E4-3]	Actions and resources related to biodiversity and ecosystems	9.2.5.5
[E4-4]	Targets related to biodiversity and ecosystems	9.2.5.6
[E4-5]	Impact metrics related to biodiversity and ecosystems change	9.2.5.7
[E4-6]	Anticipated financial effects from biodiversity and ecosystem-related risks and opportunities	9.2.5.8
ESRS E5	RESOURCE USE AND CIRCULAR ECONOMY	9.2.6
[ESRS 2 IRO-1]	Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	9.2.6.1
[E5-1]	Policies related to resource use and circular economy	9.2.6.2
[E5-2]	Actions and resources related to resource use and circular economy	9.2.6.3
[E5-3]	Targets related to resource use and circular economy	9.2.6.4
[E5-4]	Resource inflows	9.2.6.5
[E5-5]	Resource outflows	9.2.6.6
[E5-6]	Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities	9.2.6.7
ESRS S	SOCIAL INFORMATION	9.3
ESRS S1	OWN WORKFORCE	9.3.1
[ESRS 2 SBM-2]	Interests and views of stakeholders	9.3.1.1
[ESRS 2 SBM-3]	Material impacts, risks and opportunities and their interaction with strategy and business model	9.3.1.2
[S1-1]	Policies related to own workforce	9.3.1.3
[S1-2]	Processes for engaging with own workforce and workers' representatives about impacts	9.3.1.4
[S1-3]	Processes to remediate negative impacts and channels for own workforce to raise concerns	9.3.1.5
[S1-4]	Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	9.3.1.6
[S1-5]	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	9.3.1.7
[S1-6]	Characteristics of the undertaking's employees	9.3.1.8
[S1-7]	Characteristics of non-employees in the undertaking's own workforce	9.3.1.9
[S1-8]	Collective bargaining coverage and social dialogue	9.3.1.10
[S1-9]	Diversity metrics	9.3.1.11
[S1-10]	Adequate wages	9.3.1.12
[S1-11]	Social protection	9.3.1.13
[S1-13]	Training and skills development metrics	9.3.1.14
[S1-14]	Health and safety metrics	9.3.1.15
[S1-15]	Work-life balance metrics	9.3.1.16
[S1-16]	Compensation metrics (pay gap and total remuneration)	9.3.1.17
[S1-17]	Incidents, complaints and severe human rights impacts	9.3.1.18
ESRS S2	WORKERS IN THE VALUE CHAIN	9.3.2
[ESRS 2 SBM-2]	Interests and views of stakeholders	9.3.2.1
[ESRS 2 SBM-3]	Material impacts, risks and opportunities and their interaction with strategy and business model	9.3.2.2
[S2-1]	Policies related to value chain workers	9.3.2.3
[S2-2]	Processes for engaging with value chain workers about impacts	9.3.2.4
[S2-3]	Processes to remediate negative impacts and channels for value chain workers to raise concerns	9.3.2.5
[S2-4]	Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those action	9.3.2.6
[S2-5]	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	9.3.2.7

Indicator No	Indicator Name	Section in the Statement
ESRS S3	AFFECTED COMMUNITIES	9.3.3
[ESRS 2 SBM-2]	Interests and views of stakeholders	9.3.3.1
[ESRS 2 SBM-3]	Material impacts, risks and opportunities and their interaction with strategy and business model	9.3.3.2
[S3-1]	Policies related to affected communities	9.3.3.3
[S3-2]	Processes for engaging with affected communities about impacts	9.3.3.4
[S3-3]	Processes to remediate negative impacts and channels for affected communities to raise concerns	9.3.3.5
[S3-4]	Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions	9.3.3.6
[S3-5]	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	9.3.3.7
ESRS S4	CONSUMERS AND END-USERS	9.3.4
[ESRS 2 SBM-2]	Interests and views of stakeholders	9.3.4.1
[ESRS 2 SBM-3]	Material impacts, risks and opportunities and their interaction with strategy and business model	9.3.4.2
[S4-1]	Policies related to consumers and end-users	9.3.4.3
[S4-2]	Processes for engaging with consumers and end-users about impacts	9.3.4.4
[S4-3]	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	9.3.4.5
[S4-4]	Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	9.3.4.6
[S4-5]	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	9.3.4.7
ESRS G	GOVERNANCE INFORMATION	9.4
[ESRS G1]	BUSINESS CONDUCT	9.4.1
[ESRS 2 GOV-1]	The role of the administrative, supervisory and management bodies	9.4.1.1
[ESRS 2 IRO-1]	Description of the processes to identify and assess material impacts, risks and opportunities	9.4.1.2
[G1-1]	Business conduct policies and corporate culture	9.4.1.3
[G1-2]	Management of relationships with suppliers	9.4.1.4
[G1-3]	Prevention and detection of corruption and bribery	9.4.1.5
[G1-4]	Confirmed incidents of corruption or bribery	9.4.1.6
[G1-5]	Political influence and lobbying activities	9.4.1.7
[G1-6]	Payment practices	9.4.1.8

Table: Disclosure requirement and associated data point in accordance with Appendix B to ESRS 2.

Disclosure requirement and associated data point	Reference to other EU regulations ¹	Page number of the Statement / Not applicable / Transition period
ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)	SFDR; BRR	9.1.3
[ESRS 2 GOV-1] Percentage of board members who are independent paragraph 21 (e)	BRR	9.1.3
ESRS 2 GOV-4 Statement on due diligence paragraph 30	SFDR	9.1.6
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	SFDR; 3P; BRR	9.1.8
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	SFDR; BRR	n/a
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	SFDR; BRR	n/a
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv	BRR	n/a
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14	EUCL	Transition period / 9.2.2.2
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)	3P; BRR	9.2.2.2

Disclosure requirement and associated data point	Reference to other EU regulations ¹	Page number of the Statement / Not applicable / Transition period
ESRS E1-4 GHG emission reduction targets paragraph 34	SFDR; 3P; BRR	9.2.2.7
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	SFDR	9.2.2.8
ESRS E1-5 Energy consumption and mix paragraph 37	SFDR	9.2.2.8
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	SFDR	9.2.2.8
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	SFDR; 3P; BRR	9.2.2.9
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	SFDR; 3P; BRR	9.2.2.9
ESRS E1-7 GHG removals and carbon credits paragraph 56	EUCL	9.2.2.10
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66	BRR	Transition period
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a)	3P	Transition period
ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c)	3P	Transition period
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c)	3P	Transition period
ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities paragraph 69	BRR	Transition period
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	SFDR	9.2.3.5
ESRS E3-1 Water and marine resources paragraph 9	SFDR	9.2.4.2
ESRS E3-1 Dedicated policy paragraph 13	SFDR	9.2.4.2
ESRS E3-1 Sustainable oceans and seas paragraph 14	SFDR	9.2.4.2
ESRS E3-4 Total water recycled and reused paragraph 28 (c)	SFDR	9.2.4.5
ESRS E3-4 Total water consumption in m3 per net revenue on own operations paragraph 29	SFDR	9.2.4.5
ESRS 2 SBM 3-E4 paragraph 16 (a)	SFDR	9.2.5.2
ESRS 2 SBM 3-E4 paragraph 16 (b)	SFDR	9.2.5.2
ESRS 2 SBM 3-E4 paragraph 16 (c)	SFDR	9.2.5.2
ESRS E4-2 Sustainable land / agriculture practices or policies paragraph 24 (b)	SFDR	9.2.5.4
ESRS E4-2 Sustainable oceans / seas practices or policies paragraph 24 (c)	SFDR	9.2.5.4
ESRS E4-2 Policies to address deforestation paragraph 24 (d)	SFDR	9.2.5.4
ESRS E5-5 Non-recycled waste paragraph 37 (d)	SFDR	9.2.6.6
ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	SFDR	9.2.6.6
ESRS 2 SBM-3-S1 Risk of incidents of forced labour paragraph 14 (f)	SFDR	9.3.1.2
ESRS 2 SBM-3-S1 Risk of incidents of child labour paragraph 14 (g)	SFDR	9.3.1.2
ESRS S1-1 Human rights policy commitments paragraph 20	SFDR	9.3.1.3
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21	BRR	9.3.1.3
ESRS S1-1 Processes and measures for preventing trafficking in human beings paragraph 22	SFDR	9.3.1.3
ESRS S1-1 Workplace accident prevention policy or management system paragraph 23	SFDR	9.3.1.3
ESRS S1-3 Grievance/complaints handling mechanisms paragraph 32 (c)	SFDR	9.3.1.5
ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	SFDR; BRR	9.3.1.15
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	SFDR	Transition period
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	SFDR; BRR	9.3.1.17
ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	SFDR	9.3.1.17
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	SFDR	9.3.1.18
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD Guidelines paragraph 104 (a)	SFDR; BRR	9.3.1.18

Disclosure requirement and associated data point	Reference to other EU regulations ¹	Page number of the Statement / Not applicable / Transition period
ESRS 2 SBM-3-S2 Significant risk of child labour or forced labour in the value chain paragraph 11(b)	SFDR	9.3.2.2
ESRS S2-1 Human rights policy commitments paragraph 17	SFDR	9.3.2.3
ESRS S2-1 Policies related to value chain workers paragraph 18	SFDR	9.3.2.3
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	SFDR; BRR	9.3.2.3
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 19	BRR	9.3.2.3
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	SFDR	9.3.2.6
ESRS S3-1 Human rights policy commitments paragraph 16	SFDR	9.3.3.3
ESRS S3-1 Non-respect of UNGPs on Business and Human Rights, ILO principles or OECD guidelines paragraph 17	SFDR; BRR	9.3.3.3
ESRS S3-4 Human rights issues and incidents paragraph 36	SFDR	9.3.3.6
ESRS S4-1 Policies related to consumers and end-users paragraph 16	SFDR	9.3.4.3
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	SFDR; BRR	9.3.4.3
ESRS S4-4 Human rights issues and incidents paragraph 35	SFDR	9.3.4.6
ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)	SFDR	9.4.1.3
ESRS G1-1 Protection of whistle- blowers paragraph 10 (d)	SFDR	9.4.1.3
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	SFDR; BRR	9.4.1.6
ESRS G1-4 Standards of anti- corruption and anti- bribery paragraph 24 (b)	SFDR	9.4.1.6

¹ SFDR - refers to the Sustainable Finance Disclosure Regulation; 3P - refers to EBA Pillar 3 disclosure requirements; BRR - refers to Climate Benchmark Standards Regulation); EUCL - refers to EU Climate Law)

9.2. ENVIRONMENTAL INFORMATION [ESRS E]

9.2.1. The activities of the PGE Group in terms of the EU Environmental Taxonomy

As a public interest entity preparing sustainability reporting, the PGE Capital Group is obliged to disclose, for the year 2024, the extent to which its activities can be considered environmentally sustainable. This obligation arises from Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088, as well as from Delegated Regulations on the establishment of a framework to facilitate sustainable investment (hereinafter: the EU Environmental Taxonomy, the Taxonomy).

To prepare the disclosures for 2024, an analysis of the activities carried out was conducted, which identified activities that qualify under the Taxonomy framework, namely, those that meet the definitions set out 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 the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives;
- **2022/1214** of 9 March 2022 amending Delegated Regulation (EU) 2021/2139 as regards economic activities in certain energy sectors and Delegated Regulation (EU) 2021/2178 as regards specific public disclosures for those economic activities;
- **2023/2485** of 27 June 2023 amending Delegated Regulation (EU) 2021/2139 establishing additional technical screening criteria for determining the conditions under which certain economic activities qualify as contributing substantially to climate change mitigation or climate change adaptation and for determining whether those activities cause no significant harm to any of the other environmental objectives;
- **2023/2486** of 27 June 2023 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to the sustainable use and protection of water and marine resources, to the transition to a circular economy, to pollution prevention and control, or to the protection and restoration of biodiversity and ecosystems and for determining whether that economic activity causes no significant harm to any of the other environmental objectives and amending Commission Delegated Regulation (EU) 2021/2178 as regards specific public disclosures for those economic activities.

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

- revenue (turnover) from taxonomy-eligible economic activities, as well as related CapEx and/or OpEx,
- purchases from eligible activities,
- related additional (explanatory) information.

The recognition of an activity as eligible was based on comparing the actual activity with the description provided in:

- Annex I (Climate Change Mitigation – CCM code) or
- Annex II (Climate Change Adaptation – CCA code)

to Commission Delegated Regulation (EU) 2021/2139, as amended, and:

- Annex I (Sustainable use and protection of water and marine resources – code WTR)
- 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 – code BIO)

to Commission Delegated Regulation (EU) 2023/2486.

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

The calculations of KPIs related to turnover, capital expenditure (CapEx) and operating expenditure (OpEx) are based on the definitions set out in Annex I of Commission Delegated Regulation (EU) 2021/2178. For the calculation of indicators for the PGE Capital Group, relevant consolidation exclusions were taken into account, based on the methods used in the preparation of the consolidated financial statements.

Taxonomy-eligible economic activity means an economic activity that is described in the Commission Delegated Regulations (EU) 2021/2139, 2023/2485 and 2023/2486.

Taxonomy-aligned activity (hereinafter: "Taxonomy-aligned activity") is one that makes a substantial contribution to at least one of the environmental objectives, does not significantly harm any of the Taxonomy's environmental objectives, respects minimum safeguards set out in Article 18 of Regulation 2020/852, and meets the technical screening criteria established by the European Commission.

According to Commission Delegated Regulation (EU) 2021/2178, the first annual reporting period covered the year 2021, for which eligibility indicators were reported. In the second reporting year (i.e. for 2022), indicators were reported for both Taxonomy eligibility and alignment for the environmental objectives CCM and CCA. Subsequently, in 2023, the scope of reporting was extended, pursuant to Commission Delegated Regulation (EU) 2023/2486, to include four additional climate objectives (objectives WTR to BIO). Under these objectives, both eligibility indicators (i.e. for 2024) and alignment indicators are reported, in line with the requirements of Delegated Regulation 2023/2486 concerning objectives WTR to BIO.

As part of this process, the PGE Capital Group carried out the following detailed activities, the results of which are disclosed herein.

STEP 1 DIVISION OF THE PGE GROUP'S ACTIVITIES

The PGE Group's operations are organised into nine operating segments:

- Renewables
- Gas-fired Generation
- Conventional Generation
- District Heating
- Distribution
- Railway Energy Services
- Supply
- Circular Economy
- Other Operations

Activities occurring in all segments were assessed against the EU environmental taxonomy.

STEP 2 IDENTIFICATION OF EU ENVIRONMENTAL TAXONOMY- ELIGIBLE ACTIVITIES

Based on 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, as well as Annexes I–IV to Commission Delegated Regulation (EU) 2023/2486, Taxonomy-eligible activities were selected. These activities were present within the PGE Capital Group in 2024, either as part of its business operations or purchases. The eligible activities are as follows:

Activities generating revenue as part of business operations – turnover was reported, along with the related CapEx and/or OpEx.

- CCM 4.10: Storage of electricity
- CCM 4.15: District heating/cooling distribution
- CCM 4.20: Cogeneration of heat/cool and power from bioenergy
- CCM 4.21: Production of heat/cool from solar thermal heating
- CCM 4.24: Production of heat/cool from bioenergy
- CCM 4.29: Electricity generation from fossil gaseous fuels
- CCM 4.3: Electricity generation from wind power
- CCM 4.30: High-efficiency co-generation of heat/cool and power from fossil gaseous fuels
- CCM 4.31: Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system
- CCM 4.5: Electricity generation from hydropower
- CCM 4.9: Transmission and distribution of electricity
- CCM 5.5: Collection and transport of non-hazardous waste in source segregated fractions
- CCM 6.14: Infrastructure for rail transport
- CCM 7.6: Installation, maintenance and repair of renewable energy technologies

Other purchasing operations:

- CCM 4.1: Electricity generation using solar photovoltaic technology
- CCM 4.10: Storage of electricity
- CCM 4.15: District heating/cooling distribution
- CCM 4.21: Production of heat/cool from solar thermal heating
- CCM 4.24: Production of heat/cool from bioenergy
- CCM 4.29: Electricity generation from fossil gaseous fuels
- CCM 4.30: High-efficiency co-generation of heat/cool and power from fossil gaseous fuels
- CCM 4.31: Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system
- CCM 4.9: Transmission and distribution of electricity
- CCM 5.4: Renewal of waste water collection and treatment
- CCM 8.1: Data processing, hosting and related activities
- CE 5.1: Repair, refurbishment and remanufacturing

STEP 3 DETERMINATION OF INDICATORS FOR EU TAXONOMY-ELIGIBLE AND EU TAXONOMY-ALIGNED ACTIVITIES FOR 2024

The calculation of the Taxonomy indicators required for 2024 disclosure was based on financial data that enabled the allocation of specific values to the identified eligible activities.

Each type of activity was assigned to only one Taxonomy-eligible activity. No part of revenue, CapEx, and OpEx was double counted. Where an activity generating revenue (turnover) was recognised as Taxonomy-eligible, the associated CapEx and OpEx were fully allocated to that activity and were not assessed for eligibility under any other activity. The remaining CapEx and OpEx values (not related to revenue-generating eligible activities) were assessed for potential classification under the category of purchases from eligible activities. Individual CapEx and OpEx expenses were attributed to only one activity. In cases where allocation to more than one activity was possible, the most appropriate one was selected.

To calculate the indicators, the denominator included the value of turnover and CapEx (tangible and acquisition-related) as stated in the consolidated financial statements of the PGE Capital Group for the period ended 31 December 2024. The OpEx denominator was calculated based on the accounts that record expenses meeting the definition of OpEx under Regulation 2021/2178.

Turnover of the PGE Capital Group eligible under the EU Environmental Taxonomy

This refers to the value of turnover generated from the sale of products or services related to an economic activity recognised as eligible under the Taxonomy in relation to one of the following climate objectives "Objectives I–VI":

- I (CCM Climate Change Mitigation)
- II (CCA Climate Change Adaptation)
- III (WTR Sustainable use and protection of water and marine resources)
- IV (CE Transition to a circular economy)
- V (PPC Pollution Prevention and Control)
- VI (BIO Protection and restoration of biodiversity and ecosystems)

Numerator of the indicator includes eligible, including Taxonomy-aligned, revenue from customer contracts in accordance with IFRS 15. The denominator represents total revenue from sales reported in the consolidated statement of comprehensive income.

Capital expenditure (CapEx) of the PGE Capital Group eligible under the EU Environmental Taxonomy

As defined in Regulation 2021/2178, capital expenditure refers to additions to tangible and intangible assets during the financial year considered before depreciation, amortisation and any re-measurements, including those resulting from revaluations and impairments, for the relevant financial year and excluding fair value changes. This value also covers additions to tangible and intangible assets resulting from business combinations.

The numerator of the indicator includes eligible, including Taxonomy-aligned, CapEx, while the denominator is the total CapEx reported in the consolidated financial statements – Note 6.1 Operating Segments.

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

Operating expenditure (OpEx) of the PGE Capital Group eligible under the EU Environmental Taxonomy

Regulation 2021/2178 defines OpEx as direct non-capitalised costs that relate to research and development, building renovation measures, short-term lease, maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment by the undertaking or third party to whom activities are outsourced that are necessary to ensure the continued and effective functioning of such assets.

Taxonomy-related analyses of OpEx mainly included accounts where costs related to maintenance, overhauls, repairs, and off-balance sheet leases are recognised, in line with the interpretation guidelines on OpEx published by the European Commission in the Official Journal of the EU in October 2022. The total turnover of these accounts, taking into account consolidation exclusions, constitutes the denominator.

The numerator is the part of the denominator corresponding to activities that have been deemed Taxonomy-eligible for objectives I–VI.

Taxonomy alignment assessment

Taxonomy-aligned activity is one that makes a substantial contribution to at least one of the environmental objectives, does not significantly harm any of the Taxonomy's environmental objectives, respects minimum safeguards set out in Article 18 of Regulation 2020/852, and meets the technical screening criteria established by the European Commission.

The conformity assessment of the identified eligible activities listed above, as a first step, involved an analysis of the technical eligibility criteria relevant to each activity, as included in the Delegated Regulations: 2021/2139, 2023/2485, and 2023/2486 — with regard to both the substantial contribution criteria and the 'do no significant harm' principle.

A *due diligence* exercise was carried out to analyse the degree of compliance of the PGE Group's economic 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-mentioned Regulation, the minimum safeguards are procedures implemented by an undertaking that is carrying out an economic activity to ensure the alignment 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 Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights.

In line with the guidelines of the PSF Report (**Platform on Sustainable Finance**)³⁸, *due diligence* was carried out based on the following methodology:

- a procedure-based test, i.e. an assessment of the internal regulations and procedures of the PGE Capital Group in the context of compliance with applicable regulations and guidelines, carried out on the basis of documentation provided by the PGE Capital Group,
- a results-based test, focusing on final convictions or penalties in each of the examined areas, taking into account their materiality, and the preventive measures implemented to avoid the risk of recurrence, conducted based on statements made by the PGE Capital Group,
- an analysis of databases based on publicly available information in the registers of the Business and Human Rights Resource Centre ('BHRR') and the National Contact Point established in accordance with the OECD Guidelines for Multinational Enterprises,
- a general review of publicly available information concerning the activities of the PGE Capital Group.

Accordingly:

- the procedure-based test was carried out using the documentation available within the companies of the PGE Capital Group,
- the database analysis was conducted on the basis of publicly available registers,

³⁸ 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

- the general review was carried out based on publicly available information.

The assessment covered:

- disclosure of strategic and internal matters,
- human rights,
- labour rights,
- anti-corruption and anti-bribery measures,
- consumer and competition protection,
- science, technology and innovation,
- tax policy,
- environmental policy.

In the areas listed above, the PGE Capital Group has adopted procedures that align with the standards set out in the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights. In addition, it applies comprehensive measures in accordance with both applicable national law and international regulations.

No allegations have been raised against PGE CG by the BHRRC. Two notifications concerning companies within the PGE Capital Group have been submitted to the OECD National Contact Point established in accordance with the OECD Guidelines for Multinational Enterprises; as of the disclosure date, these cases have not yet been concluded.

The assessment carried out did not identify any negative findings indicating a failure to ensure the minimum safeguards, which are listed in the PSF Report as risk factors.

The PGE Group's indicators for 2024 are presented in the tables below, prepared on the basis of the formulas included in Regulation 2023/2486, whereby:

- Table: Proportion of turnover from products or services associated with Taxonomy-aligned economic activities

Financial year 2024	2024			Substantial contribution criteria						DNSH criteria						Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) turnover, year 2023 (18)	Category enabling activity (19)	Category transitional activity (20)	
	“Does Not Significantly Harm”																			
Economic activities	Code (2)	Turnover (3)	Proportion of Turnover, year N (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)					
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 solar photovoltaic technology	CCM 4.1	32	0.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	n/a	n/a	Y	Y	Y	0.0%			
Electricity generation from wind power	CCM 4.3	739	1.1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	n/a	Y	Y	Y	0.9%			
Transmission and distribution of electricity	CCM 4.9	13,597	21.1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	n/a	Y	Y	Y	Y	12.7%	E		
District heating/cooling distribution	CCM 4.15	5	0.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	n/a	Y	Y	0.0%			
Cogeneration of heat/cool and power from bioenergy	CCM 4.20	26	0.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	n/a	Y	Y	0.0%			
Infrastructure for rail transport	CCM 6.14	542	0.8%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.4%	E		
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	55	0.1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	n/a	n/a	n/a	n/a	Y	0.0%	E		
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		14,996	23.3%	100.0%	0%	0%	0%	0%	0%	Y							14.0%			
Of which enabling		14,194	22.0%	22.0%													13.2%	E		
Of which transitional		0	0.0%	0.0%													0.0%		T	
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	76	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%			
Electricity generation from hydropower	CCM 4.5	111	0.2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.1%			

Financial year 2024	2024			Substantial contribution criteria						DNSH criteria									
										"Does Not Significantly Harm"									
Economic activities	Code (2)	Turnover (3)	Proportion of Turnover, year N (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) turnover, year 2023 (18)	Category enabling activity (19)	Category transitional activity (20)
Transmission and distribution of electricity	CCM 4.9	102	0.2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.1%		
Storage of electricity	CCM 4.10	1,407	2.2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1.8%		
District heating/cooling distribution	CCM 4.15	216	0.3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.2%		
Cogeneration of heat/cool and power from bioenergy	CCM 4.20	269	0.4%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.4%		
Production of heat/cool from solar thermal heating	CCM 4.21	0	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Production of heat/cool from bioenergy	CCM 4.24	54	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.1%		
Electricity generation from fossil gaseous fuels	CCM 4.29	1,466	2.2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								-		
High-efficiency co-generation of heat/cool and power from fossil gaseous fuels	CCM 4.30	3,368	5.2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								3.8%		
Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system	CCM 4.31	316	0.5%	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)		7,385	11.4%	11.4%													6.7%		
A. Turnover of Taxonomy-eligible activities (A.1+A.2)		22,381	34.7%														20.7%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities (B)		42,102	65.3%																
TOTAL (A + B)		64,483	100.0%																

In accordance with Regulation 2023/2486, the code is an abbreviation of the relevant objective to which the economic activity makes a substantial contribution, as well as the number of the section dedicated to that activity in the relevant annex concerning the objective, namely:

- 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 turnover by climate target for 2024

	Proportion of turnover/total turnover	
	Taxonomy - aligned per objective	Taxonomy – eligible per objective
CCM	23.3%	34.7%
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%

Table: Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities

Financial year 2024	2024			Substantial contribution criteria						DNSH criteria "Does Not Significantly Harm"									
Economic activities	Code (2)	CapEx (3)	Proportion of Turnover, year N (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) CapEx, year 2023 (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 solar photovoltaic technology	CCM 4.1	374	3.5%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	n/a	n/a	Y	Y	Y	3.1%		
Electricity generation from wind power	CCM 4.3	21	0.2%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	n/a	Y	Y	Y	2.1%		
Transmission and distribution of electricity	CCM 4.9	4,285	40.1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	n/a	Y	Y	Y	Y	63.0%	E	
Cogeneration of heat/cool and power from bioenergy	CCM 4.20	1	0.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	n/a	Y	Y	0.0%		
Production of heat/cool from solar thermal heating	CCM 4.21	0	0.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	n/a	Y	Y	Y	Y	-		
Collection and transport of non-hazardous waste in source segregated fractions	CCM 5.5	0	0.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	n/a	n/a	Y	n/a	Y	0.0%		
Infrastructure for rail transport	CCM 6.14	34	0.3%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	3.1%	E	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		4,715	44.1%	44.1%	0%	0%	0%	0%	0%	Y							71.3%		
Of which enabling		4,318	40.4%	40.4%													66.1%	E	
Of which transitional		0	0.0%	0.0%													0.0%		T
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	0	0.0%	N/EL	N/EL	EL	N/EL	N/EL	N/EL								0.1%		
Electricity generation using solar photovoltaic technology	CCM 4.1	0	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Electricity generation from wind power	CCM 4.3	911	8.5%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								2.6%		
Electricity generation from hydropower	CCM 4.5	85	0.8%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.6%		

Financial year 2024	2024			Substantial contribution criteria						DNSH criteria							Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) CapEx, year 2023 (18)	Category enabling activity (19)	Category transitional activity (20)
										“Does Not Significantly Harm”									
Economic activities	Code (2)	CapEx (3)	Proportion of Turnover, year N (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)			
Transmission and distribution of electricity	CCM 4.9	3	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Storage of electricity	CCM 4.10	253	2.4%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.6%		
District heating/cooling distribution	CCM 4.15	64	0.6%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.4%		
Cogeneration of heat/cool and power from bioenergy	CCM 4.20	17	0.2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Production of heat/cool from bioenergy	CCM 4.24	16	0.2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Electricity generation from fossil gaseous fuels	CCM 4.29	2,451	22.9%														3.5%		
High-efficiency co-generation of heat/cool and power from fossil gaseous fuels	CCM 4.30	564	5.3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								4.0%		
Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system	CCM 4.31	111	1.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1.0%		
Repair, refurbishment and remanufacturing	CE 5.1	16	0.2%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0.1%		
Renewal of waste water collection and treatment	CCM 5.4	26	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.3%		
Data processing, hosting and related activities	CCM 8.1	12	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.1%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		4,529	42.4%	42.2%				0.2%									13.2%		
CapEx of Taxonomy-eligible activities (A.1+A.2)		9,244	86.5%														84.5%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		1,445	13.5%																
Total (A + B)		10,689	100.0%																

In accordance with Regulation 2023/2486, the code is an abbreviation of the relevant objective to which the economic activity makes a substantial contribution, as well as the number of the section dedicated to that activity in the relevant annex concerning the objective, namely:

- 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 CapEx by climate target for 2024

	Proportion of CapEx/Total CapEx	
	Taxonomy - aligned per objective	Taxonomy - eligible per objective
CCM	41.1%	86.3%
CCA	0.0%	0.0%
WTR	0.0%	0.0%
CE	0.0%	0.2%
PPC	0.0%	0.0%
BIO	0.0%	0.0%

[illegible]

Financial year 2024	2024			Substantial contribution criteria						DNSH criteria							Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) OpEx, year 2023 (18)	Category enabling activity (19)	Category transitional activity (20)							
										“Does Not Significantly Harm”																	
Economic activities	Code (2)	OpEx (3)	Proportion of Turnover, year N (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)												
Electricity generation from wind power	CCM 4.3	2	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL																		
Electricity generation from hydropower	CCM 4.5	24	1.6%	EL	N/EL	N/EL	N/EL	N/EL	N/EL																		
Transmission and distribution of electricity	CCM 4.9	2	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL																		
Storage of electricity	CCM 4.10	37	2.4%	EL	N/EL	N/EL	N/EL	N/EL	N/EL																		
District heating/cooling distribution	CCM 4.15	9	0.6%	EL	N/EL	N/EL	N/EL	N/EL	N/EL																		
Cogeneration of heat/cool and power from bioenergy	CCM 4.20	9	0.6%	EL	N/EL	N/EL	N/EL	N/EL	N/EL																		
Production of heat/cool from bioenergy	CCM 4.24	0	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL																		
Electricity generation from fossil gaseous fuels	CCM 4.29	13	0.8%																								
High-efficiency co-generation of heat/cool and power from fossil gaseous fuels	CCM 4.30	41	2.7%	EL	N/EL	N/EL	N/EL	N/EL	N/EL																		
Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system	CCM 4.31	1	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL																		
Repair, refurbishment and remanufacturing	CE 5.1	10	0.7%	N/EL	N/EL	N/EL	N/EL	EL	N/EL																		
Renewal of waste water collection and treatment	CCM 5.4	13	0.8%	EL	N/EL	N/EL	N/EL	N/EL	N/EL																		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		161	10.5%	9.8%				0.7%																			
OpEx of Taxonomy eligible activities (A.1+A.2)		746	48.5%																								
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																											
OpEx of Taxonomy-non-eligible activities		792	51.5%																								
Total (A + B)		1,538	100.00%																								

In accordance with Regulation 2023/2486, the code is an abbreviation of the relevant objective to which the economic activity makes a substantial contribution, as well as the number of the section dedicated to that activity in the relevant annex concerning the objective, namely:

- 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 OpEx by climate target for 2024

	Proportion of OpEx/Total OpEx	
	Taxonomy - aligned per objective	Taxonomy - eligible per objective
CCM	38.0%	47.8%
CCA	0.0%	0.0%
WTR	0.0%	0.0%
CE	0.0%	0.7%
PPC	0.0%	0.0%
BIO	0.0%	0.0%

TURNOVER

Total eligible turnover amounted to PLN 22,381 million, made up of segment revenues, as shown in the table below.

Table: Value of turnover from Taxonomy-eligible activities by segments of the PGE Capital Group (PLN million)

Segment	2024	2023	Difference
Renewables	2,365	2,707	-342
Gas-fired Generation	1,466	0	1,466
Conventional Generation	9	21	-12
District Heating	4,267	4,446	-180
Distribution	11,161	10,461	700
Railway Energy Services	2,960	2,108	852
Supply	154	125	29
Circular Economy	0	4	-4
Other Operations	0	0	0
Total	22,381	19,872	2,509
<i>including:</i>			
Taxonomy-eligible and environmentally sustainable activities	14,996	13,478	1,518
Taxonomy-eligible but not environmentally sustainable activities	7,385	6,394	991

The PLN 2,509 million increase in turnover of Taxonomy-eligible activities compared to 2023 is primarily attributable to changes in the following segments:

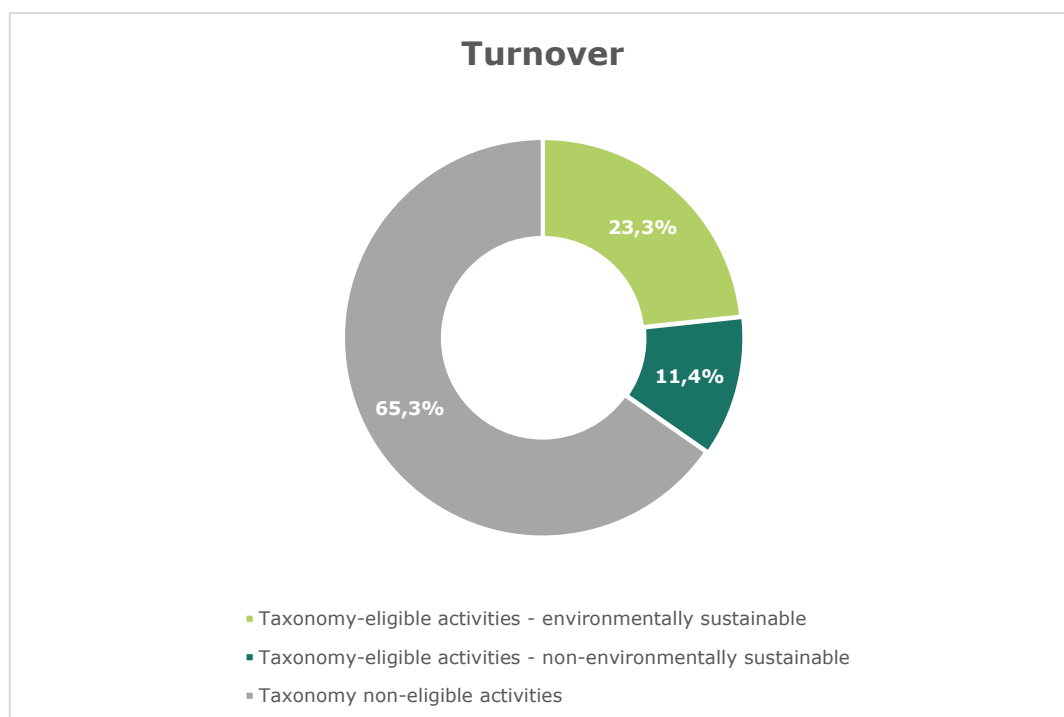
- Distribution – an increase in average tariff rates compared to 2023
- Railway Energy Services – inclusion of the full-year value for 2024, whereas in the previous year, only nine months were accounted for; the Railway Energy Services segment was acquired in the second quarter of 2023
- Gas-fired Generation – recognition of revenue following the commencement of operational activities by PGE Gryfino Dolna Odra sp. z o.o.

Within the segments, Taxonomy-aligned activities were identified, generating a total turnover of PLN 14,996 million. The majority related to the following activities:

- CCM 4.9 Transmission and distribution of electricity under: Distribution and Railway Energy Services
- CCM 4.3 Electricity generation from wind power under Renewables

▪ CCM 6.14 Infrastructure for rail transport under Railway Energy Services

Figure: Share of environmentally sustainable and non-environmentally sustainable and Taxonomy-non-eligible activities in turnover



CAPEX

Total eligible CapEx amounted to PLN 9,244 million, made up of segment CapEx, as shown in the table below.

Table: Value of CapEx of Taxonomy-eligible activities by segments of the PGE Capital Group (PLN million)

Segment	2024	2023 ¹	Difference
Renewables	1,641	1,553	88
Gas-fired Generation	2,451	603	1,848
Conventional Generation	41	76	-35
District Heating	774	950	-176
Distribution	3,834	4,220	-386
Railway Energy Services	484	7,286	-6,802
Supply	4	4	0
Circular Economy	0	6	-6
Other Operations	15	11	4
Total	9,244	14,709	-5,465
<i>including:</i>			
Taxonomy-eligible and environmentally sustainable activities	4,715	12,412	-7,697
Taxonomy-eligible but not environmentally sustainable activities	4,529	2,297	2,232

¹ Due to the separation of the Gas-fired Generation segment, data for 2023 have been adjusted for comparability.

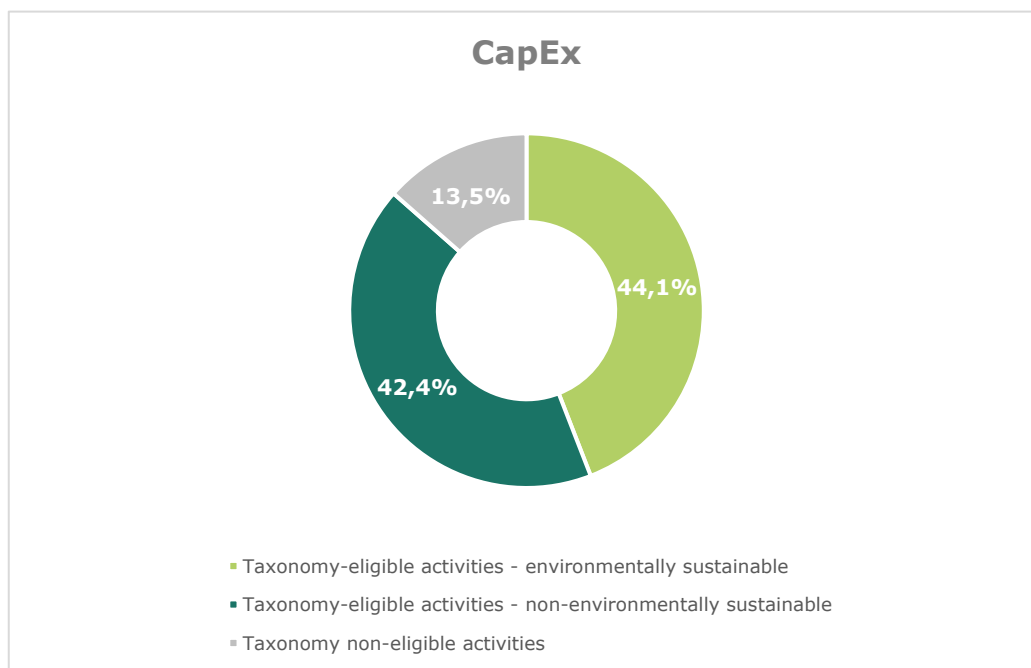
The PLN 5,465 million decrease in CapEx of Taxonomy-eligible activities compared to 2023 is primarily attributable to changes in the following segments:

- Railway Energy Services – last year, a one-off inclusion of tangible assets under the Railway Energy Services segment was recorded, which significantly increased the numerator (by PLN 6,265 million).
- Gas-fired Generation – capital expenditure increased in line with the adopted schedule.
- Distribution, District Heating – lower CapEx in line with the adopted schedule.

Within the segments, Taxonomy-aligned activities were identified, generating a total CapEx of PLN 4,715 million. The majority related to the following activities:

- CCM 4.9 Transmission and distribution of electricity under: Distribution and Railway Energy Services
- CCM 4.1 Electricity generation using solar photovoltaic technology under Renewables
- CCM 6.14 Infrastructure for rail transport under Railway Energy Services

Figure: Share of environmentally sustainable and non-environmentally sustainable and Taxonomy-non-eligible activities in CapEx.



OPEX

Total OpEx from eligible activities amounted to PLN 746 million, consisting of OpEx by segment.

Table: Value of OpEx of Taxonomy-eligible activities by segments of the PGE Capital Group (PLN million)

Segment	2024	2023	Difference
Renewables	108	77	31
Gas-fired Generation	13	0	13
Conventional Generation	29	29	0
District Heating	61	48	13
Distribution	349	305	44
Railway Energy Services	183	105	78
Supply	3	2	1
Circular Economy	0	7	-7
Other Operations	0	0	0
Total	746	573	173
of which:			
Taxonomy-eligible and environmentally sustainable activities	585	461	124
Taxonomy-eligible but not environmentally sustainable activities	161	112	49

The PLN 173 million increase in OpEx of Taxonomy-eligible activities compared to 2023 is primarily attributable to changes in the following segments:

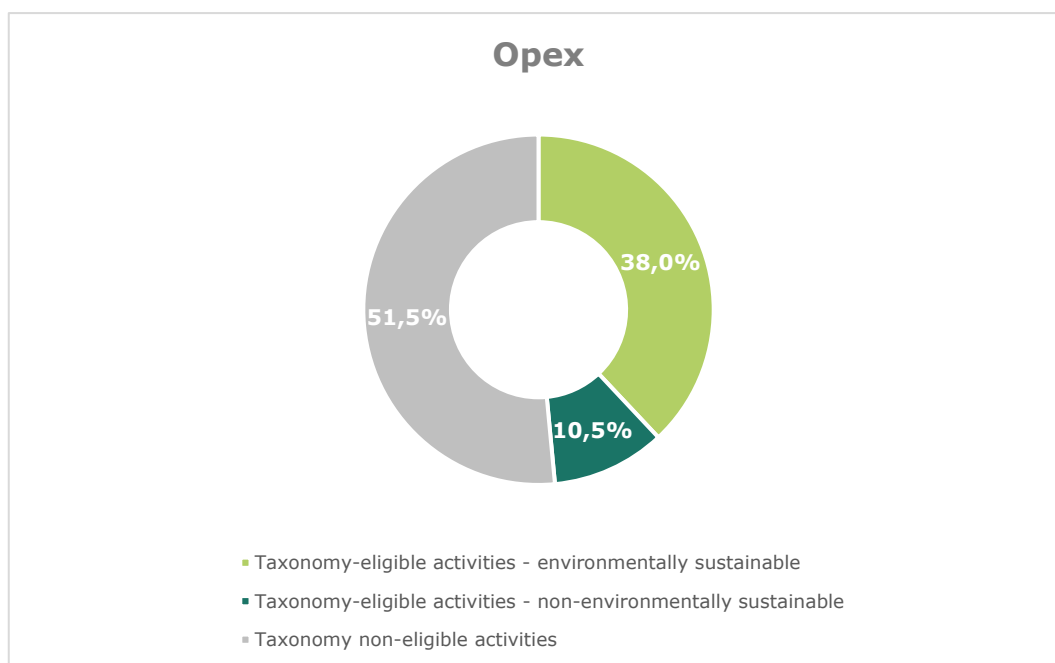
- Distribution – increase in operating costs related to network assets and IT services,

- Railway Energy Services – increase in costs due to the fact that in 2023 only nine months were accounted for (from the date of acquisition of the Railway Energy Services segment), whereas in 2024 the costs cover the entire year,
- Renewables – increase in overhaul and operational services costs.

Within the segments, Taxonomy-aligned activities were identified, generating total OpEx of PLN 585 million, which is PLN 124 million higher compared to 2023. The majority of this amount related to the following activities:

- CCM 4.9: Transmission and distribution of electricity under: Distribution and Railway Energy Services
- CCM 6.14: Infrastructure for rail transport under Railway Energy Services
- CCM 4.3: Electricity generation from wind power under Renewables

Figure: Share of environmentally sustainable and non-environmentally sustainable and Taxonomy-non-eligible activities in OpEx



Link between Taxonomy Indicators and the PGE Capital Group Strategy

The PGE Capital Group aims to carry out tangible investments in alignment with the EU Environmental Taxonomy, to the extent permitted by technological capabilities. The investments currently being implemented are expected to lead to an increase in the value of taxonomy indicators, particularly with regard to Objective 1: climate change mitigation.

The disclosure in accordance with Annex III to Commission Delegated Regulation (EU) 2022/1214, supplementing Commission Delegated Regulation (EU) 2021/2178 with Annex XII concerning standard templates for the purposes of disclosures referred to in Article 8(6) and (7) — i.e. for nuclear and fossil gas related activities — has been provided in Annex 1 to this report.

SCOPE OF PGE CG COMPANIES COVERED BY ENVIRONMENTAL REPORTING

As part of preparations for sustainability reporting in line with the CSRD Directive and ESRS standards, the PGE Capital Group developed a set of criteria to assess which of its companies have a material impact on the environment.

Companies were classified as key if they met at least one of the environmental criteria, which include, among others: holding environmental protection or waste management permits and administrative decisions, paying fees for environmental use or water services, or participating in the EU Emissions Trading System (ETS). In total, 28 companies were identified as meeting the internal screening criteria.

Table: Companies meeting internal screening criteria.

No	Segment	Name of unit
1.	Renewables	PGE Energia Odnawialna S.A.
2.	Gas-fired Generation	PGE Gryfino Dolna Odra sp. z o.o.
3.	Conventional Generation	PGE Górnictwo i Energetyka Konwencjonalna S.A.
4.		MegaSerwis sp. z o.o.
5.		ELMEN sp. z o.o.
6.		ELTUR-SERWIS sp. z o.o.
7.		BETRANS sp. z o.o.
8.		BESTGUM POLSKA sp. z o.o.
9.		RAMB sp. z o.o.
10.	District Heating	PGE Energia Ciepła S.A.
11.		PGE Toruń S.A.
12.		KOGENERACJA S.A.
13.		Elektrociepłownia Zielona Góra S.A.
14.		MEGAZEC sp. z o.o.
15.	Distribution	PGE Dystrybucja S.A.
16.	Railway Energy Services	PGE Energetyka Kolejowa Holding sp. z o.o.
17.		PGE Energetyka Kolejowa S.A.
18.		PGE Energetyka Kolejowa Obsługa sp. z o.o.
19.		PGE Energetyka Kolejowa CUW sp. z o.o.
20.	Supply	PGE Polska Grupa Energetyczna S.A.
21.		PGE Obrót S.A.
22.		ENESTA sp. z o.o. (in restructuring)
23.		„Energoserwis – Kleszczów” sp. z o.o.
24.		PGE Paliwa sp. z o.o.
25.	Circular Economy	PGE Ekoserwis S.A.
26.		ZOWER sp. z o.o.
27.	Other Operations	PGE Systemy S.A.
28.		Energetyczne Systemy Pomiarowe sp. z o.o.

9.2.2. [ESRS E1] CLIMATE CHANGE

Important points: Climate change adaptation; Climate change mitigation; Energy.

9.2.2.1. [ESRS GOV-3] Integration of sustainability-related performance in incentive schemes

Information can be found in section ESRS 2 GOV-3 of this Statement.

9.2.2.2. [E1-1] Transition plan for climate change mitigation

As part of sustainability-related disclosures, PGE CG is obliged to present information regarding the adopted Transition plan for climate change mitigation. As of the date of publication of this Statement, PGE CG had not yet adopted a formally approved document on the above matters.

PGE CG continues to take actions aimed at transformation based on the adopted business strategy,

which includes a broad range of measures aimed at sustainable development and minimising environmental impact. Based on this document and decisions of the relevant corporate bodies, PGE CG is implementing, among others, a programme for the construction of offshore wind farms, the Decarbonisation Plan for district heating networks, a programme for the construction of onshore wind and photovoltaic farms, and is intensively modernising distribution networks in response to new technical and climate-related challenges.

From the perspective of PGE CG's environment, key developments include work on the National Energy and Climate Plan, the extension of the capacity market mechanism, and political decisions on the timeline for phasing out coal-based energy generation. These documents and decisions are of fundamental importance for the Transition Plan regarding the Conventional Generation segment, given the scale of PGE's impact on the Polish economy and its influence on the stability of the National Power System.

At the same time, PGE CG is making every effort to ensure transparency of its actions and intentions regarding the transition and mitigation of environmental impact. Importantly, the Group has adopted a target of achieving climate neutrality by 2050 and continues to work on developing and implementing a strategy that in future may be transformed into a comprehensive Transition Plan, in line with the requirements of sustainable development and climate protection.

As at the date of publication of the report, PGE CG has not set a date for adopting a Transition Plan. The Group intends to begin work on the Plan after finalising actions on the relevant guidelines and after defining the decarbonisation path for the Polish energy sector, which will be decisive for PGE CG's climate targets and will enable the definition of plans and policies aligned with the expected pace of transition.

9.2.2.3. [ESRS 2 SBM-3] Material impacts, risks and opportunities and their interaction with strategy and business model

In 2024, the following topics related to climate change were identified as material for PGE Capital Group:

- Climate change adaptation,
- Climate change mitigation,
- Energy.

Due to the scale of its activities and its ownership of brown and hard coal assets, PGE CG is currently the largest emitter of greenhouse gases in Poland. Converting the chemical energy contained in these fuels into electricity and heat results in high quantities of greenhouse gases being released into the atmosphere. This can contribute negatively to climate change, which in turn may lead to adverse weather events affecting the environment. Negative impacts may be observed over the operational horizon of high-emission assets, depending on the pace of investment in alternative energy sources and the phasing out of high-emission units in Poland.

PGE CG also reports significant levels of energy consumption, primarily in energy generation processes (for brown coal mining and generation of electricity and heat), as well as in distribution (transmission losses). Due to its reliance predominantly on fossil fuel-based assets and the distribution of energy that, in the National Power System, is mostly coal-based, the energy consumed is non-renewable, which negatively affects resource use.

Information on identified risks (including physical and transition risks) is provided in [ESRS – 2 SBM -3] in the table: Results of the assessment of significant risks and opportunities, taking into account their location in the

value chain. In addition, detailed information about physical and transition risks, applied methods and the results of analysis are included in chapter 3.3 of the Management Board Reports on activities.

The analysis of the resilience of the Group's strategy and business model in relation to climate change is carried out periodically and includes the identification of assets, internal processes and supply chains that may be directly affected by climate change and its market and regulatory implications. The latest resilience analysis was conducted in 2024. During the reporting period, the Group used internal scenarios describing the development of the energy, fuel and heat markets, which include weather condition data as one of the sets of variables used in forecasting models.

PGE CG analyses changes in the market and economic environment and creates macroeconomic scenarios used to assess operational and investment decisions. The reference point for PGE CG is the current situation on energy markets and in the economy. The methodology for defining future market development scenarios is based on several key elements:

- international regulations – related to EU legislation on energy and climate policy, particularly within the Fit for 55 package. The assumption is the pursuit of climate goals set out in climate policies,
- CO₂ emissions – related to rising costs of emission allowances,
- technological changes – related to the transformation of the electricity system's technology mix and the increasing share of installed renewable energy capacity,
- prices of energy raw materials,
- economic development and growing demand for electricity.

These scenarios include weather condition data as one of the variable sets in forecasting models.

At the same time, PGE CG monitors benchmarks from external institutions concerning the development of the energy market, fuel prices, and CO₂ emission allowance prices, which are presented across multiple scenarios. Each of the above factors is analysed in the short-, medium- and long-term perspective. Assumptions and adopted scenarios are updated at least annually in order to reflect changes in highly uncertain factors, such as raw material prices and climate policies. Each update of macroeconomic scenarios leads to the verification and ongoing evaluation of project values.

Table: Resilience of the business model in relation to climate change

Perspective	Description
Short-term	In the short term, the PGE Capital Group (PGE CG) has limited capacity to implement changes to its overall business model. This is due, among other things, to statutory provisions concerning energy security, existing energy sales contracts, and ongoing investment projects. Furthermore, the Group's companies hold licences for mining, generation, distribution, and trading and sales of energy, which entail obligations arising from the conditions of these licences and applicable legal regulations. Adaptation to climate change and climate transition in the short term may include actions that remain under the company's control, such as: ▪ maintaining high availability of pumped-storage power plants and flexible generation units; ▪ maintaining appropriate stocks of energy fuels; ▪ identifying and eliminating risk factors for energy infrastructure, including terrain obstacles, shrubbery, wind exposure, icing or high temperatures.
Medium-term	In the medium term, PGE CG can implement initiatives that adjust its business model, enabling reduced climate impact or better adaptation to climate change. Adaptation in the medium-term perspective may include, among others: ▪ increasing the share of underground cable lines in the network infrastructure, which are not exposed to extreme weather events, ▪ optimising the structure and parameters of district heating installations, ▪ monitoring changes in energy and heat demand profiles, ▪ introducing technologies that limit the negative impact of weather conditions (e.g. prevention of icing, overheating or damage caused by strong winds), ▪ ensuring reliable means of communication, ▪ using waste heat.
Long-term	PGE CG aims to achieve climate neutrality by 2050. The Group plans to remain present across all elements of the current supply chain, except for coal-based mining and generation. The business model will change in terms of applied technologies, the structure of revenues and costs, as well as the range of services provided and products sold. These changes will affect the qualifications required of the workforce. In view of the decentralisation of energy and the increasing complexity of systems, the Group anticipates significant automation in managing the operation of production assets. PGE CG plans to modernise its district heating assets to maintain the status of efficient systems. The Decarbonisation Plan for the District Heating segment provides for the phase-out of coal combustion in district heating by the end of 2030.

PGE CG makes use of the option to omit the disclosure of anticipated financial effects in the first reporting year; therefore, they are not included in the disclosures related to the resilience analysis.

9.2.2.4. [ESRS 2 IRO-1] Description of the processes to identify and assess material climate-related impacts, risks and opportunities

Information can be found in part ESRS 2 IRO-1.

9.2.2.5. [E1-2] Policies related to climate change mitigation and adaptation

As part of its management of material impacts, opportunities, and risks related to climate change mitigation and adaptation, the PGE CG acts in accordance with legal regulations and internal policies, including in particular:

- Environmental Policy, including the Declaration on environmental policy,
- Environmental Management System Model in PGE CG,
- PGE Group Strategy until 2030,
- Strategic Management Regulations,
- Environmental Context and Planning in PGE CG.

ENVIRONMENTAL POLICY (INCLUDING DECLARATION ON ENVIRONMENTAL POLICY) – GENERAL INFORMATION

Within the PGE Capital Group, the highest authority responsible for implementing policies related to climate change adaptation, mitigation and energy is the Management Board of PGE S.A. The Management Board plays a key role in decision-making concerning the development and implementation of strategy, sustainable development actions, and environmental regulations aimed at climate change mitigation and adaptation.

The main objectives of the Environmental Policy focus on:

- defining the general principles, powers and responsibilities in the area of environmental protection at PGE CG,
- identifying processes and activities carried out within PGE CG that are of key importance for environmental protection, assigning key roles defined in the environmental management process to the appropriate levels of the organisational structure within PGE CG,
- identifying environmental processes in the individual segments, taking into account the specificity of each segment covered by this Policy,
- continuously raising employee awareness within PGE CG regarding environmental protection.

All organisational units within PGE CG involved in the environmental protection process implemented in PGE CG are obliged to apply the principles defined in the Environmental Policy. The Management Boards of the companies are responsible for compliance with the requirements of this Policy.

In accordance with the Environmental Policy, the Management Board of PGE Polska Grupa Energetyczna S.A. has also adopted a Declaration by the Management Board of PGE Polska Grupa Energetyczna S.A. on the environmental policy. On the basis of this Declaration, the Presidents of the Management Boards of the PGE CG companies are required to familiarise their subordinate employees with the Declaration, and all employees of the PGE Capital Group are obliged to apply it in practice. Directors of organisational units, in cooperation with the heads of the environmental protection units, are responsible for performing their tasks in compliance with the Policy. The Management Board of PGE S.A. is responsible for the implementation of the Environmental Policy and for ensuring the resources necessary to carry out the objectives and tasks resulting from it. Additionally, Environmental Policy Declarations have been adopted in PGE CG companies that are key to the Group's operations, including:

- PGE GiEK S.A.
- PGE Energia Ciepła S.A.
- KOGENERACJA S.A.
- PGE Toruń S.A.
- Elektrociepłownia Zielona Góra S.A.
- PGE Energia Odnawialna S.A.
- PGE Dystrybucja S.A.
- PGE Ekoserwis S.A.
- ZOWER sp. z o.o
- PGE Energetyka Kolejowa S.A.
- PGE Energetyka Kolejowa Holding sp. z o.o.
- PGE Energetyka Kolejowa Obsługa sp. z o.o.

- PGE Energetyka Kolejowa Centrum Usług Wspólnych sp. z o. o.
- ENESTA sp. z o.o. (in restructuring) has adopted an individual declaration on environmental policy.
- The remaining companies, i.e. PGE Obrót S.A., PGE Systemy S.A., Energoserwis Kleszczów sp. z o.o., MegaSerwis sp. z o.o., ELMEN sp. z o.o., ELTUR-SERWIS sp. z o.o., BETRANS sp. z o.o., BESTGUM POLSKA sp. z o.o., RAMB sp. z o.o., MEGAZEC sp. z o.o., PGE Gryfino Dolna Odra sp. z o.o., Energetyczne Systemy Pomiarowe sp. z o.o. are not covered by this regulation and have not adopted relevant policies or declarations.

Climate change mitigation and adaptation in internal regulations

The Environmental Policy and the Declaration by the Management Board of PGE Polska Grupa Energetyczna S.A. also address the issue of mitigating the impact of PGE CG's core operations on the environment, including climate, as well as mitigating the related risks. They describe the approach to pollution, emissions, other impacts, the monitoring systems control, ongoing analysis of environmental parameters, emission reporting, and initiating actions to reduce environmental impact. With regard to reducing greenhouse gas emissions, the provisions of the Declaration on environmental policy set out the following key commitments of PGE CG:

- commitment to the continuous improvement of actions to protect and improve the state of the environment and to prevent pollution – by implementing high, economically justified technological standards;
- planning the Group's development based on modern and environmentally friendly technologies that meet the criteria of the best available techniques (BAT);
- responsibly fulfilling the requirements related to environmental aspects, including those established by law as well as those resulting from the nature of a given investment;
- rational and efficient use of raw materials, fuels, electricity and heat;
- systematic development of energy production from renewable sources;
- minimising negative environmental impacts through appropriate management of water and wastewater systems and air emissions, reducing the volume of waste generated and using it as efficiently as possible.

With regard to climate change mitigation, adaptation and energy, the Declaration covers the full scope of key operational and geographical activities of the companies that have adopted it. The Declaration takes into account the interests of key stakeholders by including provisions on:

- raising the skills, awareness and commitment of employees to environmental protection.
- supporting and participating in the promotion of environmental protection in local and national social initiatives.

The Declaration on the Environmental Policy of PGE S.A. is published on the PGE Group website. Internal stakeholders are informed of the Policy through internal communication channels such as the intranet and newsletters. The policy is also available in the internal document repository.

The organisation is required to comply with the requirements of government administration bodies and other relevant authorities, as well as statutory and regulatory provisions, requirements specified in permits, concessions, licences, orders, rules or guidelines issued by public authorities and court rulings. It also takes into account the requirements and interests of social groups, NGOs, public authorities, customers, and business partners.

PGE GROUP STRATEGY UNTIL 2030

The PGE Group Strategy, which is the overarching document setting out the organisation's directions and goals, directly addresses climate-related issues by presenting assumptions regarding the Group's achievement of climate neutrality by 2050. According to the Strategy, investments in low- and zero-emission energy sources and network infrastructure are to serve as the main levers for implementing the plan. By 2030, the share of renewable energy in the Group's portfolio is to increase and CO₂ emissions are to be reduced, while by 2050, the Group aims to achieve climate neutrality, i.e. net zero CO₂ emissions, and provide 100% green energy to its customers.

Key elements of the PGE Group Strategy in the area of climate change mitigation and adaptation:

- achieving climate neutrality by 2050, which is a central element of the Strategy and the transformation of the business model;
- actions for sustainable development – the PGE Group implements ESG elements focused on environmental and social aspects as well as corporate governance. The Group has adopted, among others, an Environmental Policy, a Diversity Policy and other regulations enabling the management of sustainability matters within the Group;

- defining in the Strategy directions for actions and initiatives related to energy efficiency and the development of renewable energy sources.

Actions taken to ensure energy efficiency include:

- Infrastructure modernisation – the PGE Group invests in the modernisation and expansion of its distribution network to improve energy efficiency (reduce network losses) and reduce indicators of supply interruptions (SAIDI and SAIFI);
- Technological innovations – implementation of modern technologies such as smart grids and energy management systems allows for more efficient use of energy resources (minimising the time during which renewable energy sources are curtailed and maximising the available connection capacity);
- Energy efficiency programmes – the PGE Group implements programmes aimed at improving energy efficiency both in its facilities and for end customers by promoting energy-saving solutions and technologies, such as heat pumps and waste heat recovery.

Actions taken to develop renewable energy sources include:

- The PGE Group has planned significant investments in renewable energy sources, including offshore wind farms, photovoltaics, and onshore wind farms. By 2030, PGE intends to construct 2.5 GW of new capacity in offshore wind farms, 3 GW in photovoltaics, and expand the portfolio of onshore wind farms by at least 1 GW;
- Energy storage – as part of the Strategy, PGE plans to develop energy storage systems with a capacity of at least 0.8 GW, which will enable better management of the production and distribution of energy from RES;
- Decarbonisation – the Group is pursuing the decarbonisation of its generation portfolio through a gradual withdrawal from coal and an increased share of low- and zero-emission energy sources.

The PGE Group Risk Committee, whose purpose is to monitor exposure to risks and to limit the scope of risk to an acceptable level in relation to the implementation of the PGE Group's strategy and business objectives, oversees the climate risk management process. These risks are analysed both in terms of the impact of climate change on PGE's operations and the impact of the Group's activities on the climate.

STRATEGIC MANAGEMENT REGULATIONS IN THE PGE CAPITAL GROUP

The objective of the Regulations is to implement and systematise the strategic management process within the PGE Capital Group in such a way as to:

- streamline the development and implementation of the PGE CG Strategy;
- set strategic objectives for key companies within the PGE CG;
- enable the monitoring of the implementation of the PGE CG Strategy.

The Regulations apply to organisational units within PGE S.A. and key companies of the PGE CG that participate in the strategic management process.

The development and update of the document includes a number of key activities such as defining the scope and timeframe of the strategy, setting the mission and vision, as well as establishing strategic objectives and initiatives. The Strategy is submitted for approval by the Management Board of PGE S.A. and, upon approval by the Supervisory Board, is published, communicated for implementation, and further disseminated both internally and externally.

References to standards or third-party initiatives that the company commits to observe are presented below, including international and EU environmental management systems:

- **The PN-EN ISO 14001:2015 standard** supports environmental protection and the reduction of emissions, taking into account socio-economic needs and the principles of sustainable development. The Environmental Management System, compliant with PN-EN ISO 14001:2015, identifies and monitors the PGE Group's impact on the environment, ensuring compliance with legal requirements and emissions control. Audits confirm compliance with standards and good management practices, and improvements are implemented where necessary. Considering the key companies of the PGE Capital Group (PGE S.A., PGE GiEK S.A., PGE Energia Ciepła S.A., PGE Energia Odnawialna S.A., PGE Dystrybucja S.A., PGE Ekoserwis S.A., PGE Energetyka Kolejowa S.A.), the ISO 14001:2015 standard has been implemented in 100% of the companies and is certified in most of them, including: PGE GiEK S.A., the District Heating segment (PGE Energia Ciepła S.A. and its companies: KOGENERACJA S.A., Elektrociepłownia Zielona Góra S.A., PGE Toruń S.A.), PGE Ekoserwis S.A., and PGE Energetyka Kolejowa S.A.
- **The ISO 50001 standard** – PGE Energetyka Kolejowa S.A. undertakes activities to optimise energy consumption and reduce losses, particularly in transformation and distribution. These efforts are

formalised by the implementation and certification of an Energy Management System in accordance with ISO 50001.

- In addition, two branches of PGE GiEK S.A. – the Opole Power Plant and the Dolna Odra Power Plant Complex – and two branches of PGE Energia Ciepła S.A. – the Wybrzeże and Szczecin CHP plants – have implemented the **Eco-Management and Audit Scheme (EMAS)**. This EU environmental certification system is a tool supporting the implementation of a sustainability culture within the organisation, focusing on efficient resource and energy management. The system includes the publication of performance indicators related to the internal consumption of electricity and heat. According to the EMAS, units are required to annually prepare environmental statements which are verified by an authorised body. These statements serve as additional confirmation that the unit operates sustainably while maintaining high environmental standards, including those relating to climate issues.

ENVIRONMENTAL CONTEXT AND PLANNING IN THE PGE CG

The purpose of this Procedure is to support business management in the PGE CG companies by minimising threats and maximising opportunities that affect the ability to achieve intended results in environmental management, related to external and internal factors relevant to company objectives and stakeholders (in accordance with PN-EN ISO 14001: 2015 and the EMAS Regulation).

Environmental planning at PGE involves the identification and assessment of risks and opportunities related to external and internal factors, as well as stakeholder expectations and compliance obligations. This process also includes the identification and evaluation of environmental aspects and the establishment of environmental objectives, along with their monitoring and performance assessment.

Environmental issues are monitored and assessed as part of the Environmental Management System (EMS) review process. This process is key to ensuring that PGE's activities are consistent with its environmental policy and for achieving its long-term environmental goals.

ADDITIONAL POLICIES IN SELECTED COMPANIES

At PGE GiEK S.A., PGE Energetyka Kolejowa S.A and key companies of the District Heating segment, additional policies consistent with the PGE Group Strategy until 2030 have been developed. These policies aim to facilitate the achievement of climate neutrality and a just transition.

PGE GiEK S.A.

In line with the requirements set out in the Renewable Energy Directive (RED II), PGE GiEK S.A. has implemented a Sustainability Criteria System (SCS) for biomass. To confirm the proper implementation of the SCS, the company has obtained relevant certificates entitling it to use SCS-certified biomass for electricity and heat generation. Current certificates are available on the website of the Oil and Gas Institute.

PGE Energia Ciepła S.A. and the companies: KOGENERACJA S.A., Elektrociepłownia Zielona Góra S.A., PGE Toruń S.A.

In 2024, Climate Neutrality Plans were developed and approved for most generation units, defining the path, budget, and timetable for achieving climate neutrality. Based on these plans, a Decarbonisation Plan for generation assets was prepared, aiming to phase out coal by 2030 and reach zero emissions by 2050, ensuring 100% green energy for customers.

The Decarbonisation Plan for generation companies in the District Heating segment (PGE Energia Ciepła S.A. and the companies: KOGENERACJA S.A., Elektrociepłownia Zielona Góra S.A., PGE Toruń S.A.) identifies the best available technologies that will enable the organisation to achieve its climate goals. The transformation is designed in stages, leading to zero-emission generation by 2050 in terms of emissions. The plan also includes estimated expenditures related to the transformation and the planned path and schedule for reaching the climate targets.

An important element of both the Climate Neutrality Plans and the Decarbonisation Plan is the assessment and mitigation of climate threats and environmental protection risks.

Additionally, in the locations of PGE Energia Ciepła S.A. (Szczecin, Kielce) and the location of KOGENERACJA S.A. (Czechnica), the Sustainability Criteria System for Biomass developed by the Oil and Gas Institute has been implemented and certified. This ensures that the biomass burned in these installations comes from sustainable sources and is legally considered zero-emission.

PGE Energetyka Kolejowa S.A.

As part of the Declaration on the Environmental Policy for the Railway Energy Services segment, the following elements have been additionally specified:

- systematic development of low-emission fuel and renewable energy distribution for the railway sector;

- development of services related to sustainable railway and energy infrastructure.

Since 2020, PGE Railway Energy S.A. has implemented the 2030 Sustainable Development Strategy. The company's strategy is based on four pillars: expansion of the distribution infrastructure network and maintaining a high standard of service; operational excellence through the introduction of innovations, digitalisation and customer-oriented approaches; Green Railway for Poland; and responsibility as a company – focusing on the needs of external stakeholders, employees, and associates, as well as environmental protection.

Within the 2030 Sustainable Development Strategy, the following are highlighted in the segment:

- reduction of PGE Railway Energy S.A.'s carbon footprint (zero emissions);
- reduction of the railway sector's carbon footprint (zero-emission railway companies);
- change in the railway's energy mix, increasing the share of renewable energy;
- investments in renewable energy sources;
- improvement of railway energy efficiency – including the establishment of the Railway Energy Efficiency Centre (REEC).

9.2.2.6. [E1-3] Actions and resources in relation to climate change policies

The PGE Capital Group (PGE CG) is implementing an Investment Plan under which development investments in new low- or zero-emission generation sources are carried out. This Plan is a detailed implementation of the PGE Group Strategy until 2030. The main development directions included in the Investment Plan for 2024–2028 comprise, among others, investments undertaken within the Group in the area of climate change mitigation. These include:

- construction of offshore wind farms,
- construction of electricity storage facilities,
- construction of photovoltaic farms,
- construction of onshore wind farms,
- decarbonisation of district heating through the construction of generation units such as: gas engines, biomass, gas and electrode hot water boilers; heat pumps; solar collectors, etc.,
- increase in connection capacity.

Below is a presentation of the key actions implemented in 2024 related to investments contributing to the mitigation of negative impacts and risks, and the exploitation of opportunities and reinforcement of positive effects in the areas of climate change adaptation, mitigation, and energy. The results in terms of achieved and expected greenhouse gas emissions reduction will be presented in subsequent reporting periods.

CONSTRUCTION OF OFFSHORE WIND FARMS

The strategic objective of the PGE Group in the field of Offshore Wind Energy is to construct at least 6.5 GW of capacity by 2040. The Group holds eight location permits for offshore wind farms in the Baltic Sea, of which five proceedings (with a total capacity potential of approx. 3.9 GW) were resolved in favour of PGE CG in 2023, while three location permits were obtained by PGE CG in 2012.

Baltica 1 project (approx. 0.9 GW) is in the early preparation phase. In 2024, steps were taken to obtain the Environmental Permit, including submission of the environmental report for the Offshore Wind Farm area and the transboundary impact report within the Espoo procedure to the Regional Directorate for Environmental Protection. Geotechnical surveys and a post-validation campaign of wind measurements were also conducted.

Baltica 2 project (approx. 1.5 GW) is currently in the implementation phase. Key agreements for construction and installation works and component supplies have already been concluded. In 2024, works under the agreement for the construction of the onshore power evacuation system were carried out, for which the notice to proceed was issued on 28 June 2024. The Final Investment Decision was made on 29 January 2025, thereby officially transitioning the Project into the execution phase. It is assumed that the first electricity will be generated in the first half of 2027, and commissioning of the entire project is planned for the second half of 2027.

Baltica 3 project (approx. 1 GW) is in the preparation phase. In 2024, preliminary and intermediate geotechnical surveys were completed, and the geotechnical documentation of the ground substrate was developed. Simultaneously, environmental studies on migratory birds and bats were conducted in the so-called buffer zone, along with project optimisation works.

Construction of an operations and maintenance base at the Port of Ustka – In 2024, demolition works were carried out on the site of the future operations and maintenance base in Ustka, and tendering procedures for selecting the General Contractor and Contract Engineer were conducted. The agreement with the Contract

Engineer – SWECO – was concluded in December 2024. The agreement with the General Contractor is planned to be signed at the beginning of 2025.

CONSTRUCTION OF ELECTRICITY STORAGE FACILITIES

Żarnowiec Electricity Storage Facility – the project is in the early implementation phase. In November 2024, bids were received from contractors as part of the tender procedure for the construction of a facility with a capacity of 263–269 MWe and a minimum capacity of 900 MWh. In January 2025, the contractor was selected – LG Energy Solution Wrocław. The contract with the selected contractor was signed on 7 March 2025. Commissioning is planned for 2027.

Distributed Electricity Storage Facilities – the project is at an advanced preparation stage. In 2024, a tender was launched to select the General Contractor for the construction of storage facilities with a total capacity of 107 MWe. The Final Investment Decision and thus the transition to the execution phase is planned for Q2 2025, with commissioning planned for Q2 2028.

Gryfino Electricity Storage Facility – a project with a capacity of 400 MW and a storage capacity of 800 MWh is in the preparation phase. In 2024, efforts were undertaken to obtain the Environmental Permit.

Electricity Storage Facilities Integrated with Existing PGE CG Wind Farms – the project is in the preparation phase. In 2024, grid connection conditions were obtained for four electricity storage facilities located at existing wind farms: Wojciechowo, Lotnisko, Ścieki, and Pelplin, with a total capacity of 186 MWe.

Additionally, parallel work is being carried out to implement further electricity storage facilities, in particular searching for suitable locations and obtaining technical grid connection conditions.

CONSTRUCTION OF PHOTOVOLTAIC FARMS

The photovoltaic farm development programme within PGE CG is being implemented across Poland, depending on land availability, the possibility of connection to the power grid, and solar conditions. In 2024, final acceptance was completed for photovoltaic farms with a capacity of 149 MWe, bringing the total volume of accepted projects under the Programme to approximately 197 MWe. At year-end, 33 MW were in the production phase without final acceptance, and approximately 205 MW of PV installations were under construction. Projects with a total capacity of around 770 MW are currently undergoing the process of obtaining Grid Connection Conditions (GCC).

CONSTRUCTION OF ONSHORE WIND FARMS

The current investment portfolio includes projects with a total capacity of nearly 250 MW. In 2024, activities continued to secure land rights for power plant construction, apply for changes to local spatial development plans, and obtain grid connection conditions. The implementation of new investments will be possible upon obtaining technical grid connection conditions and the remaining required administrative decisions.

DECARBONISATION OF DISTRICT HEATING

The strategic goal of PGE CG in the area of district heating is to replace coal-fired assets with low- and zero-emission units by the end of 2030. The following investment projects are being implemented under this objective:

- Construction of the new Czechnica CHP plant, comprising a gas and steam unit with a total electrical capacity of 179 MWe and thermal capacity of 163 MWt, a heat accumulator, and four water boilers with a total capacity of 152 MWt – the boiler house was commissioned on 16 November 2023. In 2024, installation work for the gas and steam unit was completed, and commissioning activities began, including the first synchronisation of the unit with the National Power System.
- Construction of a cogeneration source based on five gas engines with a total capacity of 52.6 MWe / 50.8 MWt and a reserve-peak heating source at the CHP plant in Bydgoszcz – installation of generating units was completed in 2024. Work continued in various areas of the project. Preparatory works for commissioning began in November. The commissioning is scheduled for 2025.
- Construction of a cogeneration unit based on a gas turbine with a capacity of 7.32 MWe and 12.42 MWt with a heat recovery boiler at the Kielce CHP plant – the facility was commissioned in August 2024.
- Construction of a cogeneration unit based on gas engines with a capacity of approx. 50 MWe / 50 MWt and a biomass boiler with a capacity of approx. 30 MWt at the Gdynia CHP plant – the project is in the implementation phase. In 2024, a construction permit was obtained for the gas engine component and construction works began, while for the biomass boiler component, the design was completed, and the building permit application was submitted.

- Construction of a second line of the Thermal Waste Treatment with Energy Recovery Installation in Rzeszów, with a processing capacity of 80 thousand tonnes of waste per year and a capacity of approx. 8 MWe / 20 MWt – the project is in the implementation phase. In 2024, installation works were carried out on the main equipment and auxiliary systems.
- Construction of a cogeneration unit based on gas engines along with a connecting gas pipeline at the Kraków CHP plant with a capacity of approx. 100 MWe / 100 MWt – the project is in the preparation phase. In 2024, a building permit was obtained and the tender procedure for the selection of the General Contractor was launched.
- Construction of reserve-peak gas boiler houses:
 - At the Gorzów CHP plant, a boiler house with a capacity of 62 MWt was commissioned in March 2024.
 - At the Rzeszów CHP plant, a boiler house with a capacity of 186 MWt was commissioned in April 2024.
 - At the Gdynia CHP plant, a boiler house with a capacity of 90 MWt was commissioned in November 2024.
 - At the Lublin CHP plant, construction of a boiler house with a capacity of 182 MWt is ongoing – installation works were completed in 2024 and commissioning began.
- Construction of a 50 MWt heat pump at the Kraków CHP plant – the project is at the preparation stage. In 2024, market consultations were held with potential contractors to clarify the requirements of the tender documentation.
- Construction of a cogeneration unit based on gas engines at the Pomorzany CHP plant with a capacity of approx. 23 MWe / 23 MWt – the pre-investment analysis phase was completed in 2024 and the project moved into the preparation phase.
- In addition, projects are currently under preparation for implementation at the Gdańsk and Wrocław CHP plants. Planned installations at these locations include gas engines, heat pumps, gas boilers, and electrode boilers.

INCREASE IN GRID CONNECTION CAPACITY

Most of the investment in the electricity distribution area in 2024 related to the modernisation and development of high-, medium-, and low-voltage power grids and transformer stations. These investments will contribute to increasing the grid connection capacity of the distribution network, including for renewable energy sources, as well as to improving indicators related to electricity supply interruptions and further reducing network losses. The energy efficiency of electrical power equipment is being increased through the replacement of transformers and the purchase of measuring devices, including modern electricity meters. Renewable energy sources (RES) constitute an important element of sustainable development, delivering tangible economic and environmental benefits.

In 2024, PGE Dystrybucja S.A. connected 73.5 thousand domestic photovoltaic installations with a total capacity of 648.3 MW to its network.

In 2024, the PGE Dystrybucja S.A. network also saw the connection of 532 RES installations with a unit capacity exceeding 50 kW, i.e. installations that do not qualify as micro-installations, including:

- photovoltaic power plants with a total capacity of 500.8 MW – 512 units,
- wind farms with a total capacity of 135.7 MW – 14 units,
- biogas plants with a total capacity of 3.57 MW – 6 units.

These activities are important from the perspective of the planned reductions in conventional energy production.

Other selected activities of PGE CG companies related to climate change mitigation arising from the PGE CG Strategy:

Construction of a gas and steam unit in Rybnik

The project for the construction of a gas and steam unit with a gross capacity of 882 MW in Rybnik is in the implementation phase. Commissioning is planned for December 2026. The new unit is ultimately intended to replace high-emission generation units. In 2024, a building permit was obtained for the project, followed by the commencement of construction works – excavation, foundation works, and construction of the main building structures.

Completion of construction and commissioning of gas and steam units in Gryfino

In the second half of 2024, two gas and steam units with a total installed capacity of 1,366 MW were commissioned (each unit has a capacity of 683 MW). The nominal efficiency of the power plant is more than 70% higher than that of the old coal-fired units. The emission factor is approximately 330 g CO₂ per kWh, nearly three times lower than in the coal-fired units of the Dolna Odra Power Plant.

PGE GiEK S.A

A range of modernisation and investment activities aimed at reducing environmental impact and decreasing (unit) CO₂ emissions are carried out in the company's installations, including:

- optimisation of combustion processes,
- modernisation of existing power units to improve generation efficiency,
- increasing the efficiency of fuel and raw material use,
- reducing the energy intensity of production processes and internal needs.

PGE Energia Ciepła S.A. and the companies: KOGENERACJA S.A., Elektrociepłownia Zielona Góra S.A., PGE Toruń S.A.

Strategic transition plans set out in the Climate Neutrality Plans and the Decarbonisation Plan include the best available technologies for generating electricity and heat, in particular low-emission technologies (based on gas fuel), those using renewable energy sources (e.g. heat pumps, PV, Power-to-Heat technologies), as well as technologies related to energy storage. Additionally, under the work on the Decarbonisation Plan, an analysis was prepared of the potential to use recoverable waste heat for the supply of municipal district heating systems.

PGE Energia Odnawialna S.A.

As part of climate protection activities, PGE Energia Odnawialna S.A. consistently undertakes actions including thermal modernisation of buildings, replacement of outdated machinery and equipment, and conversion to energy-efficient lighting. Regular inspections of equipment containing freon substances are carried out, as well as repair, maintenance and modernisation works. Thanks to monitoring devices, the company is able to take rapid and necessary action in the event of a failure.

In the fight against CO₂ emissions to the atmosphere and in the ongoing energy transition, and thus in increasing the share of renewable energy sources in the National Power System (NPS), PGE Energia Odnawialna S.A.'s renewable assets are of fundamental importance. At the same time, the pumped storage power plants, by acting as large-scale energy storage units, help to minimise the loss of electricity production from renewable sources due to orders issued by the Transmission System Operator to curtail wind farm generation in order to balance the NPS.

PGE Energetyka Kolejowa S.A.

The Railway Energy Services segment undertakes actions aimed at making energy infrastructure more resilient to weather conditions and increasing the reliability of supply, thereby contributing to adaptation to climate change. These are carried out as part of the company's operations, cover its entire territory, and impact stakeholders – i.e. electricity consumers. These are continuous actions, implemented successively, and no time horizon has been specified. These activities depend on resource availability.

A key action within its own operations in relation to sustainable development, and one that affects climate change mitigation, is the reduction of electricity consumption. Reducing energy consumption leads to a decrease in greenhouse gas emissions in the upstream value chain – in electricity generation processes.

Actions to reduce electricity consumption in own operations include:

- reducing losses in the electricity transformation process, which covers selected facilities across the company – Power System Modernisation Programme (MUZa);
- thermal modernisation of non-energy facilities, which includes selected buildings across the company;
- reducing the consumption of capacitive reactive power by optimising and configuring the transmission network, installing compensation devices, and implementing dedicated IT tools;
- reducing losses in the electricity transmission process, which includes selected sites across the company – modernisation of power lines;
- other actions aimed at reducing electricity consumption (e.g. replacement of lighting with energy-efficient solutions).

No specific time horizon has been set for these actions. These are ongoing initiatives.

A key action in the downstream value chain contributing to climate change mitigation is promoting reduced electricity consumption by energy consumers. This includes the SENSUM project, implemented under the

'Energy Efficiency of Railways (CEEK)' programme – a rail vehicle driving optimisation system enabling energy-efficient driving.

As part of current operational activity, actions are being undertaken to improve infrastructure resilience to weather conditions. This is due to the fact that energy infrastructure has always been and continues to be exposed to weather phenomena. The activities aim to improve the reliability of electricity supply and ensure the highest quality of service. These actions are aligned with those that may be required in response to future climate change.

PGE Dystrybucja S.A.

The company carries out activities under the Cable Programme, which is intended to enhance the resilience of the network to weather events and reduce network losses. The programme involves restructuring the medium-voltage (MV) grid by increasing the share of cable lines to at least 30% of the total MV network length of PGE Dystrybucja S.A. The programme is scheduled for implementation between 2019 and 2027. It provides for the construction of approx. 11,000 km of MV cable lines and the simultaneous dismantling of approx. 8,800 km of MV overhead lines.

The implementation of the programme also contributes to improvements in the quality parameters of electricity supply, including better SAIDI and SAIFI indices.

Changing the MV grid structure will significantly improve the quality of electricity supply to customers, particularly in terms of supply reliability. In 2024, 833 km of MV cable lines were constructed. The total length of MV cable lines built under this programme between 2019 and 2024 amounts to 4,879 km.

The Cable Programme is being implemented across the PGE Dystrybucja area of operation, which covers around one-third of the country. Approximately 250 investment tasks related to MV grid cabling are implemented annually. The programme has been ongoing since 2019. PGE Dystrybucja included a continuation of the cabling programme in its Investment Plan for 2025 and in the draft Investment Plan through to 2029.

In 2024, environmentally oriented investments played a significant role in the PGE Group's investment activities, including:

- a) investments in new gas units (at locations where coal-fired units currently operate);
- b) investments in the development and modernisation of the distribution network, including the cabling of overhead lines;
- c) connections for RES installations;
- d) development, strategic, and modernisation investments carried out by PGE Energia Odnawialna S.A.;
- e) offshore wind farm construction projects;
- f) modernisation, refurbishment and development investments aimed at increasing operational efficiency and environmental protection, reducing environmental nuisance, and supporting responsible use of natural resources.

Expenditure on environmentally oriented investments includes:

- a) expenditure eligible under the EU taxonomy (those meeting and not meeting the technical screening criteria);
- b) expenditure not covered by the EU taxonomy but supporting environmental protection, particularly related to the Conventional Energy segment and the District Heating segment (e.g. ITPOE).

Table: Value of investment expenditure (taxonomy-aligned and environmentally oriented) [PLN million]

Segment	EU taxonomy-eligible investment expenditure	Expenditure on environmentally oriented investments
Renewables	1,641	1,659
Gas-fired Generation	2,451	2,451
Conventional Generation	41	198
District Heating	774	984
Distribution	3,834	3,834
Railway Energy Services	484	484
Supply	4	4
Circular Economy	0	0
Other Operations	15	15
total	9,244	9,629

9.2.2.7. [E1-4] Targets related to climate change mitigation and adaptation

The current Group Strategy does not set out explicit CO₂ reduction targets for individual emission scopes. PGE Capital Group (PGE CG) plans to define such targets during the strategy update process in 2025. The reduction targets adopted by PGE CG in the document PGE Group Strategy until 2030 include the Group's climate neutrality objective for 2050. PGE CG's climate-related targets have been established with consideration of the broader context of sustainable development, based on European Union plans and regulations.

The main lever of decarbonisation in achieving climate neutrality for PGE CG will be increasing the share of RES in the Group's generation portfolio, as part of the organisation's operational objectives:

- increasing the share of renewable energy in the generation portfolio by 50% by 2030:
 - 2.5 GW of installed capacity in offshore wind farms by 2030 and at least 6.5 GW by 2040;
 - 3 GW of new installed capacity in photovoltaics by 2030;
 - 1 GW of new installed capacity in onshore wind farms by 2030;
 - 0.8 GW of installed capacity in energy storage facilities by 2030
- more than 70% share of zero- and low-emission sources in heat production by 2030, understood as sources with significantly reduced emissions compared to existing coal-based units.

Progress in the implementation of individual targets is monitored by the units responsible and expressed as a percentage. As at the date of this report, the company is in the process of updating its Strategy, including strategic goals and target values of performance indicators, which will therefore be subject to change. A more detailed description of measures and monitoring methods will be presented in the next report.

Stakeholder opinions and expectations, collected inter alia during dialogue sessions or through direct input from shareholders, were analysed as part of the process of setting climate-related targets for PGE CG.

PGE CG has not used climate scenarios directly referring to limiting global warming to 1.5°C in defining its climate targets.

The direction of CO₂ emissions reduction and the increase in RES share has been determined based on PGE CG's long-term market assumptions, approved annually by the Management Board through a resolution, in accordance with the Procedure for Developing Macroeconomic and Market Assumptions. Using the best available knowledge regarding the potential development of the energy sector, based on European and national-level documents, as well as reports from reputable analytical and research centres, and its own analytical and forecasting tools, PGE CG developed potential scenarios for the evolution of the Polish electricity and heat market. Among other outcomes, forecasts of production volumes for specific generation units and wholesale electricity prices were obtained.

The projected increase in installed capacity in onshore wind farms, photovoltaics, and offshore wind farms in the Baltic Sea, as well as the dynamic development of prosumer energy and energy storage, is expected to result in a decline in production volumes from coal-fired units. Consequently, the reduced volume of electricity generated from hard coal and lignite contributes to lower CO₂ emissions in PGE CG. Additionally, significant emission reductions are occurring in the district heating segment, where coal-fired generation is being replaced with high-efficiency gas units, RES, heat pumps and electrode boilers.

The climate neutrality target for PGE CG, to be achieved no later than 2050, is aligned with the objectives of the European Green Deal.

The development targets for renewable energy sources have been established based on analyses of the macroeconomic and market environment, the status of the Group's investment project portfolio, the potential for external financing (including aid funds), and benchmarks prepared by external providers. The final targets were discussed and approved during meetings of the PGE S.A. Strategy Committee, composed of members of the Management Board and Division Directors of PGE S.A. Investment decisions, recommendations, and other strategic business decisions are also made within relevant project structures and collegial bodies, such as the Investment Committee and the Sustainable Development Committee.

The Group monitors changes in the market, technological and social environment, and adjusts its activities to current and emerging regulations in the field of climate policy, based on internally developed practices, procedures, and analytical tools. Macroeconomic, market, and regulatory scenario analysis is part of an annual process that plays a significant role in shaping the Group's strategy, investment portfolio and business model transformation. These analyses enable the Group to identify trends and key developments related to the environment, society, technology, market, and policy.

9.2.2.8. [E1-5] Energy consumption and mix

Table: Total energy consumption (MWh)

Disclosure	self-generation	purchases from outside the PGE Group / unidentified	TOTAL
Total energy consumption related to the company's own operations, including:	155, 185, 262	1, 034, 787	156, 220, 049
a. total energy consumption from fossil sources	152, 976, 756	1, 034, 787	154, 011, 543
b. total energy consumption from nuclear sources	0	0	0
c. total energy consumption from renewable sources, broken down into:	2, 208, 506	0	2, 208, 506
i. consumption of fuel from renewable sources, including biomass (also covering industrial and municipal waste of biological origin), biofuels, biogas, renewable hydrogen, etc.	1, 995, 677	0	1, 995, 677
ii. consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	0	0	0
iii. consumption of renewable energy self-generated without the use of fuel	212, 829	0	212, 829
Total energy consumption from fossil sources, broken down into:	152, 976, 756	1, 034, 787	154, 011, 543¹
a. consumption of coal and coal-based products	138, 535, 024	0	138, 535, 024
b. consumption of crude oil and petroleum products	1, 014, 665	378	1, 015, 043
c. consumption of natural gas	13, 427, 067	91	13, 427, 158
d. consumption of fuels from other fossil sources	0	0	0
e. consumption of purchased or acquired electricity, heat, steam, or cooling from fossil sources, including:	0	1, 034, 318	1, 034, 318
consumption of purchased or acquired electricity from fossil sources	0	1, 007, 535	1, 007, 535
consumption of purchased or acquired heat and steam from fossil sources	0	26, 783	26, 783
consumption of purchased or acquired cooling from fossil sources	0	0	0
Total energy consumption	155, 185, 262	1, 034, 787	156, 220, 049
(1) consumption of coal and coal-based products	138, 535, 024	0	138, 535, 024
(2) consumption of crude oil and petroleum products	1, 014, 665	378	1, 015, 043
(3) consumption of natural gas	13, 427, 067	91	13, 427, 158
(4) consumption of fuels from other fossil sources	0	0	0
(5) consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources	0	1, 034, 318	1, 034, 318
(5.1) consumption of purchased or acquired electricity from fossil sources	0	1, 007, 535	1, 007, 535
(5.2) consumption of purchased or acquired heat and steam from fossil sources	0	26, 783	26, 783
(5.3) consumption of purchased or acquired cooling from fossil sources	0	0	0
(6) total energy consumption from fossil sources	152, 976, 756	1, 034, 787	154, 011, 543
Share of fossil sources in total energy consumption (%)	99%	100%	99%
(7) consumption of energy from nuclear sources	0	0	0
Share of energy consumption from nuclear sources in total energy consumption (%)	0%	0%	0%
(8) consumption of fuel from renewable sources, including biomass (also covering industrial and municipal waste of biological origin), biogas, renewable hydrogen, etc.	1, 995, 677	0	1, 995, 677
(9) consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	0	0	0
(10) consumption of renewable energy self-generated without the use of fuel	212, 829	0	212, 829
(11) total consumption of renewable and low-emission energy	2, 208, 506	0	2, 208, 506
Share of renewable sources in total energy consumption (%)	1%	0%	1% ²

¹ Including: 80% Conventional Generation, 16% District Heating

² Including: 86% District Heating

Table: Self-generation of energy from non-renewable and renewable sources

Specification	2024
Production of energy from non-renewable sources (gross)	72, 717, 410
Production of energy from non-renewable sources (electricity)	59, 269, 984
Production of energy from non-renewable sources (heat and steam)	13, 447, 426
Production of energy from non-renewable sources (cooling)	0
Production of energy from renewable sources (gross)	3, 559, 866
Production of energy from renewable sources (electricity)	2, 933, 465
Production of energy from renewable sources (heat and steam)	626, 401
Production of energy from renewable sources (cooling)	0
Production of energy from non-renewable sources (net)	66, 249, 812
Production of energy from non-renewable sources (electricity)	53, 402, 501
Production of energy from non-renewable sources (heat and steam)	12, 847, 311
Production of energy from non-renewable sources (cooling)	0

Production of energy from renewable sources (net)	3, 374, 155
Production of energy from renewable sources (electricity)	2, 762, 471
Production of energy from renewable sources (heat and steam)	611, 684
Production of energy from renewable sources (cooling)	0

9.2.2.9. [E1-6] Gross Scopes 1, 2, 3 and Total GHG emissions

PGE CG's carbon footprint for 2024 covers, in addition to the 28 companies listed in the table in the introduction 'Scope of PGE CG companies covered by environmental reporting' (under the environmental part of the ESRS E1-E4 disclosures), also PGE Dom Maklerski S.A. and collectively all companies in the offshore wind power business area (PGE Baltica sp. z o.o., PGE Baltica 2 Sp. z o.o., PGE Baltica 3 Sp. z o.o., PGE Baltica 5 Sp. z o.o., PGE Baltica 6 Sp. z o.o., EW Baltica - 1 Sp. z o.o., EW Baltica - 2 Sp. z o.o., EW Baltica - 3 Sp. z o.o., EW Baltica - 4 Sp. z o.o., EW Baltica - 5 Sp. z o.o., EW Baltica - 6 Sp. z o.o., EW Baltica - 7 Sp. z o.o., EW Baltica - 8 Sp. z o.o., EW Baltica - 9 Sp. z o.o., EW Baltica - 10 Sp. z o.o., EW Baltica - 11 Sp. z o.o., EW Baltica - 12 Sp. z o.o.).

Table: Greenhouse gas emissions in Scopes 1, 2 and 3 in PGE CG

Greenhouse gas emissions [t CO ₂ e]	2024	2021 (base year) ¹
Gross Scope 1 GHG emissions	55,472,854	70,986,410
Share of Scope 1 GHG emissions under emissions trading systems (%)	98.4%	99.7%
Gross Scope 2 GHG emissions (location-based method)²	1,698,928	2,183,836
Gross Scope 2 GHG emissions (market-based method)	1,698,928	2,183,395
Total indirect Scope 3 GHG emissions²	26,790,201	24,722,424
1 Purchased goods and services	627,103	821,824
2 Capital goods	771,310	508,996
3 Fuel- and energy-related activities (not in Scope 1 or 2) ³	23,115,233	22,191,648
4 Upstream transport and distribution	549,019	259,805
5 Waste generated in operations	140,011	75,014
6 Business travel	664	158
7 Employee commuting	63,809	34,965
8 Upstream leased assets	n/a	n/a
9 Downstream transport	2,356	no data
10 Processing of sold products	1,237,401	755,065
11 Use of sold products	283,296	74,949
12 End-of-life treatment of sold products	n/a	n/a
13 Downstream leased assets	n/a	n/a
14 Franchises	n/a	n/a
15 Investments	n/a	n/a
Total GHG emissions (location-based method)	83,961,983	97,892,671
Total GHG emissions (market-based method)	83,961,983	97,892,230

¹ The PGE Group first calculated its carbon footprint as part of a pilot project for 2020. The process has since been improved. The year 2021 is used as the base year. The carbon footprint calculation process is based on a handbook developed in cooperation with PTEZ (now PTEC) and on the internal general procedure for calculating the carbon footprint within the PGE Capital Group. 2021 was the first year of full measurement and of the Strategy's implementation, making it suitable as a reference point for assessing the effectiveness of emission reduction.

² As the value of Scope 2 carbon footprint calculated using the location-based method in 2024 is equal to that calculated using the market-based method, contractual instruments (such as guarantees of origin or renewable energy certificates) were not taken into account. No targets for the years 2025, 2030 or 2050 have been set in this respect. The market-based method applied national average energy emission factors, without excluding renewable energy available within the national energy mix.

³ Emissions were calculated based on emission factors from available databases. No data were obtained directly from suppliers.

Table: Scope 1 and 2 greenhouse gas emissions of PGE CG in 2024 for: (i) the consolidated group for accounting purposes (parent company and subsidiaries); and (ii) investee companies.

Greenhouse gas emissions [t CO ₂ e]	Scope 1	Scope 2
Parent company – PGE Polska Grupa Energetyczna S.A.	612	1, 837
Subsidiaries – PGE CG companies calculating carbon footprint	55,472,242	1,697,091

Consolidated group for accounting purposes	55,472,854	1,698,928
Investee companies	1,292 ¹	n/a

¹ concerns the area of offshore wind energy activities.

Table: Biogenic CO₂ emissions of PGE CG in 2024 from biomass combustion or biodegradation

Biogenic CO₂ emissions from biomass combustion or biodegradation	[t CO₂e]
Biogenic emissions	705,970

Table: Scope 3 categories relevant to the enterprise based on the scale of estimated greenhouse gas emissions within those categories and other criteria outlined in the GHG Protocol Corporate Value Chain (Scope 3).

	Emisja GHG brutto [t CO₂e]
Category 3: Fuel- and energy-related activities	23,115,233
Category 10: Processing of sold products	1,237,401
Category 2: Capital goods	771,310

**Accounting and Reporting Standard (2011 edition, pp. 61 and 65–68) or Annex H.3.2 of EN ISO 14064-1:2018, such as financial expenditure, impact, associated transition risks and opportunities, or stakeholder views, along with emission values*

Table: GHG emissions intensity in PGE CG in 2024

GHG emissions intensity [t CO₂e/PLN]	2024
GHG emissions intensity (total GHG emissions per net revenue) – location-based method	0,0013
GHG emissions intensity (total GHG emissions per net revenue) – market-based method	0,0013

Table: GHG emissions reduction in absolute value, percentage of total GHG emissions reduction and GHG emissions intensity reduction for Scope 1, 2 and 3

	Scope 1	Scope 2 (location-based method)	Scope 2 (market-based method)	Scope 3	Total emissions (Scope 1+2 (location-based)+3)	Total emissions (Scope 1+2 (market-based)+3)
GHG emissions reduction in absolute value [t CO ₂ e]	15, 513, 556	484, 467	484, 467	Not identified	13,930,687	13,930,246
percentage reduction in GHG emissions vs base year	22%	22%	22%	Not identified	14%	14%
GHG intensity reduction [t CO ₂ /MWh]	0.04	0.5	0.5	Not identified	Not identified	Not identified

Table: Net revenue in PGE CG in 2024 used for GHG emissions intensity calculation

Net revenue used for the calculation of GHG emissions intensity [PLN million]	2024
Net revenue used for the calculation of GHG emissions intensity	64,483
Net revenue (other)	0
Total net revenue (as per financial statements)	64,483

Methodological information:

The process of calculating the carbon footprint in PGE CG has been carried out since 2021 in accordance with the adopted general procedure for calculating the carbon footprint within the PGE Capital Group. The purpose of the procedure is to support business management by introducing a standard and providing uniform rules of conduct for calculating the carbon footprint in PGE Capital Group companies for reporting on climate and sustainability issues. The procedure specifies in particular:

- how to define organisational boundaries for carbon footprint calculation and GHG emissions data consolidation,
- how to identify and set operational boundaries for each scope (Scope 1, 2, 3) and biogenic emissions as part of the carbon footprint calculation,
- how to determine the limits of materiality for calculating the carbon footprint.

The data aggregation and calculation process is carried out using a dedicated IT tool. The calculation of greenhouse gas emissions in PGE CG is conducted based on the guidelines of 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. Additionally, this process is aligned with the industry-specific guide developed in collaboration with the Polish Association of Combined Heat and Power Plants (PTEZ, now PTEC). The manual was developed in accordance with ISO 14064 and the GHG Protocol Standards and is intended to be used to calculate carbon footprints of the organisation.

In 2024, there were no significant changes in the definition of the organisational boundaries or its upstream and downstream value chain. As part of the greenhouse gas emissions calculations for Scope 1 and Scope 2, an additional 13 companies from PGE CG were included compared to the previous period. The inclusion of these companies did not result in an increase in PGE CG's carbon footprint compared to the previous year. A reduction of just under 1 percent was observed compared to 2023. The criterion for consolidation was based on operational control within the Capital Group, meaning that 100% of the emissions from the companies were attributed to PGE CG.

The sources of emission factors were the following databases: the National Centre for Emissions Management (KOBIZE), the DEFRA (Department for Environment, Food & Rural Affairs) database, the European Environment Agency (EEA), and Ecoinvent 3.11. GWP (Global Warming Potential) factors for refrigerants were adopted in line with the 5th IPCC (Intergovernmental Panel on Climate Change) Report.

9.2.2.10. [E1-7] GHG removals and GHG mitigation projects financed through carbon credits

In 2024, there were no activities involving the scope of the projects described under ESRS E1-7. Their validity and feasibility will be assessed by the Group in subsequent reporting periods.

9.2.2.11. [E1-8] Internal carbon pricing

The PGE Group does not use internal carbon pricing to meet its climate-related targets and policies. The carbon prices used within the Group refer to the cost of CO₂ under the EU ETS.

9.2.3. [ESRS E2] POLLUTION

Important points: Pollution of air; Pollution of water; Pollution of soil.

9.2.3.1. [ESRS 2 IRO-1] Description of the processes to identify and assess material pollution-related impacts, risks and opportunities

Information can be found in part ESRS 2 IRO-1.

PGE CG's operations, particularly in the Conventional Generation segment, have a negative environmental impact due to the emission of pollutants into the air, water and soil. The Bełchatów Power Plant, which is part of this segment, is a significant point source of pollution, as it is the largest lignite-fired power generation unit in Poland and globally. Due to the Group's long-standing operations in the Conventional Generation and District Heating segments, coal-based assets are still in use. Despite the measures undertaken to align PGE CG's generation units with BAT conclusions, they remain significant sources of pollution.

PGE CG also has a positive environmental impact in the area of pollution, primarily through the implementation of new investments as part of the transformation of generation assets and by increasing access to clean district heating, i.e. the development of heating networks based on renewable energy sources and the modernisation of existing networks. In addition, PGE CG applies circularity, enabling the reuse of water in technological processes.

Information on the identified risks is provided in section ESRS – 2 SBM -3.

9.2.3.2. [E2-1] Policies related to pollution

The Management Board of PGE S.A. adopted the Environmental Policy and the Declaration by the Management Board of PGE Polska Grupa Energetyczna S.A. on the environmental policy. Information on the minimum disclosure requirements relating to these documents, not covered by the present section, can be found in section E1-2 of this Statement.

The referenced documents relate to mitigating the impact of PGE CG's core operations on various environmental components, including pollutant emissions and the mitigation of associated risks. They describe the approach to pollution, emissions and other environmental impacts, the control of monitoring systems,

ongoing analysis of environmental parameters, emission reporting, and the initiation of measures to reduce environmental impacts.

The key commitments of PGE CG regarding air, water and soil pollution, as outlined in the Declaration on environmental policy, include:

- a commitment to the continuous improvement of environmental protection efforts and environmental quality, as well as to pollution prevention – by implementing high, economically justified technological standards,
- planning the Group's development based on modern, environmentally friendly technologies that meet the best available techniques (BAT) criteria,
- minimising negative environmental impacts through appropriate management of water and wastewater systems and air emissions, reducing the volume of waste generated and using it as efficiently as possible,
- taking preventive measures to avoid the occurrence of failures.

For internal stakeholders (employees) as well as for external stakeholders, the current PGE Management Board Declaration on Environmental Policy is made available on, among others, the PGE Group website.

At the same time, an Environmental Management System compliant with the requirements of PN-EN ISO 14001:2015 and the EcoManagement and Audit Scheme (EMAS) are in place in selected companies of the PGE CG. Detailed information on the systems and the companies covered by them is provided in section E1-2.

The primary objective of the ISO 14001 standard is to support environmental protection and prevent pollution with respect to specific environmental components (air, water, and soil pollution), in a manner that takes into account socio-economic needs, in line with the principles of sustainable development. The Environmental Management System identifies and monitors PGE CG's impact on the environment, considering risks and opportunities as well as legal requirements. Regular audits confirm compliance with the standards and best practices, and improvements are implemented where necessary.

In accordance with the Eco-Management and Audit Scheme (EMAS), the relevant entities prepare annual environmental statements in line with the EMAS Regulation, which are verified by an authorised body. These statements provide additional confirmation that the entity operates in a sustainable manner while maintaining high environmental standards, including in relation to air, water, and soil pollution.

9.2.3.3. [E2-2] Actions and resources related to pollution

A large group of modernisation and refurbishment investments in recent years has comprised projects aimed at adapting PGE CG's generation units to the requirements of the BAT conclusions. The work undertaken to achieve compliance with the BAT conclusions has also contributed to improvements in other parameters, including generation efficiency and enhanced regulatory capabilities.

PGE GiEK S.A.

Conventional Generation is a key asset within PGE CG, accounting for a significant share of net electricity production. It comprises five conventional power plants and two lignite mines. Bełchatów Power Plant, which is part of this segment, is a major point source of pollution, as it is the largest lignite-fired power generation unit in both Poland and the world. As such, PGE GiEK S.A. also plays an important role in the context of identified environmental impacts and risks, including pollution within PGE CG, which is also reflected in the current measures undertaken. PGE CG, including PGE GiEK S.A., is committed to mitigating the negative impacts and risks arising from air, water and soil pollution.

Ongoing measures implemented in 2024 and planned for the following year, arising from the investment plan for conventional power plants of PGE GiEK S.A., contribute to reducing pollution levels, including:

- Reduction of air pollution through:
 - equipping power units with a complete set of installations for reducing atmospheric emissions;
 - installing flue gas desulphurisation systems using the wet limestone-gypsum method, achieving 95% efficiency. The gypsum produced in the power plant is a fully marketable by-product;
 - equipping power units with electrostatic precipitators that capture dust generated during the coal combustion process. The dust removal efficiency reaches 99.6%;
 - application of primary NOx emission reduction methods involving the optimisation of the combustion process in each boiler;
 - construction of high-efficiency secondary denitrification systems using the SNCR (Selective Non-Catalytic Reduction) or SCR (Selective Catalytic Reduction) methods;
 - application of primary methods by maintaining a low combustion temperature of around 860°C in fluidised bed boilers to reduce nitrogen oxide emissions;

- reducing dust emissions during coal storage, transport and handling by using enclosed conveyors and enclosed transfer points for coal delivery, equipping the entire coal handling system with dedusting and vacuum systems, installing belt conveyors on trestles, using belt-cleaning devices, and defining proper operation and maintenance procedures in operational manuals;
- continuous efforts to reduce dust emissions by transporting ash removed from boilers through a sealed pipeline followed by enclosed belt conveyors equipped with an ash spraying system. Slag is transported in a wet state via an enclosed conveyor system to the slag tank, and then further conveyed using closed-type conveyors equipped with a spraying system.
- Reduction of waters pollution through:
 - implementing water protection technologies that allow for low unit indicators of wastewater generation and water consumption, as well as minimising the pollutant loads discharged with wastewater;
 - monitoring water abstraction using a computer-based system that continuously records the volume of water drawn and wastewater discharged, along with key wastewater parameters such as pH, temperature, turbidity, and chloride content. All wastewater parameters defined in the integrated permit are monitored by an accredited laboratory;
 - continuing the project to expand the industrial wastewater treatment plant at Turów Power Plant, with key technological components already operational, enabling a high level of wastewater purification. Completion of the expansion is scheduled for 2025;
 - treating industrial and stormwater effluents, including a treatment unit for wastewater from flue gas desulphurisation, with retention capabilities.

Railway Energy Services

In the Railway Energy Services segment, actions were undertaken in 2024 to reduce pollution resulting from the Group's own operations.

- Reducing water pollution by:

Actions aimed at preventing potential contamination of groundwater through the decommissioning of unused groundwater intakes. In 2024, 15 intakes were decommissioned, and preparatory steps were taken for the decommissioning of a further 25 intakes scheduled for 2025. Similar actions are planned in subsequent years as required.

- Reduction of soil pollution through:
 - Actions to prevent potential soil contamination due to possible oil leaks from transformers. These actions involve the construction of drainage and treatment systems for rainwater discharged from transformer bays at traction substations as part of the Power System Modernisation Programme (MUZa), as well as the construction and fitting of transformer storage sites with equipment to contain potential oil leaks (drip trays).
 - As part of MUZa, in 2024, drainage and treatment systems for rainwater were built at 11 power infrastructure facilities. This is a long-term initiative that will be gradually continued in the coming years. It is being implemented across the entire operational area of the organisation (nationwide).
 - In 2024, preparatory works were carried out for the construction and equipping of 10 transformer storage sites (including laying concrete surfaces and installing drip trays and tarpaulins). In 2025, the construction and equipping of another 10 transformer storage sites is planned.

Across the remaining companies within the Group, no significant activities related to air, water or soil pollution were identified, aside from routine operational measures, ongoing monitoring of processes that may represent potential sources of pollution, and compliance with threshold values specified in permits and sector-specific decisions in order to minimise environmental impact. The Group did not allocate operating expenses and inputs. In the coming years, the implementation of solutions enabling such allocation and reporting at Group level is planned.

9.2.3.4. [E2-3] Targets related to pollution

At present, the PGE CG Strategy to 2030 does not include specific objectives directly related to the prevention and control of water, soil or air pollution (excluding greenhouse gas emissions, which are addressed in the section dedicated to ESRS E1).

The environmental management systems implemented in the companies, in accordance with ISO 14001 and the EMAS regulation, allow ongoing monitoring and control of the implementation of the Environmental Policy and Statement, as well as monitoring of the effectiveness of the activities carried out. Where stakeholder participation is required in relation to changes to environmental administrative decisions – such as those regarding the setting of emission limit values – public consultations are held.

Procedures arising from the aforementioned internal regulations and applicable legislation are cascaded across all organisational levels. Below are examples of PGE CG companies that have adopted operational monitoring methods to track the implementation of the aforementioned commitments, in particular those stemming from the Environmental Policy and environmental statements of the Companies:

Table: Procedures and monitoring related to air, water and soil pollution for selected PGE CG companies.

Company	Selected objectives
PGE GiEK S.A.	PGE GiEK S.A. implements the commitments of the Environmental Policy by monitoring and complying with the values stipulated in its environmental permits. For PGE GiEK S.A., the pollution objective is to comply with the values indicated in the permits. Due to the specific nature of its operations, the branches of PGE GiEK S.A. apply the provisions of Integrated Permits with respect to air protection methods and technologies. Ongoing measures are taken to minimise the emission of harmful substances into the air. The branches also comply with the obligations set out in the Integrated Permits and water law decisions. Measures aimed at reducing the discharge of hazardous substances into water have been implemented and are in operation. On an ongoing basis, measures are being taken to optimise the functioning of water and wastewater management.
Supervised companies – PGE GiEK S.A. (Bestgum sp. z o.o., Elmen sp. z o.o., Eltur-Serwis sp. z o.o., Betrans sp. z o.o., MegaSerwis sp. z o.o., Ramb sp. z o.o.)	These companies conduct operational activities to ensure compliance with threshold values specified in environmental permits and sector-specific decisions, with the aim of minimising their environmental impact. They monitor the consumption of raw materials and fuels in processes that may generate pollution and work to optimise their use. Waste is sorted, packaging is recovered and recycled, and water consumption is optimised. Oils used in processes are stored in ways that prevent leaks, such as the use of double-walled tanks and absorbents.
PGE Energia Ciepła S.A., KOGENERACJA S.A., Elektrociepłownia Zielona Góra S.A., PGE Toruń S.A.	In terms of managing and controlling pollution arising from its operations, the company places strong emphasis on implementing the directions set out in the Environmental Policy Declaration of the Management Board of PGE Polska Grupa Energetyczna S.A. and the Environmental Policy Declaration of the Company's Management Board, as well as on compliance with the limits specified in integrated permits, water law permits and other sector-specific permits (including those related to waste management) through continuous monitoring and evaluation of environmental impacts.
PGE Energia Odnawialna S.A.	The company monitors processes that may potentially be sources of pollution. Modernisation projects incorporate state-of-the-art, environmentally friendly solutions. Waste management is aimed at minimising waste generation and is carried out in compliance with the relevant permits and internal procedures.
PGE Dystrybucja S.A.	With regard to the management and control of pollution generated during operations, the company pursues the set objectives in the Declaration of the Company's Management Board on the environmental policy.
PGE Energetyka Kolejowa S.A., PGE Energetyka Kolejowa Holding sp. z o.o., PGE Energetyka Kolejowa Obsługa sp. z o.o., PGE Energetyka Kolejowa Centrum Usług Wspólnych sp. z o.o.	As part of the Declaration of the Management Board of PGE Energetyka Kolejowa S.A. on environmental policy, the objective of reducing pollutants to the air was set for its own operations and in the upstream and downstream value chain.
PGE EKOSERWIS S.A., ZOWER sp. z o.o.	The Company conducts environmental reviews to, among other things, comply with environmental requirements.
PGE Gryfino Dolna Odra sp. z o.o.	The company fulfils the Environmental Policy Statements by complying with the values set out in the integrated permits and sectoral decisions.

9.2.3.5. [E2-4] Pollution of air, water and soil

PGE CG companies carry out ongoing operational activities, including the monitoring of processes related to emissions into air, water and soil, in accordance with the provisions set out in the integrated permits and sector-specific decisions issued for individual installations within the Group. These decisions specify detailed requirements regarding the conduct of measurements (including methodologies, frequency of measurements, and measurement points).

The methods used to measure pollutants emitted into the soil, as well as the procedures and frequency for testing soil, land and groundwater contamination, including sample collection, are implemented in line with the applicable provisions of the Integrated Permit.

In accordance with Article 217a of the Environmental Law, integrated permits specify the method and frequency of soil and land contamination testing for substances posing a risk. As stipulated in the Environmental Law, such tests must be conducted at least once every 10 years. The soil and land tests carried out in 2024 pursuant to the above-mentioned provisions confirmed that the permissible limit values set out in the Regulation of the Minister of the Environment of 1 September 2016 on the method of assessing soil surface contamination (Dz. U. [Journal of Laws] 2016, item 1395) were not exceeded. This indicates that the tested substances complied with the criteria for the relevant soil group and no release of contaminants into the soil occurred.

Table: Air pollutant emissions reported to the PRTR from PGE CG companies (limited to companies exceeding the threshold specified in Annex II to the PRTR Regulation).

Name of pollutant	Total pollution (kg)
Carbon monoxide (CO)	24, 745, 000
Carbon dioxide (CO ₂)	55, 573, 000, 000
Hydrofluorocarbons (HFCs)	231
Nitrous oxide (N ₂ O)	331, 400
Ammonia (NH ₃)	74, 400
Nitrogen oxides (NO _x /NO ₂)	36, 893, 000
Sulphur oxides (SO _x /SO ₂)	40, 975, 000
Arsenic and its compounds (as As)	232
Cadmium and its compounds (as Cd)	217.6
Chromium and its compounds (as Cr)	2, 337
Copper and its compounds (as Cu)	4, 825
Mercury and its compounds (as Hg)	1, 071.5
Nickel and its compounds (as Ni)	3, 410
Lead and its compounds (as Pb)	1, 749
Zinc and its compounds (as Zn)	26, 089
PCDD+PCDF (dioxins + furans) (as Teq)	0.13689
Polycyclic aromatic hydrocarbons (PAHs)	54.3
Chlorine and inorganic chlorine compounds (as HCl)	519, 400
Fluorine and inorganic fluorine compounds (as HF)	162, 600
Particulate matter (PM ₁₀)	849, 900

The figures indicated in the table comply with the guidelines of the PRTR Regulation (in terms of rounding).

Data for locations affected by exceedances within: PGE GiEK S.A. PGE Energia Ciepła S.A., KOGENERACJA S.A., Elektrociepłownia „Zielona Góra” S.A., PGE Toruń S.A. and PGE Gryfino Dolna Odra.

Table: Quantity of water pollution reported under the PRTR (exceeding the threshold set out in Annex II to the PRTR Regulation).

Name of pollutant	Total pollution (kg)
Copper and its compounds (as Cu)_20	195.4
Mercury and its compounds (as Hg)_21	2.2
Nickel and its compounds (as Ni)_22	136.1
Zinc and its compounds (as Zn)_24	1, 098
Total nitrogen	57, 900
Total organic carbon (TOC)	90, 000
Fluorides (as total F)	6, 350
Chlorides (as total Cl)_79	14, 370, 000

The figures indicated in the table comply with the guidelines of the PRTR Regulation (in terms of rounding).

Data for locations affected by exceedances within: PGE GiEK S.A. PGE Energia Ciepła S.A., Elektrociepłownia „Zielona Góra” S.A.

In 2024 at the locations: PGE Energia Ciepła S.A. (Gorzów Branch, Pomorzany Branch, Rzeszów Branch) and PGE GiEK S.A. (Bełchatów Power Plant Branch, Dolna Odra Power Plant Branch, Opole Power Plant Branch) soil tests took place, which did not indicate any exceedances.

PGE GiEK S.A.

Bełchatów Power Plant Branch

Each of the 12 power units at Bełchatów Power Plant (units 2–12 and unit 14) is equipped with a full set of systems designed to reduce atmospheric emissions. Currently, all units are fitted with flue gas desulphurisation systems using the wet limestone-gypsum method, which achieves 95% efficiency. The gypsum produced by this process is a fully marketable product, with properties comparable to natural gypsum, and is widely used in the construction sector. Every unit at Bełchatów Power Plant is also equipped with electrostatic precipitators that capture dust generated during coal combustion. The dust removal efficiency reaches 99.6%. To limit nitrogen oxide emissions, Bełchatów Power Plant applies primary NO_x reduction methods by optimising the combustion process in each boiler. In addition, high-efficiency secondary denitrification systems using the SNCR method have been installed on units 2–5, 7, and 9. No incidents resulting in permanent soil contamination have occurred on the site of the power plant.

Opole Power Plant Branch

Opole Power Plant is equipped with an automated air emissions monitoring system that enables continuous measurements of pollutant emissions from the boilers of units 1 to 6. The monitored substances include total

dust, SO₂, NO_x, CO, Hg, NH₃, HCl, and HF. The system works in conjunction with a computerised platform that collects, displays, and archives data, determines total emissions from all units, and verifies compliance with emission standards. In addition to the continuous monitoring on units 1–6 and the auxiliary boiler house, periodic emissions measurements are also carried out by an external contractor in accordance with applicable methodologies.

The plant monitors both the volume and quality (across 33 parameters) of wastewater discharged from its treatment facility, in line with its integrated permit. Moreover, the quality of the Odra River is tested twice a year – both upstream and downstream of the wastewater discharge point.

Water intake and wastewater discharge are monitored using the PROMAN computer system.

In 2024, no incidents resulting in permanent soil contamination occurred at the Opole Power Plant. The plant's water consumption and wastewater discharge levels remained within the limits specified in its integrated permit.

Turów Power Plant Branch

At the Turów Power Plant, continuous monitoring of gas and dust emissions is conducted. Each operational generating unit is equipped with two independent measurement systems, referred to as the settlement and technological systems. These continuous emission monitoring systems (CEMS) are subjected at least once a year to procedures in line with the PN-EN 14181 standard (AST), as well as full calibration and validation procedures in accordance with PN-EN 14181 (QAL 2). The plant continuously measures the concentrations of SO₂, NO_x, dust, CO, HCl, HF, Hg, NH₃, and CO₂, as well as key flue gas parameters including moisture content, flow rate, temperature, and oxygen levels.

Rybnik Power Plant Branch

Pollutant emissions of SO₂, NO_x, CO, dust, Hg and NH₃ are measured through continuous monitoring, while HCl, HF, PM₁₀, SO₃, and metals and metalloids are monitored through periodic measurements.

Data for accounting and reporting purposes is collected monthly. Emissions data for key pollutants is sourced from reports generated by the flue gas continuous monitoring system. Emissions of other pollutants are calculated using emission factors and data on fuel consumption and flue gas flow rates.

Monitoring of waterborne pollutants is based on wastewater flow meters and measurement systems. Data for accounting and reporting is also collected monthly, based on monitoring system reports and laboratory test results.

In 2024, no contaminated land was identified at the Rybnik Power Plant site, nor were there any incidents or failures that resulted in the release of hazardous substances into the environment.

Dolna Odra Power Plant Branch

The methodologies for measuring air pollutant emissions comply with reference methods. Data is collected through a continuous monitoring system that meets the requirements of the PN-EN 14181 standard, as well as through periodic measurements.

The methodologies for measuring water pollutant emissions follow the reference methods specified in the relevant regulation. Continuous monitoring is carried out in accordance with procedures established under the ISO 9001 system. Data is collected in both paper and electronic form. There are no specific requirements concerning soil contamination under the Dolna Odra Power Plant.

Belchatów and Turów Lignite Mine Branches

The branches do not exceed the thresholds for releases to air, water and soil specified in their permits.

Supervised companies – PGE GiEK S.A.

Bestgum

The methodologies for measuring air pollutant emissions follow the reference methods specified in the permit.

PGE ENERGIA CIEPŁA S.A. AND THE COMPANIES: KOGENERACJA S.A., ELEKTROCIEPŁOWNIA ZIELONA GÓRA S.A., PGE TORUŃ S.A.

The relevant emission parameters are continuously monitored based on coefficients determined from measurements carried out by accredited entities, emission standards defined in accordance with applicable legislation and administrative decisions, as well as emission levels indicated by continuous monitoring systems and periodic measurements. The measurement methodologies are based on legal regulations, administrative permits, and civil contracts. Emission data is collected and processed in accordance with internal procedures concerning environmental statistics and reporting.

In locations where initial baseline reports have been prepared, periodic control tests are carried out, confirming the absence of soil contamination.

PGE ENERGETYKA KOLEJOWA S.A., PGE ENERGETYKA KOLEJOWA HOLDING SP. Z O.O., PGE ENERGETYKA KOLEJOWA OBSŁUGA SP. Z O.O., PGE ENERGETYKA KOLEJOWA CENTRUM USŁUG WSPÓLNYCH SP. Z O.O.

The companies are not subject to reporting obligations under Regulation (EC) No 166/2006 of the European Parliament and of the Council concerning the establishment of a European Pollutant Release and Transfer Register (E-PRTR).

The main pollutants released into the air as a result of the companies' own operations include: carbon monoxide, ammonia, non-methane volatile organic compounds, nitrogen oxides, sulphur oxides, arsenic, cadmium, chromium, copper, mercury, nickel, lead, zinc, hexachlorobenzene, ethylbenzene, phenols, polycyclic aromatic hydrocarbons, toluene, xylenes, and suspended particulate matter (PM10).

No substances listed in the above-mentioned Regulation are discharged into water.

Rainwater may contain pollutants such as total suspended solids and petroleum hydrocarbons. Additionally, in the event of an emergency, there is a risk of oil (petroleum hydrocarbons) leakage from power equipment and infiltration into soil.

Pollutant emissions are not metered, as they originate from small emission sources or are of a diffuse nature, and the threshold values set out in Annex II of the Regulation have not been exceeded.

PGE PALIWA SP. Z O.O., ELMEN SP. Z O.O., ESP SP. Z O.O., PGE EKOSERWIS S.A., ZOWER SP. Z O.O., PGE SYSTEMY S.A., PGE OBRÓT S.A., ENESTA SP. Z O.O. (IN RESTRUCTURING)

The activities of these companies, due to their business profile, do not generate significant emissions of pollutants into the air and do not cause water or soil pollution.

9.2.4. [ESRS E3] WATER AND MARINE RESOURCES

Important points: Water consumption; Water withdrawals; Water discharge.

9.2.4.1. [ESRS 2 IRO-1] Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities

Information can be found in part ESRS 2 IRO-1.

PGE Capital Group makes significant use of water resources in its ongoing operations, which may be indicative of its negative impact on water withdrawals, water consumption and water discharge. The demand in this area pertains in particular to the activities of the PGE Capital Group within the Conventional Generation and District Heating segments. Large quantities of water are used for technological purposes in the production of electricity and heat, or for lignite mine drainage.

As part of the Renewables segment and the operation of pumped-storage power plants, reservoirs are created to store large volumes of water for use during periods of drought or increased demand. They have a retention function and help maintain a hydrological balance in the regions where they are located, making it possible to prevent flooding and mitigate the effects of drought.

Information on the identified risks can be found in ESRS2 SBM-3.

9.2.4.2. [E3-1] Policies related to water and marine resources

In the PGE Capital Group, there is no policy in place that would directly address water consumption, water withdrawals, or water discharge. These issues, however, have been taken into account in the comprehensive Environmental Policy and the Declaration by the Management Board of PGE Polska Grupa Energetyczna S.A. on the environmental policy. Information on the minimum disclosure requirements relating to these documents, not covered by the present section, can be found in section E1-2 of this Statement.

The PGE CG is aware of its impact and actively acts to respect limited water resources. In its operations, it uses water responsibly for the entire ecosystem. The negative impact is minimised through, among other things, appropriate water and waste water management.

In its Environmental Policy, the PGE CG commits to implementing measures that also have an indirect impact on marine resources. The PGE CG's initiatives related to reducing the impact on the aquatic environment

include development of sustainable electricity and heat generation and distribution technologies, environmental compensation, reduction of water and energy consumption, and recycling.

The Declaration on environmental policy refers to water resource management alongside other environmental components and does not define specific rules in this regard. The following content of the Declaration sets out the key commitments of the PGE Capital Group, which also relate to water management:

- minimising adverse environmental impacts through appropriate management in the areas of water and wastewater management;
- taking preventive measures to counteract the occurrence of accidents,
- raising the skills, awareness and commitment of employees to environmental protection.

At the same time, a certified Environmental Management System compliant with the requirements of PN-EN ISO 14001:2015 and an EMAS audit system are in place in selected companies of the PGE Capital Group, as described in the previous sections of the Statement.

Processes related to water and wastewater management in the PGE CG's installations are primarily based on the Water Law Act and other implementing acts on water and waste water management. These are carried out in accordance with administrative decisions issued by competent authorities as permits or sectoral decisions (water permits).

Until 2024, no detailed analysis was carried out on the positioning of PGE CG units in areas with significant water deficits according to the Aqueduct Water Risk Atlas of the World Resources Institute. Therefore, there is no need to develop customised policies for water-scarce locations.

9.2.4.3. [E3-2] Actions and resources related to water and marine resources

In its operations, the PGE CG uses water responsibly for the entire ecosystem, monitors its use and implements solutions to improve the standards of its use in its processes to mitigate negative impacts and risks, as well as to strengthen the positive impacts and make use of opportunities.

For the technological needs of the PGE CG's installations, water from surface water withdrawals, subjected to purification processes, is mainly used. In order to reduce raw water consumption, circularity is used in the generation units, and used process water and waste water are reused in other processes.

Below, essential water-related activities of the PGE Capital Group are presented, along the lines of the Environmental Policy. The PGE CG's business segments with the greatest impact in this area due to the nature of their operational activities are also specified.

Table: Activities of companies in relation to the directions specified in the Environmental Policy and the Declaration on environmental policy.

Company	In 2024, the companies of the PGE CG carried out the following activities resulting from the Environmental Policy and Declaration on environmental policy:
PGE GiEK S.A.	Ongoing activities resulting from operation and overhaul costs and the investment plan in PGE GiEK S.A. conventional power plants: ▪ Reduction of water consumption/withdrawal/discharge through: • continuous monitoring of the quantity and quality of water abstracted and waste water discharged. For technological purposes, water from surface and deep water withdrawals is used and then purified and treated. • use of circular solutions and the reuse of process water and treated wastewater in other processes to reduce raw water consumption. • Multi-stage wastewater treatment followed by discharge into surface water or transfer to municipal companies. • highly advanced industrial wastewater treatment technologies implemented at the Turów Power Plant, using membrane technologies – ultrafiltration (UF) and reverse osmosis (RO), which allowed to achieve the quality of wastewater discharged into the recipient at a level corresponding to its environmental objective (surface water bodies). • an open cooling system in place and equipment to reduce the pollution of wastewater. Depending on the wastewater type, it is treated in chemical, biological, or mechanical treatment plants or processed in neutralisers. Depending on the wastewater composition, it is treated in one or two facilities. Rainwater and meltwater from the branch area are purified using sedimentation tanks and separators. Ongoing activities resulting from operation and overhaul costs and the investment plan in PGE GiEK S.A. mines: ▪ Reduction of water consumption/withdrawal/discharge through: • discharging water from lignite mines to field settling ponds for final water treatment by natural sedimentation of suspended solids supported by a plant filter, or to dedicated treatment plants (KWB Bełchatów). • the drainage system at the KWB Bełchatów Mine, which covers both underground and surface water is used to drain the rock mass to a degree enabling safe exploitation of lignite from fields Szczerców and Bełchatów. • KWB Turów discharges mine water produced by surface drainage of the excavation, well water, and domestic wastewater into external watercourses. The quality of well water allows it to be discharged directly into external waters. The quantity and quality parameters of the discharged wastewater are

Company	In 2024, the companies of the PGE CG carried out the following activities resulting from the Environmental Policy and Declaration on environmental policy:
	governed by the requirements of the water permits held by the Branch. The quality and quantity of discharged water and wastewater is monitored on an ongoing basis.
PGE Energia Ciepła S.A. and: KOGENERACJA S.A., Elektrociepłownia Zielona Góra S.A., PGE Toruń S.A.	Measures are being taken to limit water withdrawals, wastewater discharge and reduce the pollution load discharged with wastewater by optimising the operation of water treatment plants, upgrading them, and exploring design options for new plants.
PGE Energia Odnawialna S.A.	The use of reservoir levels for electricity production, water abstraction, and the discharge of wastewater and rain- and melt-water are adapted to seasonal water fluctuations. Quantitative records of groundwater and surface water abstraction are kept and tests and analyses of discharged wastewater are carried out to ensure compliance with water permit requirements. In 2025, the investment 'ZEW Porąbka-Żar - Separation of non-production water installation from hydrant installation' is planned, which will improve the quality of process water in facilities and ensure an adequate supply of water for firefighting.
PGE Gryfino Dolna Odra sp. z o.o.	The company's gas and steam power plant was commissioned in 2024. The company's ongoing activities are focused on: ▪ efficient water and wastewater management, i.e. optimising water consumption and withdrawals by keeping sewage facilities and equipment in good technical and operational condition, ▪ minimising water loss due to leaks, ▪ minimising pollutants washed away by rainwater by keeping the site clean.

The activities presented here are undertaken by the companies with the largest share in water withdrawals and consumption in the PGE CG (99.9%).

In the other companies, no significant activities related to water and marine resources have been reported, apart from e.g. ongoing operational activities, the optimisation of water consumption and abstraction, and compliance with threshold values specified in permits and sectoral decisions in order to minimise the environmental impact.

9.2.4.4. [E3-3] Targets related to water and marine resources

At the moment, the PGE CG Strategy until 2030 does not set precise goals directly related to water and marine resource management.

Responsible water and wastewater management is not only a regulatory requirement, but also an economic one. Furthermore, in the companies of the PGE CG, where an environmental management system compliant with the 14001 standard has been implemented and certified, programmes of objectives and tasks are periodically developed at the respective locations. They are subject to periodic internal and external audits. Moreover, locations participating in the EMAS system fulfil the environmental objectives and tasks that are indicated in the environmental statements according to the EMAS Regulation. Environmental performance indicators for water consumption and wastewater discharge in relation to gross electricity generation are also shown there. Below, there are examples of PGE Capital Group companies that have set operational targets to monitor their performance and obligations in this respect. The Group will consider setting strategic goals in the following periods.

CONVENTIONAL GENERATION

Tasks related to minimising negative impact on the environment are implemented through appropriate water and wastewater management. The management board of a key company in the PGE CG has been assigned the objective of optimising water and wastewater management at the Bełchatów site.

The power plant in Bełchatów does not operate a wastewater treatment plant. Therefore, the operational objective is to minimise water consumption and to reuse the abstracted water as part of circular solutions.

The ambition of the Opole Power Plant is to reduce the amount of raw water consumption and to recover the water that has already been intaken.

The Turów power plant aims to reduce water consumption.

For the Dolna Odra Power Plant, water management aims to maintain or reduce water consumption, optimise water withdrawals, and limit pollutant discharge in each reporting year.

At the Rybnik Power Plant, it is maintaining the quality and quantity of discharged wastewater.

PGE GiEK S.A. mines

The aim of the facilities is to design and implement drainage systems in such a way as to only collect the amount of water that allows safe operation while ensuring safety for people and machinery.

9.2.4.5. [E3-4] Water consumption

Table: Information on water consumption and abstraction, as well as the water intensity ratio and other water-related indicators.

Indicator	Amount	Additional information
Total amount of water recycled and reused in m ³ ¹	45,634,004	Conventional Generation, District Heating
Water abstraction in m ³	21,323,426,481	Most notably, it concerns the core activities of the PGE Capital Group: Conventional Generation, District Heating, Circular Economy, PGE Energia Odnawialna S.A., PGE Gryfino Dolna Odra sp. z o.o., Railway Energy Services.
Total amount of stored water in m ³ ²	506,531,151	Conventional Generation, District Heating, Circular Economy, PGE Energia Odnawialna S.A., PGE Gryfino Dolna Odra sp. z o.o., Railway Energy Services.
Water consumption in m ³ ³	232,340,160	Conventional Generation, District Heating, Circular Economy, PGE Gryfino Dolna Odra sp. z o.o., PGE Energia Odnawialna S.A., Distribution,
Water intensity ratio (total water consumption in the company's own operations in m ³ per EUR 1 million of net revenue).	0.0155	The total net revenue for 2024 was: PLN 64,483 million EUR/PLN exchange rate: 4.3042 Total water consumption in 2024: 232,340,160 m ³ Data for: Conventional Generation, District Heating, Circular Economy, PGE Gryfino Dolna Odra sp. z o.o., PGE Energia Odnawialna S.A., Distribution.
Water discharge in m ³	21,297,699,169	Conventional Generation, District Heating, Circular Economy, PGE Gryfino Dolna Odra sp. z o.o., PGE Energia Odnawialna S.A., Distribution.

Background information:

¹ Conventional Generation: The figures are based on flow meters for reuse in wet desulphurisation systems (IMOS), on the operating time of pumps in ash spraying systems as part of ash conveying and storage processes, and on the operating time of pumps in systems returning treated wastewater to the main cooling system; in some cases, data are estimated. The value is the sum of the quantity of water reused in the different technological processes. District Heating: Estimate, no measurements, results from average recycled material flows.

² Conventional Generation: As far as possible and depending on current conditions and needs, the tanks are kept at a level close to maximum capacity, and therefore any fluctuations at the end of individual reporting periods are small and practically negligible. The amount of water stored in the reservoirs refers to their nominal capacity, which is maintained at the upper levels of their capacity under normal operating conditions. District Heating: The tanks are constantly kept at 70–90% full. PGE EO: The amount of water stored varies depending on production and demand in the National Power System. The water storage volume is based on the maximum capacity of the tanks. PGE Ekoserwis, Railway Energy Services – fire water tanks.

³ The water use for production purposes is determined based on the readings from the measuring devices, where:

Conventional Generation: Data resulting from direct flow measurements (total amounts) on the discharge pipes of pumping stations at surface water withdrawals and totalisers on the drinking water withdrawals system and the water withdrawals systems of the entities. The value represents the difference between the total amount of water abstracted and the amount of water sold to other entities.

District Heating: The total water consumption in all areas was calculated on the basis of the data from the records of water withdrawals and discharge in 2024. Water consumption is defined as the difference between the amount of water abstracted and the amount of water/wastewater discharged.

The different combustion plants draw water for their technological and sanitary needs from the mains and/or the environment. After appropriate treatment, the resulting process, sanitary, and rainwater from the plant area, where required, are discharged into the municipal combined sewer system and/or the environment. Wherever possible, some of these streams are recirculated. The quantity and quality of the water withdrawals and wastewater discharge are monitored to ensure compliance with the conditions (as required by law and in accordance with integrated permits and water permits).

⁴ District Heating: The data were collected according to the specific operation of the different installations. For water abstracted from the water supply, the quantities abstracted were converted on the basis of meter readings, including contracts. For surface water, the quantities abstracted were based on current reporting and water abstraction records, and other regulatory reporting.

Railway Energy Services: In Railway Energy Services, no processes are carried out that would result in water consumption as defined in Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council with regard to sustainability reporting standards.

PGE Gryfino Dolna Odra sp. z o.o.: The data refers to the periods following the commissioning of the different units.

*Water abstraction – approximately 75% of the stated volume of water withdrawals in the PGE CG is used for the operation of small hydropower plants owned by PGE Energia Odnawialna S.A. (kinetic energy of rivers is used to generate electricity. The water flowing through pipes or channels strikes a turbine which rotates and transfers mechanical energy to a generator, which produces electricity. The same amount of water is then released back into the environment in the same condition). The share of small hydroelectric power plants in the total water discharge of the PGE CG is approximately 79%.

9.2.5. [ESRS E4] BIODIVERSITY AND ECOSYSTEMS

Important points: Direct exploitation as a factor directly contributing to biodiversity loss; Climate change as a factor directly contributing to biodiversity loss; Land-use change, fresh water-use change and sea-use change; Impacts on the extent and condition of ecosystems; Impacts and dependencies on ecosystem services.

9.2.5.1. [E4-1] Transition plan and consideration of biodiversity and ecosystems in strategy and business model

The PGE CG does not currently employ a tool to assess the resilience of its current business model and strategy to physical risks related to biodiversity and ecosystems, transition risks, or systemic risks. Currently, as part of the Strategy, preventive, minimising, and remedial measures are being implemented in connection with the direct or indirect activities of the PGE CG and its possible interference with ecosystems.

At the time of preparation of the Statement, the basis for assessing the resilience of the strategy and business model in relation to biodiversity and ecosystems are the impacts and risks and opportunities in this field

identified as part of the dual significance analysis (a description of the assessment scope and key assumptions, adopted time horizons, or involvement of parties is presented in chapter ESRS 2 IRO-1), and an analysis of the measures taken in the PGE Capital Group and the plans for the future.

9.2.5.2. [ESRS 2 SBM-3] Material impacts, risks and opportunities and their interaction with strategy and business model

In 2024, the following aspects of biodiversity and ecosystems were identified as significant for the PGE Capital Group:

- Climate change as a factor directly contributing to biodiversity loss.
- Changes in land use and in the use of fresh water and seas as a factor directly contributing to biodiversity loss
- Direct exploitation as a factor directly contributing to biodiversity loss.
- Impact on the extent and condition of ecosystems caused by land degradation.
- Impact on and dependence on ecosystem services.

The significant impacts (both positive and negative) of the PGE Capital Group on biodiversity and ecosystems in the context of climate change, resulting from its emission-intensive activities and the scope of partnerships entered into and proprietary programmes implemented, are present throughout the value chain.

Table: Key locations of protected areas in Poland in the vicinity of the PGE CG.

Location	Segment
The distribution network is located in the following areas and their vicinity: National Parks: Wigry, Biebrza, and Narew, Białowieża, Kampinos, Landscape Parks: Warta-Widawka, Łódź Uplands, Bug, Mazowiecki, Chojnów, Spała, Sulejów and Bolimów, Knyszyn Forest Natura 2000 sites: 'Pradolina Warszawsko-Berlińska', 'Doliny Przysowy i Słudwi' and 'Zbiornik Jeziorsko' Forests: Pisz, Augustów, as well as protected areas of the Bieszczady and Roztocze.	Distribution
PGE Energetyka Kolejowa manages sites across Poland with a total area of almost 4,500 hectares. PGE Energetyka Kolejowa manages sites across Poland with a total area of almost 4,500 hectares. A special place is a small plot of land located in the Biebrza National Park. Its area has been formally excluded from protected status. On the plot, there is a power substation, which is essential for infrastructure.	Railway Energy Services
There are protected areas in the vicinity of PGE Energia Odnawialna S.A. facilities, for example: Natura 2000 special areas of conservation (SAC) and landscape protection areas (LPA): The Low Beskids landscape protection area and the East Beskids landscape protection area. Landscape parks (LP) – in the Lesko powiat: The Słonne Mountains Landscape Park, Ciśniańsko-Wetliński Landscape Park, San Valley Landscape Park.	Renewables
In the immediate and broader vicinity of installations in the Conventional Energy segment, the following protected areas are present: Opole power plant The nearest protected areas are within 12.5 km of the highest ELO emitter. These are: Stobrowski Landscape Park – 6.9 km; Stobrowsko-Turawskie Forests LPA – 7.63 km and Niemodlin Forests LPA – 11.3 km; 'Bory Niemodlińskie' Natura 2000 site – 11.4 km, 'Łąki w okolicach Chrzastowic' Natura 2000 site – 12.25 km; 'Grądy Odrzańskie' Natura 2000 site – 1.62 km.) – in the Lesko powiat: Dolna Odra Power Plant In the immediate vicinity of the Dolna Odra Power Plant, there are two partially overlapping conservation sites within the Natura 2000 network. These are: ▪ 'Dolna Odra' Habitats Special Area of Conservation (under Habitats Directive) – approx. 0.8 km from the Power Plant ▪ 'Dolina Dolnej Odry' Birds Special Area of Conservation (under Birds Directive) – approx. 0.3 km from the Dolna Odra Power Plant ▪ 'Dolina Tywy' Habitats Special Area of Conservation ▪ 'Jeziora Wętyńskie' Birds Special Area of Conservation Landscape Parks: <i>Lower Odra Valley Landscape Park</i> Rybnik Power Plant On the northern side of the Rybnik Power Plant site and around the Rybnik reservoir, there are nature conservation areas in the form of the Rudy Landscape Park. To the south, there is an ecological area of Okrzeszyniec Valley. The Natura 2000 sites closest to the power plant are: ▪ 'Stawy Wielikąt' Birds Special Protection Area and 'Ligota Tworkowska' – approx. 17 km. ▪ 'Stawy Łęczok (Nędza)' Habitats Special Area of Conservation – approx. 17 km ▪ 'Graniczny Meander Odry' Habitats Special Area of Conservation – approx. 26 km ▪ 'Dolina Górnej Wisły' Birds Special Protection Area – approx. 38 km. ▪ 'Podziemna Tarnogórsko-Bytomskie' Habitats Special Area of Conservation – approx. 40 km	Conventional Generation

Bełchatów Power Plant and Bełchatów Lignite Mine ▪ The Widawka Valley Landscape Protection Area, ▪ Łuszczanowice Nature Reserve, ▪ Murowaniec Nature Reserve Turów Power Plant and Turów Lignite Mine ▪ Natura 2000 Special Area of Conservation: Przełomowa Dolina Nysy Łużyckiej – the area is located in the Dolnośląskie Voivodeship, in the Jelenia Góra region, and covers a part of the Nysa Łużycka valley from Trzciniec to Zgorzelec.	
There are protected areas in the immediate and broader vicinity of the District Heating installations, including, for example: PGE Energia Ciepła Oddział w Szczecinie In the vicinity of the Pomorzany and Szczecin CHP plants, there are the following Natura 2000 sties: ▪ 'Dolna Odra' Habitats Special Area of Conservation, ▪ 'Dolina Dolnej Odry' Birds Special Area of Conservation Other areas important for the condition of the urban environment and biodiversity conservation include allotment gardens, Bukowa River valley, residential and street greenery, biologically active surfaces accompanying buildings and developed areas, public green areas (squares, parks) and the Odra River with its wetlands.	District Heating

Until the publication of the Statement, the PGE CG had not conducted an analysis of significant biodiversity-sensitive locations that may be directly affected by the organisation's activities. The table above identifies sensitive, protected areas, or SAC (special areas of protection) that companies have identified in the vicinity of their locations. In 2025, the PGE CG started preparations for a detailed analysis of the negative and positive impact on biodiversity. These preparations included, *inter alia*, an analysis of locations relevant in terms of their links to biodiversity and ecosystems, and planning possible new measures to mitigate biodiversity loss. There are also plans to assess the actual and/or possible impacts and dependencies on biodiversity and ecosystems, and to identify the associated risks and opportunities.

From the perspective of negative impacts in other thematic areas relevant to biodiversity and ecosystems (including in relation to land degradation), locations where the PGE Capital Group conducts the following activities should be identified as critical:

- extraction activity – extraction processes in open-pit mining lead to changes in the landscape and land use, resulting in the potential loss of natural habitats and ecosystem fragmentation, as well as a reduction in the capacity of ecosystems to provide ecosystem services such as water purification and oxygen production;
- distribution activity – supply of raw materials, construction of infrastructure, and distribution processes lead to changes in land use or habitat fragmentation (e.g. lines in forest areas), and also possibly affect the quality of ecosystem services (e.g. in the context of pipeline leaks)
- activities related to the development of renewable energy sources – construction of wind farms, both onshore and offshore, and photovoltaic farms requires large areas of land and can lead to a change in their use, with a consequent reduction in the capacity of ecosystems to provide services.

Among the analysed topics, possible impacts were also identified in sensitive areas, i.e. protected areas, due to the proximity of the PGE Capital Group. However, these areas are not covered by the PGE Capital Group's operational activities. This concerns matters such as:

- climate change as a factor directly contributing to biodiversity loss,
- change in land use,
- change in the use of fresh water and seas as a factor directly contributing to biodiversity loss,
- direct exploitation as a factor directly contributing to biodiversity loss.

The locations of the different areas are listed in the table above, while the activities undertaken so far for these areas can be found in ESRS E4-3.

9.2.5.3. [ESRS 2 IRO-1] Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks, dependencies and opportunities

Information can be found in ESRS 2 IRO-1.

9.2.5.4. [E4-2] Policies related to biodiversity and ecosystems

Despite numerous projects and activities in this area, the PGE CG has not yet implemented a dedicated policy directly relating to biodiversity and ecosystems in order to manage important sustainability matters. These issues, however, have been taken into account in the comprehensive Environmental Policy and the Declaration by the Management Board of PGE Polska Grupa Energetyczna S.A. on the environmental policy. Information on the minimum disclosure requirements relating to these documents, not covered by the present section, can be found in section E1-2 of this Statement. When deciding on modernisation and new investments in the PGE Capital Group, the environmental impact is also taken into account, including the impact of the PGE CG on biodiversity and ecosystems. The PGE CG's initiatives include development of sustainable electricity and heat generation and distribution technologies, environmental compensation, reduction of water and energy consumption, and recycling.

In the area of climate change, changes in land use, exploitation as a factor directly contributing to the biodiversity loss, impacts on the extent and condition of ecosystems caused by land degradation, and impacts on ecosystem services. The Declaration on environmental policy sets out the following key commitments of the PGE Capital Group:

- minimising adverse impact on living organisms by carrying out environmental research prior to implementing investments and by deploying post-installation monitoring to control the operation of systems,
- carrying out the rehabilitation and re-development of areas transformed by mining activities, and the maximum development of associated minerals,
- raising the skills, awareness and commitment of employees to environmental protection.

9.2.5.5. [E4-3] Actions and resources related to biodiversity and ecosystems

Below, we present the activities of PGE CG companies that have adopted the above-mentioned commitments under the Declaration on environmental policy and have potentially the greatest impact on biodiversity and ecosystems.

The PGE CG plans to take comprehensive actions to deeper explore issues related to biodiversity and ecosystems. As part of this work, an inventory of operating sites is planned to assess their impact on biodiversity. The results of this analysis will help define the objectives, tasks, indicators, and responsibilities for managing matters related to biodiversity and ecosystems. Due to the size and dispersion of the operating activities of the companies in the PGE Capital Group, it is difficult to determine the timeframe for the finalisation of the above actions at this point.

Nevertheless, the organisation takes legal requirements into account when planning and conducting its operations, and especially when implementing investment processes, and takes measures to compensate for the loss of biodiversity, such as loss avoidance, minimisation, and restoration and rehabilitation. The scale of investment projects carried out by the Group companies often requires them to obtain environmental decisions confirming compliance with environmental protection requirements. Often, this involves an Environmental Impact Assessment (EIA), which analyses the impact of the project on air, water, soil, and fauna and flora. These studies also include minimisation and compensation measures.

Additionally, the PGE CG actively works to preserve and develop biodiversity. It engages in a number of partnerships and original projects to monitor, preserve, and develop ecosystems.

The companies of the Group follow good practices for the protection of the landscape and biodiversity, which consist of restoring habitats to conditions that enable ecosystems to function properly, supporting natural processes that have been disrupted, or rebuilding populations.

PGE GiEK S.A.

In 2024, as part of ongoing activities at PGE GiEK S.A. conventional power plants, efforts to counteract biodiversity loss were continued. The Company worked to preserve protected and rare plant species. The resulting ecosystems are constantly evolving environments and change and transform over time, with their biodiversity constantly increasing.

Bełchatów Power Plant

In 2024, as part of additional measures, the company created nesting and development conditions for falcons.

Opole Power Plant

The power plant is located approx. 1 km from the Odra River, downstream of the point where the Mała Panew River flows into the former.

Currently, there are no protected areas such as nature reserves, national parks, protected zones for specific species of plants, animals or fungi, or spa protection areas within 12.5 km of the facility.

Among the additional measures implemented in the Branch, it was proposed to rehabilitate the Groszowice landfill site towards natural environmental succession. The geographical area of the landfill is a critical and valuable natural component in the dense urban structure of Opole and acts as an ecological island. It serves as a green space and biodiversity centre (especially the meadows and other agricultural areas north of the mining pit).

Turów Power Plant

In 2024, as part of additional biodiversity activities, the Turów Power Plant and Turów Lignite Mine Branches were involved in the ongoing 'Forests Full of Energy' [Lasy pełne energii]. In April 2024, a forest clean-up was held in cooperation with the Pieńsk Forest District on a forest area near the village of Łągów (about 30 km north of the Power Plant).

Bełchatów Lignite Mine

As part of ongoing operations at the Bełchatów lignite mine, rehabilitation is carried out in accordance with applicable regulations in all areas where mining activities have already been discontinued. The measures implemented in 2024 to mitigate the negative impacts include:

- Completion of the rehabilitation of 11.8077 hectares of land in the Szczerców field.
- On 12 hectares of the internal landfill site of the Bełchatów field, a two-season afforestation process on 12 hectares has started. The afforestation is scheduled to be completed in 2026.
- Another 20 ha of the Szczerców field external landfill site was turfed. By 2025, the plan is to cover the last 39.8 hectares of the hilltop.
- The reforestation was completed for an area of 20.7 ha of the western slope. New work has begun on planting trees on 18.6 hectares of the landfill's slopes.

Turów Lignite Mine

PGE GiEK S.A. Turów Lignite Mine Branch is actively working to preserve and develop biodiversity. In the vicinity of the mine, non-forest habitats, protected plant species, and forest habitats are monitored. In addition, environmental inspections of the fauna, flora, and mycobiota are conducted on an ongoing basis in cooperation with specialists as part of the environmental monitoring of the mine area.

The main task of the rehabilitation work at the Turów mine is to create a biotope for post-mining afforestation, taking into account the diversity of the microhabitats that are forming and increasing the value of the ecosystem coming into being. As a result of the rehabilitation work, dynamically growing multi-species tree stands are developing, forming components of the forest environment, including the soil and its specific microbial flora, as well as the local microclimate.

In 2024, as part of a biological restoration project, trees and shrubs were planted on an area of 4.128 hectares of a landscaped earth embankment located in the foreground of the excavations in the Białopole area. The scope of work included planting 10,010 trees and 4,352 shrubs.

PGE ENERGIA ODNAWIALNA S.A.

There are protected areas in the vicinity of PGE Energia Odnawialna S.A. facilities, namely Natura 2000 special areas of conservation (SAC). Technological processes, equipment operation and ongoing investments do not interfere with their biodiversity. Research makes it possible to understand the real impact of the company's activities on the richness of species. Observations as part environmental monitoring have shown positive effects of the activities undertaken so far.

According to the environmental permit, 150-metre-wide green corridors were created between the different sections of the solar parks.

As the environmental impact report revealed a high level of bird and bat activity at the site, the wind turbines are temporarily switched off. If nests and hiding places are found to be nearby, turbines in locations where there is a potential for collision are not installed.

Measures to minimise the impact on ecosystems also include the creation of green corridors near large-scale PV parks or the installation of fences with openings that allow small mammals, reptiles, and amphibians to migrate, as well as not locating such parks within habitats, breeding sites, etc. Some water facilities contribute to the costs of re-stocking water areas.

PGE DYSTRYBUCJA S.A.

Office buildings owned by PGE Dystrybucja S.A. are not located within Natura 2000 sites or any other areas protected under the Nature Conservation Act of 16 April 2004. They are also not situated within major or minor green corridors. However, high-voltage power lines do run through protected areas, with various types of substations along them. Examples of sensitive and protected areas near PGE Dystrybucja's infrastructure are listed in section SBM-3 above.

Key biodiversity-related activities undertaken in 2024 include:

- Tree clearing carried out by PGE Dystrybucja S.A., as required by law and mandated for the Distribution System Operator. These activities are necessary to ensure the grid's operational capability in delivering electricity to end users in a safe, uninterrupted, and reliable manner. In contrast, the construction of underground cable lines helps reduce the scope of tree and shrub removal typically required beneath overhead lines.
- Under an agreement with the Polish Society for the Protection of Birds (PTOP), the 2017–2024 project "Protecting the White Stork in the River Valleys of Eastern Poland" was implemented. Its primary goal was to reduce white stork mortality caused by electric shock. In 2024 alone, company staff installed 700 stork nest platforms and bird deterrent perches, which prevent birds from landing on live network components, thereby protecting them from electrocution.

PGE ENERGETYKA KOLEJOWA S.A., PGE ENERGETYKA KOLEJOWA HOLDING SP. Z O.O., PGE ENERGETYKA KOLEJOWA OBSŁUGA SP. Z O.O., PGE ENERGETYKA KOLEJOWA CENTRUM USŁUG WSPÓLNYCH SP. Z O. O.

In Railway Energy Services, efforts are being made to minimise the impact of operations on biodiversity and ecosystems. Key biodiversity-related activities undertaken in 2024 include:

- The Power System Modernisation Programme (MUZa), which ensures that newly built or upgraded power facilities are equipped with safeguards to prevent electric shock incidents involving birds and other animals.
- Ongoing maintenance of the GIS Mapper application, which integrates a broad range of environmental data, including nature conservation designations, RAMSAR sites, green corridors, and natural resource information from the General Directorate for Environmental Protection (GDOŚ). The Mapper enables verification of nature protection zones in the vicinity of PGE Energetyka Kolejowa facilities and supports environmentally informed planning decisions.

No significant biodiversity or ecosystem-related initiatives were identified or implemented in the other companies of the PGE CG.

9.2.5.6. [E4-4] Targets related to biodiversity and ecosystems

At the moment, the PGE CG Strategy until 2030 does not set goals directly related to biodiversity and ecosystem management.

In 2024, no significant operational targets related to biodiversity or ecosystems – including ecological thresholds – were established at the level of individual companies.

It should be noted, however, that the Environmental Policy of the PGE CG and the Declaration of the Management Board of PGE Polska Grupa Energetyczna S.A. define the strategic directions guiding the organisation's environmental efforts, including those concerning biodiversity.

9.2.5.7. [E4-5] Impact metrics related to biodiversity and ecosystems change

Therefore, the PGE CG Strategy until 2030 does not set goals directly related to biodiversity and ecosystem management; no metrics have been defined at the Group level in the indicated scope.

9.2.6. [ESRS E5] RESOURCE USE AND CIRCULAR ECONOMY

Important points: Resource inflows, including resource use; Resource outflows related to products and services; Waste.

9.2.6.1. [ESRS 2 IRO-1] Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities

Information can be found in part ESRS 2 IRO-1.

Given the scope of its operations, the PGE CG utilises a variety of natural resources. Electricity and heat production in conventional power plants and combined heat and power plants requires significant amounts of natural raw materials, such as lignite and hard coal. The use of these resources leads to their depletion, reducing their availability for future generations. To mitigate these negative impacts, the PGE CG is consistently lowering its consumption of natural resources by gradually replacing them with renewable energy sources. Due to the nature and scale of its operations, PGE CG generates a significant amount of waste, including ash, slag, ash-slag mixtures, and gypsum from flue gas desulphurisation systems. While some of this waste can be reclassified as combustion by-products (CBPs) and reused in other industries – such as cement production, construction, and road building – not all waste can be fully recovered, necessitating land-filling.

The Group is gradually developing a business segment dedicated to the circular economy. Research and development activities are also being conducted on technical conditions, new technologies, diagnostic methods, and research techniques related to the Circular Economy. These initiatives support the closure of material loops in line with circular economy principles. The dedicated Circular Economy segment within the PGE CG was established to maximise the reuse of by-products from energy generation processes, thereby preventing waste generation. As a result of these efforts, combustion by-products are transferred to external partners for further industrial use. Information on the identified risks can be found in ERS2 SBM-3.

9.2.6.2. [E5-1] Policies related to resource use and circular economy

The PGE CG operates in alignment with both national and international guidelines on the circular economy, drawing primarily on legislative and non-legislative initiatives under the European Green Deal.

To date, the Group has not implemented a dedicated policy specifically addressing resource efficiency and circular economy principles. Nevertheless, material impacts, risks, and opportunities in this area are managed through provisions embedded in broader corporate documents.

The overarching framework guiding PGE CG's activities is the PGE CG Strategy until 2030, which emphasises the importance of closing circularities and maximising material recovery within the organisation.

Additionally, the Environmental Policy of the PGE CG and the Declaration by the Management Board of PGE S.A. on the environmental policy define the principles, responsibilities, and strategic direction for environmental stewardship, also with regard to waste management and combustion by-products. These documents set the Group's approach to resource management and circularity. They promote sustainable development, compliance with environmental regulations, resource efficiency, and recycling. Information on the minimum disclosure requirements relating to these documents, not covered by the present section, can be found in section E1-2 of this Statement.

The level of detail in the adopted policies and environmental statements may vary across the companies, depending on their specific operational profiles. In the context of resource efficiency and circular economy practices, they declare their commitment to implementing the Policy primarily through:

- rational and efficient consumption of raw materials, fuels, electricity, and heat;
- minimising adverse environmental impacts through appropriate management in the areas of water and wastewater management and air emissions, reducing the amount of waste generated and utilising it as efficiently as possible, as well as through the restoration of adversely transformed land,
- supporting and engaging in initiatives that promote environmental responsibility and circular economy.

9.2.6.3. [E5-2] Actions and resources related to resource use and circular economy

The assumptions of the Environmental Policy regarding the circular economy are implemented along the value chain through the rational use of environmental resources such as land, water, and forests; responsible management of natural raw materials; reduction of waste generation; continuous improvement of waste management techniques; and the closing of water and wastewater circularities. These principles are reflected, among others, in the PGE CG's sustainable procurement practices, which promote innovative solutions – especially those that enhance internal processes through automation – as well as technologies that reduce environmental impact.

A dedicated Circular Economy segment has been established within the PGE CG. It is responsible for promoting, developing, and implementing circular economy principles across the organisation, as well as for increasing the use of waste and materials involved in the generation of electricity and heat. This initiative addresses the challenges faced by the Polish economy in both the near term and long-term transformation.

The leading role within this segment is held by PGE Ekoserwis S.A., the Group company designated to carry out circular economy tasks. Its strategy focuses on ensuring the Group's operational efficiency by maintaining continuity in the collection of combustion waste from energy generation and maximising its reuse. Within PGE

Ekoserwis S.A., specific units have been established to implement ongoing circular economy activities, including:

- The By-Product Management Division, which handles the collection and processing of waste into either commercial products or waste streams;
- The Business Development and Innovation Division, which ensures operational continuity by monitoring and responding to evolving technical, regulatory, and market conditions.

Activities undertaken by the Circular Economy segment focus on closing the resource loop for materials such as waste, by-products of combustion from the generation of electricity and heat using hard coal, lignite, and biomass.

Since December 2022, the Circular Economy Research and Development Centre, located in Bełchatów, has served as a key R&D hub responsible for developing and implementing solutions to optimise the reuse of industrial waste from the energy sector and the recycling of materials from decommissioned RES installations. The Center plays a vital role as a concentration point for the Group's main personnel and laboratory resources in the field of circular economy.

Its ongoing scope of activity includes, in particular:

- research and development initiatives;
- laboratory tests related to product quality control and R&D initiatives;
- overseeing the quality of goods and materials placed on the market;
- collaborating with external entities, including research institutions;
- supporting PGE CG companies in evaluating and developing existing and innovative technologies in the area of circular economy;
- managing matters related to patent protection for technological and material solutions developed at the Centre.

In line with the waste hierarchy and circular economy principles, priority is given to preventing waste generation. One key initiative in this area is obtaining administrative decisions confirming that certain types of waste qualify as by-products. As a result of the company's efforts, the majority of waste and combustion by-products are transferred to authorised external recipients for further industrial use.

Current and planned initiatives coordinated by PGE Ekoserwis S.A. concerning inbound and outbound resource flows and waste include:

- The Group operates a post-mining coal recovery plant (Zower sp. z o.o.). The project has expanded the application of the aggregate produced at the plant, including its partial use in road construction mixtures, thereby reducing reliance on natural aggregates.
- A new installation method is being introduced at PGE Energia Odnawialna for PV farm projects, involving the use of ballast components for mounting ground-based photovoltaic systems. This is especially important for industrial sites where traditional support structures are difficult to implement.
- Work is ongoing to develop a special additive for rubber materials based on combustion by-products, offering a viable alternative to natural or synthetic raw materials.
- Efforts are underway to develop a technology for processing wind turbine blades into materials that can be reused in other industries. Wind farms currently under construction in Poland are expected to be decommissioned in approximately 25 years. The blades, mostly made of materials that may become difficult to recycle in the future, are the focus of these efforts.

Key activities carried out in 2024 within the Circular Economy, Conventional Generation, District Heating, and Renewables segments in the area of waste management, in line with circular economy principles and the waste hierarchy, focused on:

WASTE PREVENTION

- Production of synthetic gypsum at flue gas desulphurisation (FGD) units of Bełchatów, Opole, Turów, Dolna Odra and Rybnik Power Plants. The generation of synthetic gypsum is the result of a deliberate decision to produce a useful material rather than waste. The choice of desulphurisation technology was based on its ability to yield synthetic gypsum during the FGD process and was an intentional decision made by the plant operator. Moreover, to ensure the highest quality of the final product, the FGD technology is continuously improved and adjusted to reflect changing fuel parameters and increasingly stringent environmental requirements. The expected outcomes have been achieved, with 100% of the synthetic gypsum produced recognised as a product or by-product.

- Production of fly ash and slag as by-products at combustion facilities in the conventional generation and district heating sectors. Their recognition as by-products is based on administrative decisions following compliance with the statutory requirements under the Waste Act. The volume of such recognition increases year by year. In 2024, all fly ash, slag, and synthetic gypsum produced at the Rybnik and Opole Power Plants were classified as by-products.

REUSE (RECYCLING OR OTHER RECOVERY PROCESSES)

- Ashes, slags, or ash mixtures that did not meet the criteria to be classified as by-products are used in recovery operations, by filling in areas that have been adversely transformed.
- Circular economy efforts also include oil management. The oil necessary for the proper functioning of hydraulic units is regularly cleaned and treated for reuse. Systems have been implemented to minimise consumption and enable reuse, including oil vapour capture systems, sealed oil trays, and oil separators. Waste generated in the process is sent to companies specialising in recycling or disposal. In some locations, waste heat from block transformers is recovered, using dedicated installations and fed into the district heating network.
- Activities supporting circular economy principles are also carried out by Bestgum Polska sp. z o.o. (a subsidiary of PGE GiEK S.A.), which provides services including maintenance, regeneration, repair, and vulcanisation of conveyor belts and drums (materials provided by the company's clients); repair of electric motors and transformers; and vulcanisation of conveyor belts.
- Circular Economy practices in the water and wastewater domain included the following measures to reduce the use of water for technological purposes:
 - Reusing portions of wastewater and used process water in other technological processes (e.g. reuse of brine from cooling, filtrates, rinse water, and used water from flue gas desulphurisation units, as well as drainage water in the slag removal process),
 - Using rainwater for industrial water production and other internal processes,
 - Recirculating portions of used water and wastewater for further treatment and conversion into industrial water.

DISPOSAL

Waste that could not be recovered due to various factors – such as the scale of generation – is disposed of in landfill sites.

9.2.6.4. [E5-3] Targets related to resource use and circular economy

In its 2020 Strategy, the PGE CG committed to increasing the waste recirculation rate to over 65% and reducing the volume of landfilled waste to 10% by 2035. These targets are voluntary and are to be achieved through:

- aligning processes and assets with circular economy principles;
- ensuring a sustainable supply chain for raw materials and resources;
- reducing energy losses and material waste;
- rehabilitating and restoring post-industrial sites for future investment purposes.

The targets are consistent with the directions set out in the Environmental Policy, particularly in terms of minimising environmental impact by reducing the amount of waste generated and promoting its efficient use.

This goal is relative in nature, meaning it apply to the PGE CG as a whole and is not required to be met by individual entities (e.g. due to the specific nature of waste generated). It may also be revised in response to changing market or regulatory conditions.

In defining these targets, the company considered the influence and needs of both internal and external stakeholders, as well as the available resources and technological capabilities for waste recovery. At the date of the report, the Company is in the process of updating its Strategy, including strategic goals and target indicator values, which will therefore be subject to change.

The goals are not benchmarked against a base year. The aim to raise the recirculation rate to >65% and limit waste land-filling to a maximum of 10% refers to levels intended to be reached by 2035, as a result of the actions described in section E5-2.

In addition to ongoing monitoring of policy effectiveness and related activities – carried out through audits and inspections under implemented environmental management systems – no dedicated system has yet been introduced to monitor or control progress towards these specific recirculation- and land-filling-related targets,

or to allow response to potential deviations or risks. Due to the planned update of the PGE CG Strategy, a description of the monitoring process for new targets will be provided in the next Statement. Within the PGE CG, the volume of waste generated is directly linked to electricity and heat production demand and to the operating capacity of generation units. In such conditions, setting interim targets for waste reduction is difficult. Hence efforts within the Group focus on minimising the environmental impact of waste through appropriate management methods.

9.2.6.5. [E5-4] Resource inflows

In the generation units of the PGE CG, electricity and heat production is primarily based on the combustion of hard coal, lignite, and small amounts of biomass (at the Dolna Odra Power Plant and in the District Heating segment: Czechnica, Szczecin, Kielce). Other fuels used in the process include natural gas, municipal waste, as well as light and heavy fuel oils – mazut, classified as an auxiliary fuel.

Production resources also include all types of sorbents and other chemical substances used for emission reduction, which are consumed continuously in the production process.

Water is another key resource, used extensively in technological systems (water-steam cycles, cooling systems).

To improve the efficiency of fuel and other resource use, the PGE CG carries out equipment upgrades and overhauls to enhance operational performance and efficiency.

An additional resource, which can be viewed as inflow and outflow resource, used both within and outside the Group comprises accompanying minerals extracted alongside lignite, known as By-Products of Extraction (BPEs). These play an important role in maintaining a sustainable raw material and resource supply chain, and include limestone, lacustrine chalk, sands, clays, flint cobbles, and glacial erratics such as granitoids and other Scandinavian rocks. The management of these materials supports rational deposit use and Earth surface conservation.

The majority of resources processed by PGE Ekoserwis S.A. originate from PGE GiEK S.A. and the District Heating segment, thereby contributing to the closing of raw material loops (recirculation) within a sustainable supply chain. PGE Ekoserwis S.A. receives waste and by-products from combustion and transforms them into products using its proprietary formulations and product sheets. These include engineering materials (e.g. road base layers, soil stabilisation agents), aggregates, mining binders, and fertilisers.

An additional circular economy initiative within the PGE CG is ZOWER sp. z o.o., which focuses on the recovery of high-quality aggregates, elimination of combustible organic matter, and rehabilitation of degraded post-mining areas for future use.

In the renewable energy area, Circular Economy efforts focus particularly on water and oil management at hydroelectric and pumped-storage power plants.

Table: Main resource inflows introduced within the PGE CG.

Resource inflows	GK PGE	Measurement method
Hard coal [Mg]	8,038,777	Automatic conveyor belt scales installed upstream boiler feed hoppers
Lignite [Mg]	39,030,206	Automatic conveyor belt scales installed upstream boiler feed hoppers
Natural gas [thousand m ³]	1,489,403	Gas flow meters at metering stations
Limestone powder [Mg]	430,359.5	Conveyor belt scales
Limestone rock [Mg]	1,472,479.6	According to purchase invoices
Heavy fuel oil [Mg]	60,815.6	Direct or "differential" measurement, measurement tanks Conveyor belt scales
Light fuel oil [m ³]	29,604.4	
Biomass [Mg] (forest and agricultural)	709,187.9	
Synthetic gypsum [Mg]	781,437.9	Based on purchase documents and warehouse stock
Aggregates (washed sand, dolomite, granite, gravel) [Mg]	11,383.6	
Slag sand [Mg]	23,776.5	
Coal combustion ash [Mg]	2,199,191.9	Based on purchasing and warehouse documents verified by a warehouse employee.
Ash, slag, and ash-slag mixture waste [Mg] (produced at PGE CG generation units, received for processing by the Circular Economy segment)	150,348	
Slag [Mg]	319,378.8	
Cement [Mg]	16,655	
Production additives [Mg]	6.5	
Magnetite [Mg]	1,584.1	

Resource inflows	GK PGE	Measurement method
Flocculant [Mg]	8.4	
Propane gas [m ³]	5.2	
Post-mining waste [Mg]	946,529.3	
Municipal waste [Mg]	74,295	
Water [m ³]	Water resource inflows are presented in section E3-4	
Reused or recycled components, products, and secondary materials used in production or service delivery (including packaging)	Raw materials used for electricity generation are not recycled	
Percentage of reused or recycled components, products, and secondary materials used in production or service delivery (including packaging)	Raw materials used for electricity generation are not recycled.	

9.2.6.6. [E5-5] Resource outflows

The core products of the companies within the PGE CG are electricity and heat. However, a range of additional materials is generated through technological processes, many of which can be classified as resource outflows.

The combustion of hard coal, lignite, and biomass in the Group's power plants and CHP units inherently results in the formation of combustion by-products (CBPs). These by-products arise both during the combustion process itself (mainly fly ash and slag) and during flue gas treatment (e.g. gypsum). The PGE CG implements several measures aimed at managing CBPs, including:

- Concluding contracts for the collection (sale/utilisation) of CBPs,
- Storing part of the CBPs produced,
- Reprocessing waste previously deposited in landfills.

The quality characteristics of CBPs may vary between generation units, depending, for example, on the type and physicochemical properties of the fuels used. Based on their origin within the technological process, CBPs can be categorised as follows:

- Ash-slag mixtures (two types: from coal combustion only and from co-combustion of coal and biomass),
- Mixtures of fly ash and solid residues from calcium-based flue gas desulphurisation (dry and semi-dry methods, as well as fluidised bed combustion),
- Synthetic gypsum,
- Solid waste from calcium-based flue gas desulphurisation,
- Fly ash,
- Slag,
- Fluidised bed sand,
- Microspheres,
- Sludge from flue gas desulphurisation wastewater treatment plants,
- Waste from coal storage and preparation.

It is important to note that these outgoing resources, originating from conventional and co-generation electricity and heat generation units, constitute a significant portion of the input resources for PGE Ekoserwis S.A.

The main product categories of PGE Ekoserwis S.A. include:

- Portland fly ash cements in compliance with PN-EN 197-1,
- Road and hydraulic binders compliant with:
 - National Technical Assessment,
 - European standard EN 13282-1,
- Aggregates and sands compliant with:
 - National Technical Assessment,
 - European standard EN 13055-1,
 - National standard PN-EN 13055,
- Hydraulic binder-bound mixtures compliant with:
 - National standard PN-EN 14227-1,
 - National standard PN-EN 14227-3,

- Fly ash for concrete compliant with PN-EN 450-1,
- Fly ash for cement compliant with PN-EN 197-1,
- "B" certified mining binders,
- Fertilisers compliant with:
 - Decision No 323.13 of the Minister of Agriculture and Rural Development,
 - Regulation (EU) No 2019/1009,
 Synthetic gypsum in accordance with the manufacturer's declaration.

Table: Resource outflows from PGE GiEK S.A., the District Heating Segment, and the Circular Economy segment.

Resource outflows	2024	Product durability
Fly ash from coal combustion [Mg]	2,216,569.1	n/a
Coal combustion slag [Mg]	289,378.7	n/a
Gypsum from flue gas desulphurisation [Mg] (classified as product or CBP)	2,537,208.5	n/a
Portland fly ash cement [Mg]	2,775	Average durability: 60 days; durability of company's products: 60 days
Road and hydraulic binders [Mg]	166,844.1	Average durability: 6–12 months, durability of company's products: 6–12 months
Slag aggregates and slag sands [Mg]	238,594.3	indefinite
Hydraulic binder-bound mixtures	19,621.4	n/a
Fly ash for concrete and cement [Mg] (from the Circular Economy segment)	2,121,953.5	n/a
Mining binders [Mg]	9,540.3	n/a
Fertilisers [Mg]	31,271.1	n/a
Untreated waste from ash, slag, and ash-slag mixtures [Mg] (generated at PGE CG generation units, received for processing by the Circular Economy segment)	122,911.6	n/a
Recovered coal [Mg]	69,095.3	n/a
Zowerix aggregate [Mg]	27,613.4	n/a
Discharged water [m ³] ¹	-	

¹ Included in section E3-4.

The primary waste stream within the PGE CG originates from thermal processes (waste classification group no. 10). Waste that is not processed within the Group is handed over to external entities holding valid waste management permits, as well as to mining operations – such as overburden materials deposited at mine dumps, mineral waste (dust, slag, unusable minerals), chemical or organic waste.

Other waste types result from overhauls, modernisations, or maintenance activities, as well as from general or administrative operations, including paper, plastic, glass, used electronic or lighting equipment, spent printer cartridges, and similar materials.

PGE Dystrybucja S.A. and PGE Energetyka Kolejowa S.A. generate waste in connection with the operation, maintenance, and repair of distribution networks. They do not carry out circular economy activities, as all generated waste is transferred to authorised third parties.

Table: Main waste types generated by PGE GiEK S.A., the District Heating segment, and the Circular Economy segment by classification.

Classification	Type of waste
10 01 01	Bottom ash, slag and boiler dust (excluding boiler dust mentioned in 10 01 04) Waste composition includes SiO ₂ , Al ₂ O ₃ , Fe ₂ O ₃ , CaO, MgO, K ₂ O, Na ₂ O, etc.
10 01 02	Coal fly ash (primarily composed of mineral substances present in ash: SiO ₂ , Al ₂ O ₃ , Fe ₂ O ₃ , CaO, K ₂ O, etc.)
10 01 03	Fly ash from peat and untreated wood includes SiO ₂ , Al ₂ O ₃ , CaO, Fe ₂ O ₃ , etc.
10 01 05	Calcium-based reaction wastes from flue-gas desulphurisation in solid form CaSO ₃ × 0.5 H ₂ O, CaSO ₄ × 0.5 H ₂ O, CaCO ₃ , CaCl ₂ × 2H ₂ O, Ca(OH) ₂ .
10 01 24	Sands from fluidised beds (excluding 10 01 82) SiO ₂ , CaO, Al ₂ O ₃ , K ₂ O, Fe ₂ O ₃ , MgO, P ₂ O ₅ , etc.
10 01 80	Ash-slag mixtures from wet furnace waste disposal includes SiO ₂ , Al ₂ O ₃ , Fe ₂ O ₃ , MgO, K ₂ O, etc.
07 02 13	Plastic waste

Classification	Type of waste
16 02 13	Discarded equipment
15 02 03	Sorbents, filter materials, wiping cloths (e.g. rags, cloths) and protective clothing
15 02 02	Sorbents, filter materials (including oil filters not included in other groups), wiping cloths (e.g. rags, cloths) and protective clothing contaminated by hazardous substances
17 04 05	Iron and steel
16 06 01*	Lead batteries and accumulators
15 01 02	Plastic packaging
15 01 01	Paper and cardboard packaging
16 01 07*	Oil filters
15 01 10*	Packaging containing residues of or contaminated by dangerous substances
13 02 08*	Other engine, gear and lubricating oils
10 01 21	Sludges from on-site effluent treatment other than those mentioned in 10 01 20; 10 01 24

* Hazardous waste

Table: Waste Generated in PGE GiEK S.A., District Heating segment, Circular Economy segment, Distribution segment, Railway Energy Services segment, Renewables Segment.

Waste 2024	Total – PGE CG
Total waste generated from own operations [Mg]. ¹	4,695,378.94
Hazardous waste for which disposal was avoided [Mg] ²	4,338.83
through preparation for reuse,	93.07
through recycling,	3,626.35
through other recovery operations.	501.35
Non-hazardous waste for which disposal was avoided [Mg] ²	2,002,236.76
through preparation for reuse,	70,024.55
through recycling,	179,830.67
through other recovery operations.	1,751,968.18
Hazardous waste for disposal [Mg] ²	3,376.94
through incineration,	1.26
through land-filling,	1,492.55
through other disposal methods.	700.60
Non-hazardous waste for disposal [Mg] ²	2,755,643.37
through incineration,	0
through land-filling,	2,746,554.41
through other disposal methods.	3,843.01
Total waste not subject to recycling [Mg] ²	4,514,284.85
Percentage of waste not recycled [Mg] ²	96.14%
Total hazardous waste generated by the company [Mg] ²	8,050.65
Radioactive waste generated [Mg].	0

The data refers to companies and segments that generate significant amounts of waste as part of their own operations, such as generation, distribution of electricity or heat, and the Circular Economy segment. They do not include all companies listed in the table of companies that meet the internal environmental qualification criteria.

¹ Due to seasonal variations in waste production, volumes managed in the reporting year may include quantities from previous years. Similarly, part of the waste generated during the reporting period may be managed in the following year.

² Waste volumes may not balance across categories, as many PGE CG entities transfer waste to licensed external waste management entities. Information on further treatment of transferred waste is not always available.

A key area of focus for the PGE CG in its efforts to intensify activities within the Circular Economy segment. Given the multi-million-tonne scale of these streams, even marginal percentage increases in recovery contribute to significant reductions in waste sent for disposal. The Circular Economy domain requires ongoing promotion and implementation of its principles and best practices across the Group.

9.3. SOCIAL INFORMATION [ESRS S]

9.3.1. [ESRS S1] OWN WORKFORCE

Important points: Secure employment; Working time; Adequate wages; Social dialogue; Freedom of association, the existence of works councils and the information, consultation and participation rights of workers; Collective bargaining, including rate of workers covered by collective agreements; Work-life balance; Health and safety; Gender equality and equal pay for work of equal value; Training and skills development; Measures against violence and harassment in the workplace; Diversity; Privacy.

9.3.1.1. [ESRS 2 SBM-2] Interests and views of stakeholders

Information can be found in part ESRS 2 SBM-2

9.3.1.2. [ESRS 2 SBM-3] Material impacts, risks and opportunities and their interaction with strategy and business model

In 2024, PGE CG identified predominantly positive impacts in the area of its own workforce. Negative impacts were recognised in two areas:

- Occupational health and safety and
- Gender equality and equal pay for work of equal value

Additionally, during the double materiality assessment, negative impacts were also identified in the areas of secure employment and working time; however, these were assessed as non-material.

Due to the broad scope of its operations, the PGE Group employs workers across multiple business areas, representing diverse experiences, socio-economic backgrounds and job profiles. At the highest level of data aggregation, employee groups significantly affected by its operations can be categorised according to the following criteria:

- Gender (within the PGE Group, no individual has identified as 'other' or opted not to disclose their gender identity),
- Nature of work, based on the type of tasks performed:
 - Top management
 - Middle management
 - Administrative/white-collar workers (including engineers)
 - Production/manual workers

Within the PGE Group's workforce, there are groups particularly exposed to actual or potential negative impacts – for example, those related to occupational health and safety, as well as shift work. These groups primarily include manual or technical workers. In the case of impacts related to equality, women constitute the group at risk, which also reflects the employment structure within PGE CG.

Within PGE CG, various working time systems are applied, tailored to the specific nature of individual positions and operational needs. These systems include:

- the standard system,
- the equivalent system (with extended daily working hours of up to 12 hours),
- the task-based system,
- the intermittent system.

In addition, depending on the specific operational requirements, different working time arrangements are in place, such as:

- single-shift work,
- multi-shift work, including two- or three-shift systems, typically in four-shift teams – characteristic of operations requiring continuity 24 hours a day, seven days a week.

Among individuals classified as own workforce but not employed under an employment contract, PGE CG distinguishes between types based on the nature of the relationship with the Group. These include:

- Management Board members (managerial contracts);

- Individuals performing services under contracts of mandate;
- Individuals delivering specific work under contracts for specific tasks;
- Self-employed individuals (B2B);
- Individuals hired by PGE via temporary employment agencies;
- Others.

The impacts (including negative ones) stem from the business model and are linked to the Group's Strategy. In order to address the challenges posed by decarbonisation, decentralisation and market competition, PGE CG must continuously improve the efficiency of its operations. Notably, the Group's Strategy until 2030 highlights the element of Just Transition in coal regions. The implementation of a just transition in coal regions is a key component of PGE CG's Strategy, aimed at reducing negative environmental impacts, though it may affect the Group's own workforce. As a preventive measure, an agreement has been concluded on stable and secure working and wage conditions for employees in anticipation of changes resulting from the transformation of the power and mining sectors. Detailed information about this agreement is provided under Section S1-4. In line with the Strategy, PGE CG's business profile will evolve towards activities that require lower labour intensity and a shift in key workforce competencies. Employment planning, new career development paths, the development of competencies and qualifications, and succession planning are among the measures used to manage the risks and opportunities arising from changes to the business model. The transition to a low-emission and climate-neutral economy requires the dissemination of new qualifications, which also presents an opportunity to develop new competencies. This, in turn, enables the retraining and reskilling of existing employees, capitalising on their experience and supporting them with the new skills needed in an evolving labour market. The Group's Strategy includes the development of new competencies among employees and support for local communities, which defines the direction of the organisation's actions in the social domain.

Negative impacts relate to the area of Occupational health and safety. However, these are individual in nature and stem from the specific tasks performed in certain business segments. In contrast, those concerning Gender equality and equal pay for work of equal value are more systemic and reflect the business profile of PGE CG. Due to the nature of its operations, the Group employs a higher proportion of men.

PGE CG is aware of the scale of its operations and the potential for a positive impact on its own workforce. In every area, this impact is pursued in response to the actual needs of employees. For example, in the area of Occupational health and safety, numerous training sessions and educational initiatives are carried out to maximise the protection of the health and lives of both the Group's own workforce and value chain workers on PGE CG premises. A tangible positive impact on Secure employment is achieved through the use of open-ended employment contracts as the standard form of employment. A detailed description of the actions taken with regard to impacts on the Group's own workforce is provided in Section S1-4.

PGE CG has a significant positive impact on its own workforce in the area of Social dialogue. Regular social dialogue with employees, including through trade unions, is conducted in many of the Group companies. Freedom of association within trade unions and works councils is respected throughout PGE CG. Employers maintain ongoing social dialogue with union organisations, which represent the collective interests of employees and ensure the enforcement of statutory rights related to their operation within the workplace.

Given the Group's holding structure, sectoral diversity of employers, and the large number of trade union organisations, social dialogue within PGE CG is conducted at three levels, in accordance with the principle of subsidiarity. Employers maintain ongoing cooperation with trade union organisations operating within their entities. PGE S.A., as the parent company, constitutes the highest level of social dialogue within the Group. This level of dialogue involves the Management Board of PGE S.A., representatives of business segments, employers, and social partners, and addresses matters of strategic importance to the entire Group. The Management Board of PGE S.A., as an employer, is also a party to social dialogue at the workplace level with the trade unions operating in the company.

Employers within PGE CG comply with applicable legal provisions governing trade union activities in the workplace. This includes both formal and practical aspects, such as providing meeting rooms, office equipment, or notice boards. In many of the Group companies, the statutory scope of cooperation with social partners has been extended through collective agreements with trade unions. These agreements more precisely regulate various aspects of the functioning of trade union organisations in the workplace and the cooperation between the parties in the field of social dialogue. As of 31 December 2024, there were 153 individual trade union organisations operating within PGE CG, bringing together nearly 28,800 employees, resulting in a unionisation rate of 67%.

9.3.1.3. [S1-1] Policies related to own workforce

PGE CG is committed to building high standards of employment and cooperation with its own workforce by fostering a working environment conducive to both professional and personal development. The Group

emphasises long-term relationships, equal opportunities, workplace safety, and the continuous enhancement of professional skills. To realise these ambitions and to manage material impacts, risks and opportunities in relation to its own workforce, PGE CG has implemented a number of policies, internal regulations and general procedures, in line with the applicable, consistent system of internal documentation.

Employee-related regulations are developed at the Corporate Centre level and approved by the Management Board of PGE S.A. The policies, regulations and general procedures are communicated to companies employing staff, in particular to leading entities in each business segment. These leading entities then pass on the regulations or guidelines to subordinate entities. The implementation of the transmitted regulations (policies, regulations, general procedures) may take place directly or be subject to a separate decision by the respective company (e.g. a Management Board resolution). Companies may then operationalise the adopted management solutions based on their own decisions, for instance by further specifying them in lower-level procedures or instructions.

The approach to cooperation with individuals belonging to the own workforce is described either in the respective policy document or in Section S1-2.

Among the key management solutions in the area related to the own workforce, PGE CG may highlight the following:

Title Policy / Procedure / Regulation / Rule	Description
General Procedure for Competency Assessment at PGE CG (hereinafter: the Procedure)	The aim of this management solution is to define the principles and method for carrying out the competency assessment process at PGE CG. The Procedure covers the general principles of competency assessment, the course of the competency assessment process, the process of developing individual employee development plans, and the procedure for appealing competency assessment results. The Procedure relates to: - material opportunities, risks and impacts in the area of training and skills development, - matters concerning expectations regarding attitudes and behaviours in specific job positions, by specifying general corporate competencies applicable to all employees as well as specialised competencies relevant to given areas of expertise. Assessment of these competencies enables the development of individual development plans, the selection of appropriate training and development activities, and the design of employee career paths. The Procedure applies to employees of PGE CG. It covers companies that have implemented or are prepared to implement the SAP HRM module (as of the date of this statement, four companies within PGE CG), employ more than 50 employees, have agreed on the implementation of the Competency Assessment with the Director of the Human Capital Management Division at the Corporate Centre, and have an up-to-date job classification structure in accordance with the PGE CG Job Architecture. The implementation of the Procedure is the responsibility of the Management Boards of the companies acting as leading entities in their respective segments and of the Director of the Human Capital Management Division (HCM) at the Corporate Centre (CC). The Procedure is accessible to all employees via the internal regulation repository. The drafting and regular updating of the Procedure is carried out with the participation of representatives from all business areas within PGE CG. Its implementation is monitored through oversight of its operation and ongoing updates to the IT tool used to carry out competency assessments and to develop employee development plans.
Human Rights Policy at PGE CG (hereinafter: the Policy)	The Human Rights Policy at PGE CG aims to establish key principles of conduct and behaviour that apply across PGE CG in the context of human rights. The Policy serves both as a declaration of strategic direction and as a framework for reporting potential violations, placing human dignity and well-being at the forefront. The Policy represents a commitment from the highest levels of management to promote and uphold human rights in every aspect of the operations of PGE CG companies. Everyone acting on behalf of or for the benefit of PGE CG is obliged to be familiar with the Policy and, above all, to comply with the principles set out therein. The Human Rights Policy serves as a foundation for the Group's actions in protecting the rights of workers, the environment and local communities. Its adoption supports the implementation of the Group's values and mission, while also reinforcing its reputation as a responsible employer and business partner. The Policy is supported by internal regulations in force within the PGE Capital Group and its companies, as referred to in this document. The Policy identifies the most important human rights issues in the operations of the PGE Capital Group: - occupational health and safety – care for health and safety is the overriding principle, - a respectful working environment and privacy protection – adherence to ethical values, principles and standards, - equal opportunities in employment, - freedom of assembly, freedom of association, and the right to collective bargaining, - zero tolerance of child labour, forced labour and human trafficking, - access to a clean environment, - cooperation with business partners and the reporting of non-compliance (including whistleblower mechanisms).

Title Policy / Procedure / Regulation / Rule	Description
	The Policy applies to PGE CG employees, value chain workers, as well as customers and business partners (with respect to consumers and end-users). The implementation of the Policy is the responsibility of the Management Boards of individual Group companies. The Policy is publicly available on PGE CG's website and is also accessible to employees via the internal regulation repository. The Policy is aligned with and refers to the following external standards and initiatives: ▪ The Constitution of the Republic of Poland ▪ The Labour Code ▪ The Universal Declaration of Human Rights ▪ The ILO Declaration on Fundamental Principles and Rights at Work and its follow-up, as well as ILO conventions covered by the Declaration ▪ The ILO Declaration based on key ILO conventions ▪ The UN Guiding Principles on Business and Human Rights (UNGPs) – the United Nations 'Protect, Respect and Remedy' Framework ▪ The Ten Principles of the United Nations Global Compact ▪ The OECD Guidelines for Multinational Enterprises ▪ The OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas ▪ The Children's Rights and Business Principles. The Human Rights Policy includes processes and control mechanisms for ensuring compliance with the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the OECD Guidelines for Multinational Enterprises. Anyone associated with the organisation who becomes aware of a potential breach may report the issue through PGE CG's established reporting system. This includes the possibility of reporting a risk of misconduct or abuse. As part of the incident management system in place at PGE CG, several reporting channels are available (including an online form, a dedicated email address, traditional correspondence, and a telephone hotline), as well as the possibility to report as a whistleblower. Information on these reporting channels is provided in Section G1-1 of this Statement. The adoption of the Policy is monitored both through the formal obligation of companies to adopt it (the majority did so in 2024) and through an analysis of reports (including whether potential breaches are being reported) and a review of applicable regulations. Measures to ensure or enable remedy in relation to human rights impacts are implemented through the non-compliance reporting procedures described in Section G1.
Corporate HR Controlling Principles at PGE CG	The objective of this management solution is to establish a coherent system for measuring labour costs (including levels of employment, wages and employee benefits), as well as conducting internal and external benchmarking to identify the strengths and weaknesses of solutions applied across PGE CG. The Procedure covers the process of feeding and using data from ICT systems, defines standards for calculating HR indicators, rules for reporting, and principles for comparative analyses and benchmarking. It also sets out how the results of these analyses are to be used in the implementation of day-to-day tasks and the business strategy. Key impacts, risks and opportunities are addressed in the context of, among others, issues related to Secure employment, Adequate wages, and Gender equality and equal pay for work of equal value. PGE CG monitors indicators related to gender, pay and types of employment in connection with their impact on Secure employment. The implementation of the above principles is monitored through regular reporting and checks to ensure that assigned responsibilities are fulfilled – including the timely feeding of appropriate and accurate data into IT system modules, adherence to reporting standards, and provision of information to the Human Capital Management Division (HCM Division) at the Corporate Centre (CC) of PGE S.A. The Procedure applies to individuals who are part of PGE CG's own workforce. The implementation of this Procedure is the responsibility of the Management Boards of individual companies and the Director of the Human Capital Management Division at PGE S.A. The content of the Procedure is available to employees via the internal regulation repository.
Corporate Mobility Principles at PGE CG	The objective of this management solution is to establish principles and standards for employee mobility within PGE CG, aimed at supporting the effective allocation of employees for the implementation of strategic projects and investments, as well as fostering their interdisciplinary development. The Procedure enables the internal transfer of employees within PGE CG, supporting human resource management processes. It addresses issues related to training and skills development, such as opportunities for knowledge and skills transfer between companies, training and competence development, as well as the mitigation of risks associated with employee turnover and skill gaps. The implementation of the Procedure is monitored through periodic reporting, which includes verifying responsibilities, reporting to the Corporate Centre of PGE S.A., and analysing the influence of market conditions. The Procedure applies to employees of PGE CG. The implementation of the Corporate Mobility Principles at PGE CG is the responsibility of the Management Boards of the respective companies and the Director of the Human Capital Management Division (HCM Division) at the Corporate Centre (CC). The content of the Procedure is available to employees via the internal regulation repository.
Corporate Training and Development Principles at PGE CG	The objective of this management solution is to support the development of employees (in terms of both competencies and qualifications), aligned with business needs and the effective execution of tasks. The Procedure sets out consistent principles for development and training, based on the values and principles of the PGE CG Code of Ethics, particularly with regard to knowledge sharing and cooperation. The training and development system is based on the 70/20/10 model (experience / relationships / training and courses). Training and development priorities are aligned with the business objectives of PGE CG, and employee

Title Policy / Procedure / Regulation / Rule	Description
	development is based on competency assessments in accordance with the PGE CG competency model and performance evaluations. The implemented training and development activities support organisational transformation and the development of innovation. The Procedure describes the principles for enhancing qualifications, encouraging employee initiative, and prioritising the involvement of internal trainers and experts. It addresses key impacts, risks and opportunities in the area of training and skills development. Training evaluation is carried out within PGE CG. Responsibility for conducting the evaluation lies with the units organising or commissioning the training. The Procedure applies to employees of PGE CG. The implementation of the Corporate Training and Development Principles at PGE CG is the responsibility of the Management Boards of individual companies and the Director of the HCM Division at the CC. The content of the Procedure is available to all employees in the internal regulation repository. The implementation of the principles is monitored through operational, periodic reporting, including the collection of data on training and development programme delivery for external reporting purposes.
Corporate Remuneration Principles at PGE CG	The objective of this management solution is to harmonise, simplify and increase the flexibility of employee remuneration practices within PGE CG. The Procedure covers: - the development of system frameworks enabling the attraction, motivation and retention of employees with high-level competencies and qualifications, - the provision of non-discriminatory pay levels for individual positions, appropriate to the complexity of the tasks performed and the specific nature of the job, - maintaining a balance between remuneration costs and market competitiveness, - the elimination of development barriers and the risk of losing key personnel, - tailoring remuneration to the specific characteristics and financial capabilities of the employer and the needs of individual business segments, - improving the efficiency and performance of PGE CG by linking part of employee remuneration to individual and organisational performance, systematically removing pay-related barriers through attractive and personalised remuneration packages, and reducing the risk of losing key staff within PGE CG. The Corporate Remuneration Principles cover: general principles of remuneration; job classification rules; principles for determining remuneration costs; principles for structuring total remuneration; rules for setting and monitoring base pay scales; principles for individual base pay adjustment; rules for performance-based pay; rules for managing non-salary benefits; and principles for structuring other remuneration components. The management solution includes rules for shaping base pay scales using remuneration tables. These are developed individually for each employer based on available salary surveys, financial capacity, specific needs and local conditions. The creation of remuneration tables also takes place as part of social dialogue. Key risks, opportunities and impacts addressed in this management solution include issues related to equal and adequate wages and collective bargaining. PGE CG is committed to monitoring indicators related to remuneration, assessing market competitiveness, and analysing wage indicators linked to impacts in the area of Adequate wages. The Procedure applies to employees of PGE CG. Responsibility for applying the Corporate Remuneration Principles at PGE CG lies with The Management Board of PGE S.A., the PGE CG HR Committee, the HR Council, and the Management Boards of the PGE companies. The content of the Procedure is available to all employees via the internal regulation repository.
Corporate Recruitment and Employment Principles at PGE CG	The objective of this management solution is to define responsibilities and outline the processes for recruitment (both internal and external), employment, and termination of employment. The adopted principles support the implementation of PGE CG's business strategy and human capital management strategy. The Procedure describes the actions necessary to reduce competency and generational gaps within the organisation and to ensure the recruitment of suitable employees with the required competencies and qualifications. In accordance with the applicable regulation, the standard form of employment at PGE CG is an employment contract. The document is linked to material impacts in the area of Secure employment. The principles apply to employees and job candidates at PGE CG. Responsibility for implementing the principles lies with the Management Boards of the PGE CG companies. The content of the Procedure is available to all employees in the internal regulation repository. The implementation of the principles is monitored by the Director of the Human Capital Management Division at the Corporate Centre of PGE S.A.
General Procedure for Conducting Workplace Mediation at PGE CG	The objective of this management solution is to define common principles across PGE CG for conducting workplace mediation by suitably trained, independent and impartial mediators who, with the consent of the parties, assist those in conflict in communicating, preventing escalation, and reaching a resolution. The Mediation Procedure applies to the organisation and execution of mediation in conflict situations arising in employee relations within PGE CG. The Procedure defines the principles of mediation, such as voluntariness, confidentiality and equality of parties, aiming to create a neutral environment for dispute resolution. Mediation may be conducted by internal or external mediators, selected according to clearly defined criteria in the procedure. It provides a detailed description of the mediation process – from submitting a mediation request, through initial information sessions, to mediation meetings and agreement drafting.

Title Policy / Procedure / Regulation / Rule	Description
	The Procedure is linked to material impacts, risks and opportunities in the context of Diversity and social relations, Social dialogue with employees, and Measures against violence and harassment in the workplace, in the following areas: ▪ Diversity and inclusion: the Procedure supports the creation of a workplace that promotes equality and respects diversity. Fair and dialogue-based conflict resolution helps eliminate communication barriers and prejudice in the workplace, reinforcing an inclusive organisational culture. ▪ Social relations within the organisation: mediation serves as a tool for easing tensions and resolving conflicts between employees or between employees and the organisation, improving internal relations. ▪ Risks related to workplace conflict: the absence of appropriate conflict-resolution mechanisms such as mediation may lead to dispute escalation, decreased morale, staff turnover or legal risks (e.g. linked to discrimination or unequal treatment). ▪ Compliance with equal treatment principles: by promoting neutrality and equality of parties, the Procedure supports the implementation of non-discrimination and diversity principles. The Procedure applies to employees of PGE CG. It has a general scope and does not exclude any employee categories from the possibility of using mediation. It covers both employee-to-employee and employee-employer relations. The Procedure was adopted by the Management Board of PGE S.A. and its business owner is the Human Capital Management Division (HCM Division) at PGE S.A. The President of the Management Board of PGE S.A. oversees the activities of the HCM Division. The content of the Procedure is available to all employees in the internal regulation repository. The Procedure refers to external standards and initiatives, including: ▪ The Code of Ethics for Polish Mediators – addressing ethical standards for mediators such as neutrality, confidentiality, equality of parties, and voluntary participation. ▪ The Labour Code and employment legislation – particularly in terms of employee protection, conflict prevention and compliance with equal treatment regulations. ▪ The Standards for Conducting Mediation and Behaviour of Mediators – adopted on 26 June 2006 by the Social Council for Alternative Dispute Resolution Methods under the Ministry of Justice. The implementation of the Procedure is monitored through: ▪ Mediation outcome reporting – at the end of each calendar year, a report is prepared containing data on conducted mediations, their outcomes, and development recommendations. ▪ Process documentation – all mediation documents, including records and reports, are stored for a defined period, enabling future analysis of mediation processes and outcomes. ▪ Mediator registry – the Procedure provides for the maintenance of a list of mediators, allowing for the monitoring of their activity and competence in mediation processes.
Procedure for Preventing Mobbing and Discrimination and Guidelines for Employer Cooperation within the PGE Capital Group in Connection with Inappropriate Behaviour	The purpose of this Procedure is to prevent, counteract and respond to inappropriate behaviour, such as mobbing or discrimination, in all work-related settings. The document sets out the rules for reporting and responding to such situations, as well as the obligations of employers to take actions aimed at their elimination. Key elements of the Procedure include: ▪ Definition of inappropriate behaviour: the Procedure adopts the statutory definition, according to which discrimination means unequal treatment in the establishment and termination of employment, terms and conditions of employment, promotion, and access to training aimed at improving professional qualifications. Discrimination may occur on the basis of gender, age, disability, race, religion, nationality, political beliefs, trade union membership, ethnic origin, faith, sexual orientation, type of employment contract (fixed-term or open-ended), or working time (full-time or part-time). ▪ Prevention and education: the Procedure emphasises the creation of a culture of mutual respect through awareness-raising activities, training, and mechanisms for reporting inappropriate behaviour. ▪ Conduct in conflict situations: in the event of a conflict or inappropriate behaviour, employees have the right to seek resolution by talking directly to the person concerned, engaging a third party (e.g. a supervisor, HCM Division staff, or colleagues), requesting that the inappropriate behaviour be stopped, or submitting a formal report. The Procedure outlines how PGE handles such reports, including the establishment of an impartial committee and ensuring confidentiality and respect for the participants throughout the process. ▪ Resolution and remedial actions: the committee analyses the incidents, establishes the facts, and recommends actions to reduce the risk of similar situations in the future. The objective is to minimise negative impacts on employees. The implementation of this Procedure relates to the mitigation of material negative impacts and risks, and the enhancement of positive impacts and opportunities in the area of measures against violence and harassment in the workplace. The aim of the processes implemented through the described documents is to minimise the risks associated with the occurrence of inappropriate behaviour, as well as the negative impacts on employees arising from such risks, and to maximise the benefits of fostering a collaborative organisational culture. The Procedure applies to all employees of PGE CG and is binding throughout the operational areas of the Group companies. Given the nature of the document (a process-based description of specific steps) and the diversity of social contexts, the current procedure does not have the status of a general procedure. PGE S.A. developed a procedure applicable within the company and made it available to individual PGE CG companies for adaptation and implementation. The Procedure is accompanied by corporate guidelines regulating cooperation between employers in resolving matters that involve more than one company and defining reporting standards. The implementation of the Procedure is the responsibility of the Management Boards of individual Group companies. The content of the Procedure is available to all employees in the internal regulation repository. Monitoring of the Procedure's implementation involves maintaining appropriate registers by the Group's employers, ongoing reporting to the Corporate Centre on initiated proceedings, and annual reporting.

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	The drafting of both the Procedure and the guidelines took into account lessons learned from the functioning of earlier versions of the documents, including feedback from participants in proceedings, to ensure that the Procedure supports the legitimate interests of all parties involved in investigative processes.
Diversity Policy at PGE CG	The aim of the Diversity Policy at PGE CG is to define the strategic directions for creating a friendly and inclusive workplace that embraces diversity in all its forms. The Policy emphasises the importance of promoting equal opportunities and upholding non-discrimination principles in the work environment. Key areas of the Policy include: ▪ Diversity Declaration – formulated as an open catalogue, it recognises multiple dimensions of diversity, such as: race, nationality, gender, age, health status (including disability), ethnic origin, religion (faith or spirituality), political beliefs, education, place of residence, place of origin, family status, socio-economic status, abilities, opinions, personality, knowledge, gender identity, length of service, job position, organisational assignment, membership of social, professional or trade union organisations, type of employment, and work experience. Notably, the Declaration does not list sexual orientation among the recognised diversity dimensions. It also includes a prohibition of discrimination. The objective is to build a workplace open to diverse perspectives, multiculturalism and varied ways of thinking, with a focus on collaboration. The Declaration recognises the impact of diversity on knowledge exchange and perspective-building, development, market advantage, and positioning as a transformation leader through an efficient and effective organisation. ▪ Diversity Standards – these include compliance with non-discrimination principles, zero tolerance for disrespectful behaviour, implementation of anti-discrimination and anti-mobbing standards, respect for diversity, upholding equal opportunity and fairness in evaluation, supporting work-life balance, and promoting internships, mentoring and knowledge transfer. ▪ Diversity Communication Standards – the Human Capital Management Division (HCM Division) at PGE S.A. sets out annual reporting indicators. A report on diversity-related actions is submitted to the Management Board and then communicated both internally and externally. The Policy identifies areas where diversity-related objectives are implemented: recruitment, selection and employment; access to professional development; creation of a workplace free from mobbing and discrimination; internships and work placements; remuneration and job evaluation; vertical and horizontal promotions; employee appraisal; and conflict resolution. The document is linked to material impacts in the areas of training and skills development, equal pay for work of equal value, adequate wages, and measures to prevent violence and discrimination. The implementation of the Policy is monitored through reports submitted by companies to the Corporate Centre (CC) of PGE S.A. regarding actions taken – or the absence thereof. The CC then informs senior management and communicates the state of diversity at PGE CG internally and externally at least once per year. In practice, this means that diversity-related issues are addressed in publicly available reports for employees and other stakeholders, such as the integrated report. The Policy applies to PGE CG employees, value chain workers, as well as customers and business partners (with respect to consumers and end-users). The Diversity Policy does not identify any specific at-risk groups, which reflects the broader social context in which PGE CG operates, and as such it does not contain explicit provisions on inclusion. The Policy was adopted by the Management Board of PGE S.A., and its business owner is the Human Capital Management Division. The President of the Management Board of PGE S.A. supervises the work of the HCM Division. The Policy is available on the PGE CG website. Additionally, PGE CG employees can access it via the internal regulation repository.
Corporate Job Architecture Principles at PGE CG	The aim of this Policy is to establish uniform rules for job classification within PGE CG, enabling the structuring of job positions for the implementation of consistent HR procedures and tools, the development of standardised employee career paths, the comparability of positions, and the standardisation of expectations towards employees (e.g. competencies, assessment criteria). It also provides consistent principles for shaping competitive remuneration packages and developing tools to support employee mobility, tailored to the needs of job structuring, HR procedures and tools, career path development and the alignment of expectations. The Procedure covers the principles for classifying positions within the applicable Job Architecture of PGE CG and for introducing changes to the current Job Architecture of PGE CG. The issues addressed in the Procedure relate to job information and position expectations, as well as the division of positions into areas and specialisations – i.e. groups of roles performing similar business functions and characterised by similar work nature and career progression. This approach ensures job comparability, supports the creation of consistent remuneration rules and development tools, and relates to identified impacts and opportunities in the areas of Adequate wages and Gender equality and equal pay for work of equal value. The Policy applies to employees of PGE CG. The implementation and monitoring of the Policy is the responsibility of the Management Boards of the companies acting as leading entities in their respective segments and of the Director of the HCM Division at the CC. The Policy is accessible to all employees via the internal regulation repository. The drafting and ongoing updating of the Policy is carried out with the participation of representatives of the business areas within PGE CG. Monitoring of its implementation is based on periodic reviews of the relevance of the Job Architecture in PGE CG companies. Following the review, proposals for changes to the current PGE CG Job Architecture are submitted by the respective Group companies to the Director of the HCM Division at the CC of PGE S.A.
General Procedure – Guidelines on Personal Data Protection at PGE CG	The objective of this management solution is to define the principles for processing personal data within PGE CG in a consistent, coherent and legally compliant manner, as well as to establish the standards for Personal Data Protection Documentation applied in PGE CG, ensuring its completeness and substantive accuracy. The Procedure aims to harmonise the interpretation of data protection legislation and to mitigate the risk of sanctions being imposed on PGE CG companies or their representatives under the GDPR due to non-compliance. Its core scope includes the definition of data protection principles and the establishment of rules for consulting internal

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	organisational regulations with the Data Protection Officer (DPO), taking into account compliance with data protection guidelines and the assurance of privacy (Privacy by Default and Privacy by Design). The Procedure addresses material impacts in the area of Privacy of employees. The Procedure applies to all PGE Group companies, including PGE CG employees, value chain workers, customers and business partners (in relation to consumers and end-users), as well as individuals representing third parties and their employees (e.g. public and local government authorities, public entities), individuals requesting access to public information, and shareholders. The responsibility for implementing the Policy lies with the Management Boards of the PGE CG companies. The implementation of the Procedure is monitored by the activities of Data Protection Officers or Personal Data Protection Specialists within PGE CG companies, who prepare an annual report on the status of personal data protection in their respective companies. The Data Protection Officer at PGE S.A. prepares an annual report on the state of personal data protection across the PGE Capital Group. Employees have access to the policy via the internal regulation repository. The Policy is not intended for external stakeholders; however, the principles of data processing are published: - on the website www.gkpge.pl under the GDPR section, - on the website www.gkpge.pl in the provisions of the Code of Ethics, - on the websites of PGE CG companies.
Occupational Health and Safety Internal Regulations at PGE CG, including the Declaration of the Management Board of PGE S.A. on OHS Policy at PGE CG (hereinafter: the OHS Policy)	In pursuit of its zero-accident ambition for 2024, PGE CG revised the document setting out the strategic guidelines for the OHS area and issued the Occupational Health and Safety Internal Regulations at PGE CG, which define the Group's OHS Policy. The Regulations describe the minimum requirements for shaping a policy to prevent workplace accidents and occupational diseases, and they set out goals in the area of OHS. The regulations also serve as a framework action plan for the period 2025–2030 for PGE CG companies, in the form of minimum requirements for the OHS management system, along with the objectives for that time horizon. The Regulations outline the approach to cooperation with employees, including, among others: communicating the OHS Policy, regular reporting on the OHS situation, sharing conclusions from incident investigations, appointing OHS Committees, providing information on hazards, conducting awareness campaigns, and encouraging active employee participation in the continuous improvement of health and safety conditions. Annexes to the Regulations include: a Declaration intended to inform stakeholders about the OHS Policy at PGE CG, and the Life-Saving Rules identified on the basis of decades of analysis of fatal accidents in the industries represented within PGE CG, which should be consistently reinforced across the organisation in order to eliminate fatal accidents. The Policy applies to PGE CG employees as well as people working on the premises, and it is binding across the operational areas of the Group companies. Monitoring of the OHS Policy's implementation is carried out by PGE CG companies through an annual compliance assessment with legal requirements, the OHS Regulations, and other identified requirements. The first such assessment based on the Regulations will be carried out in 2025. As part of this assessment, PGE CG companies are required to monitor compliance with the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, as well as related follow-up actions. The Management Boards of the PGE CG companies are responsible for implementing the Regulations and carrying out the tasks defined therein. PGE CG companies are required to implement, maintain and improve their OHS management systems, and to develop them based on the requirements of ISO 45001. In companies where significant occupational hazards are present, PGE CG strives—wherever feasible—to certify the OHS management system through an independent third party.
Corporate Principles of Social Relations at PGE CG	The objective of this management solution is to establish an effective model of operational cooperation within PGE CG in the area of dialogue with employee representative bodies – namely trade unions and works councils (social partners) – in support of the implementation of PGE CG's strategy and the management of key change processes, while maintaining social stability. The document is of an organisational nature. It is addressed to entities (corporate bodies and PGE CG employees) responsible for cooperation with social partners and sets out the framework for employer–social partner collaboration. The procedure: - defines the processes and tools used for coordinating and overseeing social relations at PGE CG by PGE S.A., - outlines the levels at which social dialogue is conducted, - regulates the division of responsibilities necessary for the formulation and ongoing revision of the social dialogue strategy, and - establishes a framework for effective cooperation between PGE S.A., business segments and employers in the field of social dialogue. The procedure describes and implements actions to monitor the social climate at PGE CG, enabling the timely management of opportunities and risks related to social dialogue. It applies to the Group's own workforce. The entities responsible for implementing the Procedure are the Management Boards of PGE CG companies where trade unions operate, the heads of organisational units responsible for social relations within those companies, and the social relations units of the respective PGE CG companies. The social dialogue coordinator for PGE CG is the organisational unit responsible for social relations, i.e. the Department of Social Dialogue and Relations (DSDR). Based on this Procedure and the established practices in place at PGE CG, a reporting system on matters relevant to social dialogue is managed by DSDR. This system includes the regular provision of information by the social dialogue units in PGE CG companies to PGE S.A. concerning: - ongoing social dialogue matters (weekly), - trade union membership, representativeness, and governance (twice per year, pursuant to Article 25(1)(2) of the Act of 23 May 1991 on Trade Unions),

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	- costs incurred by employers in relation to trade union operations (quarterly), - collective labour disputes (on an ad hoc basis upon initiation of a dispute). The determining factor for whether a PGE CG company is subject to the Corporate Principles of Social Relations at PGE CG is the conduct of statutory trade union activities within its structure.

The manner in which procedures related to the prevention of discrimination, the mitigation of its effects, the actions taken following its detection, as well as measures to promote diversity and inclusion are implemented is described in the subsequent sections of this chapter.

9.3.1.4. [S1-2] Processes for engaging with own workforce and workers' representatives about impacts

Given the considerable size of PGE CG and the number and diversity of its organisational units (Corporate Centre, business segments, individual companies, and company branches), most of which constitute separate employers, as well as the large number of employee representative bodies (trade unions and works councils), the approach to employee cooperation is multidimensional and adapted to the organisational context.

Employee engagement in individual companies is the responsibility of their Management Boards and the designated organisational units – primarily HR – in accordance with organisational regulations and the scope of granted authorisations.

Consultation and cooperation processes with employees at PGE CG are divided into three categories



This approach enables the inclusion of employees in decision-making processes. These activities are intended to manage actual and potential material impacts in areas that directly concern them.

At PGE CG, cooperation with employees is also carried out through social dialogue. This occurs when a workplace is covered by the activities of a trade union organisation or when a works council, elected by the workforce, begins operating at a given employer. This process is multifaceted, reflecting the holding structure of PGE CG, and is coordinated at the level of the PGE S.A. Corporate Centre by the Department for Social Dialogue and Relations. Social dialogue covers both matters arising from generally applicable legal provisions (e.g. working conditions, remuneration rules, social issues) and issues raised on an ongoing basis by either party.

COOPERATION PROCESSES BASED ON GENERALLY APPLICABLE LEGAL PROVISIONS AND COLLECTIVE AGREEMENTS

Polish legislation contains a number of legal provisions that impose an obligation on employers to cooperate with workers' representatives (such as trade unions, works councils or staff representatives), particularly in matters relating to organisational changes or terms of employment and remuneration. This is reflected in the regulations in force.

The Group has not concluded a single, global agreement applicable to all employers; however, individual companies or workplaces have their own agreements that ensure employee involvement in decision-making processes and enable employers to take employee perspectives into account. These acts are collected in a central database managed by the Department for Social Dialogue and Relations (DSDR).

At PGE S.A., such agreements include, for instance, the Company Collective Bargaining Agreement and the Cooperation Agreement concluded on 10 October 2024 between PGE S.A. and the current Works Council, which regulates cooperation and consultation obligations regarding the transfer of information (including documents and materials) concerning, among other things, the employer's operations and financial situation, significant events and contracts related to the company's activities, the state and structure of employment, anticipated changes in employment, and measures likely to affect employment levels. The agreement also guarantees the Works Council the right to present opinions and conduct consultations. This includes all organisational changes that may affect the structure of the organisational regulations.

The frequency and form of meetings with employee representatives depend on the characteristics of the given employer and the size of the workforce. In companies where this is possible, such as PGE Asekuracja S.A. or PGE Ventures sp. z o.o., weekly meetings are held with all employees to discuss current tasks and consult on various matters. At PGE Nowy Rybnik sp. z o.o., such meetings also take place every week. Other companies organise meetings at different intervals or use cascading methods of information sharing—for example, at PGE Dom Maklerski S.A. or ELMEN sp. z o.o., weekly meetings are held with management and the board. Similar meetings in the form of town hall meetings are held at PGE Systemy S.A. and PGE Baltica sp. z o.o., allowing employees to learn about ongoing processes, projects, and future plans, and to share their perspectives.

Additional forms of cooperation implemented by individual Group companies include:

- consultations and negotiations regarding specific solutions;
- meetings with line managers and directors (with varying regularity depending on the company);
- meetings held during celebrations of important events (e.g. accident-free days, Energy Sector Workers' Day);
- meetings between the employer and supra-company trade union organisations (with varying regularity, such as monthly meetings in the case of PGE Energetyka Kolejowa S.A.).

CORPORATE PROCESSES

Corporate cooperation processes with the Group's own workforce are carried out through responsibilities assigned to various areas, depending on the business context and intended objective.

A key corporate process enabling the identification of employee needs and viewpoints (not limited solely to formally recognised representatives) is the Employee Opinion Survey (EOS), conducted annually in those PGE CG companies that have joined the initiative. These include:

- PGE S.A.,
- PGE Systemy S.A.,
- PGE Baltica sp. z o.o.,
- PGE Energia Ciepła S.A. and its subsidiaries,
- PGE Obrót S.A.,
- PGE Ekoserwis S.A.

The Employee Opinion Survey focuses on areas related to the employee experience within the company. It explores, among others, perceptions of engagement, collaboration, leadership, remuneration, occupational health and safety (OHS), and attitudes towards ongoing change. In addition to numerous closed-ended questions, which enable the measurement of key indicators, the survey also contains open-ended questions that provide deeper insight into employee sentiments.

After the survey is completed and the results are processed by an independent research company, the outcomes are communicated within the organisation. Individual employers and managers of relevant areas then develop action plans aimed at organisational improvement.

The effectiveness of the EOS is measured, among other things, by the success of implementing the proposed actions. In 2024, these actions resulted in the following changes:

- increased autonomy for line managers and their involvement in personnel decisions alongside senior management, access to salary information for line managers, and implementation of recognition schemes at PGE Systemy S.A.;
- increased reimbursement for the cost of corrective glasses for employees using display screen equipment and inclusion of soft skills training (e.g. stress management, work organisation) in the 2025 training plan at PGE Energia Ciepła S.A.;
- installation of quiet work booths in the building at Mysia 2 street and organisation of a Kindness Day at PGE S.A.

At PGE S.A., PGE Systemy S.A., and PGE Baltica sp. z o.o., the Leader Profile Survey is also carried out, allowing employees to assess their direct and next-level (n+1) managers. The results are communicated to Management Boards, directors and the assessed individuals, and are subsequently discussed in meetings between managers and their teams. This process supports the development of managerial skills and enables employees to express preferences regarding leadership styles. In both corporate and *ad hoc* processes, employees participate either individually or through their representatives. Access to opportunities for providing feedback is not limited by employee group – individuals particularly exposed to impacts have the same access to express their views, and PGE gathers their insights through the same mechanisms.

OCCUPATIONAL HEALTH AND SAFETY (OHS)

Consultations with employees on OHS matters are conducted by individual employers, primarily through established OHS Committees. These committees are intended to be composed equally of employee and employer representatives, along with an occupational physician. Committee meetings are held at least quarterly. The task of the OHS Committee is to consult on occupational health and safety issues, in particular: reviewing working conditions, periodic assessment of the state of occupational health and safety, issuing opinions on measures taken by the employer to prevent workplace accidents and occupational diseases, formulating conclusions on the improvement of working conditions and cooperating with the employer in performing their obligations in the area of occupational health and safety. Where such committees have not been established (mainly by employers with fewer than 250 employees), cooperation with employees is conducted using alternative accepted methods. The PGE CG Occupational Health and Safety Internal Regulations require companies to establish an OHS Committee or, if that is objectively not possible, to set up another body dedicated to consulting employees on OHS matters.

PGE CG companies provide their own workforce with various channels for communicating OHS-related issues, including: through line managers, OHS services, workplace social labour inspectors, physical suggestion boxes, dedicated e-mail inboxes, OHS Committees, IT applications, etc. Moreover, top management representatives of PGE CG companies are expected to regularly visit workplaces where staff under their supervision carry out their duties. To this end, a dedicated handbook for conducting such management site visits has been developed, and the number of visits is monitored. In several PGE CG companies, employee opinion surveys also cover OHS topics. OHS issues are discussed at meetings with employees and their representatives, and employee feedback is taken into consideration when planning actions in this area.

In the District Heating Segment, PGE CG conducts an annual OHS survey consisting of 56 questions relating to the safety culture. Additionally, an IT tool is in place to report OHS observations—both those confirming compliance with safety standards and those identifying the need for corrective action. In 2024, a total of 15,722 individual OHS observations were submitted via this system.

The Occupational Health and Safety Internal Regulations at PGE CG require companies to ensure active involvement of employees or their representatives in the continuous improvement of OHS conditions, including through the consultation of planned OHS activities.

AD HOC PROCESSES

From time to time, an organisation may face changes or challenges that impact its workforce. Involving employees in decision-making groups in such cases can increase the likelihood of selecting solutions that are best suited to the needs of specific groups (taking into account the business context). In such circumstances, employers may decide to carry out appropriate consultations—either through trusted representatives or directly with the entire workforce. The most commonly used tool in such cases is the online survey.

9.3.1.5. [S1-3] Processes to remediate negative impacts and channels for own workers to raise concerns

PGE CG's operations are based on three core pillars representing the fundamental values of the organisation: partnership, responsibility and development. Enabling employees to raise concerns—especially in areas covered by the Act of 14 June 2024 on the Protection of Whistleblowers, as well as matters of non-compliance—is an important expression of these values. This approach facilitates more effective identification of adverse impacts that can be minimised or eliminated at acceptable business cost.

Employees of the PGE Capital Group may raise concerns and provide feedback regarding observed adverse impacts to local HR departments, their line managers or general-access channels, which may vary depending on the employer.

In addition to the tools available within the human capital management framework, the Group also enables employees to report irregularities in accordance with applicable internal procedures. Until 24 September 2024, this was the General Procedure – Reporting and Handling Reports of Suspected Non-Compliance Incidents within PGE CG and Whistleblower Protection. After that date, the updated procedure is titled General Procedure – Reporting and Handling Reports of Suspected Non-Compliance Incidents within PGE CG and Protection of Reporting Persons. A detailed description of how the whistleblowing systems function is provided in Section G1 of this Statement.

In cases where an adverse impact on individuals from within the Group's own workforce is identified through investigative proceedings under the General Procedure – Reporting and Handling Reports of Suspected Non-Compliance Incidents within PGE CG and Protection of Reporting Persons, a set of recommendations is drawn up and submitted to the company's Management Board by the team conducting the investigation. Implementation of these recommendations is then monitored as part of a supervisory mechanism.

The primary point of contact for employees in a given company is their line manager and staff from the human capital management units, including individuals serving as HR Business Partners. These are professionals who

work closely with management to align human capital activities with business objectives. PGE CG has also made available a formal mechanism for reporting irregularities, through which employees may raise concerns and needs directly with the Compliance Department. Detailed information is provided in Section G1 of this Statement and is also available at www.gkpge.pl under the Compliance tab. Additionally, individuals wishing to ask a question or raise concerns may do so by writing to: OpiniaCompliance.pgesa@gkpge.pl. Employees are also encouraged to contact Compliance Coordinators in their respective companies directly.

In accordance with the Procedure for Preventing Mobbing and Discrimination (applicable both at PGE S.A. and at Group companies employing staff), the reporting mechanism may be used by employees or groups of employees who believe they have experienced broadly understood inappropriate behaviour. A report may concern the behaviour of a single person or a group of individuals. Employees' representatives are excluded from the standard reporting channel due to the importance of the victim's testimony and the need to present and verify specific facts. However, to ensure the full use of available mechanisms and to foster a friendly working environment, the Procedure stipulates that any employee who believes they have witnessed inappropriate behaviour may report it to the compliance unit. Such a report is then treated as a non-compliance case.

Reports may be submitted:

- by email to the dedicated address, which is subject to strict access restrictions due to the sensitive nature of the data shared;
- by post (addressed to the Director of the HCM Division);
- in person, either in writing or verbally for the record, during a meeting with a Management Board member, the Director of the HCM Division, or the Director of Compliance.

Information on these reporting channels is available on the PGE Group intranet, the intranets of individual Group companies, and in the DSZ repository. Managers are also informed about the channels during meetings with HR Business Partners, and the topic is covered in various training sessions that address inappropriate behaviour.

Every employee is required to sign a statement confirming that they have read the procedure mentioned in this section, which allows employers to assume that employees are aware of the available channels for reporting mobbing.

Upon receiving a report via the 'mobbing' channel, the content is verified. If the report lacks required formal elements, the reporting person is asked to complete the missing information. However, even if the deficiencies are not remedied, the report is still treated as a non-compliance case.

If the verification is successful, the employer appoints a committee to review the case. Committee members must be of unquestionable integrity and possess the life and professional experience necessary to assess the case objectively. All committee members and any other persons involved in the proceedings (including the secretary) are obliged to maintain strict confidentiality with regard to all facts and personal data obtained during the proceedings, as well as the course of the procedure itself. Breaches of confidentiality may result in sanctions in accordance with internal employer regulations and applicable laws.

After examining the report, the committee decides on further actions, which may include: reviewing evidence, hearing both parties, and interviewing witnesses.

Following the evidentiary proceedings, the committee prepares a final report that contains a summary of the allegations, evidence reviewed, established facts, dissenting opinions (if any), and potentially proposed actions, changes, or improvements aimed at reducing the risk of inappropriate behaviour in the future. After reviewing the report, the employer decides on further steps and the appropriate measures to be taken regarding the individuals involved in the proceedings.

The employer provides the parties to the proceedings with information on how the case was resolved, the decisions taken and the planned actions. The employer may instruct the committee to communicate to the parties either the full or a partial opinion, indicating the scope of the information shared.

The submission of a report by an employee must not result in any negative consequences, including in the sphere of employment, unless the report was made in bad faith or solely with the intention of harming another person. This is to protect against retaliatory actions.

Departments responsible for HCM in the respective Group companies maintain ongoing records of reported incidents and, after the committee's proceedings are concluded, of their outcomes (with due respect for the privacy of those involved). In addition, under guidelines issued by the Corporate Centre, individual employers inform the Human Capital and Organisational Culture Department at PGE S.A. of every initiation and resolution of such proceedings and submit annual aggregate reports. These reports also include the measures and courses of action recommended by the committees, which help introduce corrective actions and shape the organisational culture in the desired direction.

Departments responsible for HCM in individual companies keep a register of reports of inappropriate behaviour, including information on reports forwarded for review under the applicable General Procedure.

The effectiveness of the 'mobbing channels' is monitored, among other things, by verifying the timeliness of the committees' work, the submission of reports to employers, and the ongoing monitoring of whether new reports have been received through the given channel. In 2024, PGE Group did not assess awareness of the existence of reporting structures or the level of trust in them.

A detailed description of the policies adopted by the PGE CG companies to protect individuals using reporting channels is provided in Section G1.

The description of how individuals belonging to the Group's own workforce who may be significantly affected by the enterprise, and their representatives, have access to enterprise-level channels at the company in which they are employed or for which they work, in relation to OHS, is presented in Section S1-2.

9.3.1.6. [S1-4] Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

At PGE CG, ensuring safe and supportive working conditions for its own workforce is a top priority. The Group focuses on preventing negative impacts on its workforce and mitigating or remedying their consequences. In addition, PGE continuously seeks to identify and manage material risks, while also leveraging opportunities that may contribute to improving working conditions and overall employee satisfaction. Although the assessment of ESG-related risks and opportunities is a process separate from the corporate risk management process at PGE CG, both processes are complementary in terms of data sources used for their implementation and the cross-application of results.

Due to the scale of the Group's operations and the specificity of its activities in the area of own workforce management, it is difficult to clearly distinguish which actions are aimed at managing significant impacts, which are focused on risk mitigation, and which increase the likelihood of capitalising on opportunities. Most initiatives in this area simultaneously address multiple objectives (e.g. measures to reduce employee turnover risk may also enhance opportunities for increasing employee engagement).

In the section below, PGE Group assumes that for each topic, it describes the relevant material matter, its context, and the actions taken, without explicitly categorising them (e.g. as remedial measures, risk mitigation actions, or opportunity utilisation, or whether they are preventive or corrective). This is due to the fact that many of these actions simultaneously affect multiple criteria and are based on a synthesis of data from various sources. PGE Group also highlights the potential future impact of these initiatives.

SECURE EMPLOYMENT

PGE CG undertakes numerous actions aimed at ensuring employment stability and protecting the interests of its own workforce. Among the activities carried out in 2024 was the ongoing implementation of the Corporate Principles of Recruitment and Employment at PGE CG, incorporated into the Company Collective Bargaining Agreement (CCBA) and the remuneration regulations of individual companies. These principles stipulate that the standard form of employment at PGE CG is a permanent employment contract. The level of implementation is evidenced by the share of permanent employment contracts (as presented in section S1-6).

As part of the key actions undertaken in 2024 to ensure secure employment, an agreement was concluded on 22 October 2024 in Warsaw concerning stable and secure working and pay conditions for employees, in the context of the transfer of workplaces or their parts carried out in preparation for the transformation of the power generation sector and the lignite mining industry, as well as the separation of coal-fired generation and mining assets. One of the signatories of this agreement was PGE GiEK S.A., and its provisions were approved by representatives of the Management Board of PGE S.A.

The effectiveness of the actions taken is monitored through the analysis of the number of permanent employment contracts across the Group. However, the Group has not defined a specific target in this area.

WORKING TIME

As part of its efforts, PGE CG adjusts working conditions to the needs of its own workforce wherever possible.

In 2024, the following working time-related actions were implemented:

- At PGE S.A., due to regulatory changes, selected employees were assigned to a three-shift schedule. Employees performing shift work were granted wage supplements exceeding statutory requirements.
- At PGE Energia Ciepła S.A., digital tools for working time management were introduced (such as an electronic attendance register and a system for ordering overtime), allowing for better control over

compliance with working time standards. These integrated systems help employees more effectively balance professional and personal responsibilities and, most importantly, exercise their entitlements.

- At PGE Energetyka Kolejowa S.A., employees working under an equivalent working time system in positions requiring continuous operation (24/7/365) are entitled to an additional 8 days of leave per calendar year.

Regular monitoring and periodic reporting on working time allow for effective management in this area. PGE continuously monitors the number of overtime hours—particularly in relation to employee absences—and undertakes appropriate measures based on the indicators observed.

ADEQUATE WAGES

In accordance with the adopted corporate rules, the companies forming part of the PGE Group are required to develop job classification grids and pay scales that reflect the value of each position, including the value of assigned tasks. Depending on local circumstances, individual companies establish pay policies based on the framework set by the Corporate Centre.

Employers continuously conduct market analyses of salary levels within the sector. Stakeholders (employees) are involved in processes related to adequate remuneration through their representatives (e.g. through wage grid negotiations).

To monitor the effectiveness of actions taken in the area of adequate wages, indicators such as employee turnover rates and their trends are analysed, as well as the dynamics of wage growth and the ratio of controlled fixed costs to the overall wage costs in PGE CG.

SOCIAL DIALOGUE

When analysing 2024 from the perspective of the topics raised by trade unions, two main categories should be highlighted. First and foremost were issues related to the energy transition. Importantly, the social dialogue regarding the energy transition was tripartite in nature – involving also representatives of the Government.

The subject of interest for employees' representatives was the separation of coal assets from PGE CG and their transfer to the National Energy Security Agency. Regardless of the final concept concerning coal assets, the social partners – both from the lignite mining and energy sectors – expressed their expectation that employee interests be safeguarded during the transition period, preferably through social agreements.

As a result of the discussions between the parties, on 22 October 2024, trade unions and employers in the lignite mining sector signed an Agreement on stable and secure working and pay conditions for employees, in the context of the transfer of workplaces or their parts carried out in preparation for the transformation of the power generation sector and the lignite mining industry, as well as the separation of coal-fired generation and mining assets.

Trilogue discussions on the transformation of the energy sector, as well as the cooperation of social partners in various segments of PGE CG in the context of the inevitable changes in the energy industry, will certainly continue in the near future.

The second category of issues most frequently raised in 2024 related to employee remuneration. In 2024, at almost all employers within PGE CG where trade unions operate, pay agreements were concluded, ensuring increases in employee remuneration. Further details on collective agreements can be found in the section on Collective Bargaining.

The social situation at all levels of social dialogue is monitored on an ongoing basis by the Department of Social Dialogue and Relations (DSDR) and by the social relations units in the key companies of the Group. The main tool used for this purpose is multi-aspect reporting. The data aggregated include, among others: ongoing social developments at individual employers and within business segments, collective disputes, collective agreements (especially concerning pay rises), trade union membership, and costs generated by union activities. In addition to these formal tools, the social relations units of PGE S.A. and segments of PGE CG remain in regular working contact, which enables efficient management of matters requiring joint action.

PGE S.A., as part of the coordination of the social dialogue area, maintains a database of key acts of collective labour law (collective agreements, contracts, and arrangements) applicable to the Group's employers.

FREEDOM OF ASSOCIATION, THE EXISTENCE OF WORKS COUNCILS AND THE INFORMATION, CONSULTATION AND PARTICIPATION RIGHTS OF WORKERS

Employers within PGE CG ensure the functioning of and cooperate with works councils. The initiative to establish a works council at a workplace is taken by employees, and employers are obliged to cooperate with them. Members of the works councils are elected by employees for a four-year term. Their activities are conducted in accordance with the provisions of the Act on Informing and Consulting Employees.

At PGE S.A., a seven-member Works Council is in operation. On 10 October 2024, the parties agreed and signed a Cooperation Agreement, which regulates organisational and technical matters and extends the rights of the Works Council beyond those provided for in the Act on Informing and Consulting Employees. In addition, the employer has submitted to the Works Council for opinion matters which, under the law, require cooperation with employee representatives, such as changes in the organisational structure or the organisational rules.

COLLECTIVE BARGAINING / WORK-LIFE BALANCE

Since 2023, PGE S.A. has been covered by a Company Collective Bargaining Agreement (CCBA), which at the end of 2024 applied to 1,159 employees employed under employment contracts.

Among the key initiatives in 2024 in the context of collective bargaining, the implementation of solutions supporting work-life balance, as well as the work-life balance directive implemented in Poland, should be highlighted. These actions have had a positive impact on the Group's own workforce, contributing to increased employee efficiency and loyalty, while simultaneously reducing absenteeism and turnover. Individual employers have adapted their internal regulations, such as work rules, CCBA's, and working time procedures, to comply with the legal act designed to facilitate the reconciliation of professional and private obligations:

- PGE CG respects employees' rights and implements solutions that take into account specific entitlements, such as preferences for parents of young children (under 8), the possibility of requesting flexible working arrangements, additional carer's leave, and emergency leave with partial pay.
- In most PGE CG companies, employees can make use of flexible working hours (a two-hour window during which the employee may start work and finish after the applicable working time, usually eight hours). This enables a better balance between work and private life and accommodates individual preferences. This option is mostly available to administrative and office workers, as the nature of production work and work on power networks does not allow for such flexibility.
- PGE Group companies define overtime limits in their internal work rules or CCBA's. In the case of overtime work, employees may receive time off in lieu or overtime pay, often under more favourable terms than those provided for by law. Employers such as PGE Energia Odnawialna S.A., ZEW Dychów Branch, require line managers to estimate overtime in advance, which facilitates better resource planning and helps to minimise overtime hours.

Further activities supporting work-life balance include:

- the widespread use of remote work wherever possible. Most PGE CG companies have introduced various forms of remote work: full remote, partially remote with a defined scope, partially remote without a defined scope, and occasional remote work, all in accordance with applicable regulations;
- allowing employees and managers to flexibly manage working time, not only within the limit of 24 days provided by the Labour Code, but also beyond that, without the need to define in advance the percentage of time worked per week or month;
- part-time employment, individual work schedules, entitlements related to childcare (in selected companies, employees receive additional support such as co-financing of nursery and kindergarten fees, or school supplies allowances), and support for persons with disabilities;
- benefits offered by individual companies, including cafeteria platforms that allow employees to choose benefits tailored to their needs in areas such as health, recreation, or culture;
- medical packages supporting health and prevention, as well as a psychological support platform, offering psychological, psychodietetic, and physiotherapeutic consultations, along with numerous resources on maintaining work-life balance;
- promoting health awareness through flu vaccination campaigns and preventive and health-promoting actions, such as breast, testicular, and skin cancer prevention programmes: Discover What Your Skin Hides, bra fitting workshops, testicular ultrasound exams, or PSA blood tests.

In PGE CG, compliance with the law is of key importance – daily rest limits are strictly adhered to, which also significantly supports the reconciliation of private and professional life.

These activities are carried out within regular operational budgets (including personnel costs) or through actuarial reserves (e.g. overtime), which are properly secured in the financial plan and subsequently forecasted in stages.

Actions are implemented in line with current business needs, communication plans, and in response to stakeholder expectations. In the coming years, PGE CG plans to continue its efforts to support work-life balance, taking into account employee needs and the evolving regulatory environment. Particular emphasis will be placed on the further development of initiatives supporting employee well-being, including mental health and flexible working arrangements.

HEALTH AND SAFETY

The health and safety of employees is a top priority for the PGE Capital Group, as reaffirmed by the updated Occupational Health and Safety (OHS) Policy adopted by the Management Board of PGE S.A. in 2024 (as described in section S1-1).

The Management Board of PGE S.A. established the PGE OHS Committee, which supports the development of the Group's OHS policy and safety culture. The Committee serves as an advisory body to the Management Board of PGE S.A., monitoring the OHS area and initiating improvement actions. The Committee is chaired by the Vice-President of the Management Board of PGE S.A. for Operations, and its members include representatives of companies with a high level of occupational risk (PGE GiEK S.A., PGE Dystrybucja S.A., PGE Energia Ciepła S.A., PGE Energia Odnawialna S.A., PGE Baltica sp. z o.o., PGE Energetyka Kolejowa S.A.). The work of the Committee is supported by its Secretary, the Management Board's Plenipotentiary for OHS Policy.

Table: Key OHS activities implemented by PGE CG in 2024.

Area	Actions implemented
OHS Leadership	- Proactive and reactive indicators were implemented as 2024 OHS targets for senior management of PGE CG subsidiaries. - Regular site visits to industrial facilities by the Management Board of PGE S.A. - Regular discussion of OHS matters during meetings of the governing bodies of PGE CG companies. - Regular OHS visits by directors and deputy directors to worksites to directly assess working conditions and promote appropriate safety attitudes. - Field visit workshops for management (conducted in 2024 at six combined heat and power plants in the District Heating segment). - Strengthening OHS leadership through workshops in the Railway Energy Services segment of PGE CG, resulting in a joint safety declaration and commitment accepted by all parties.
Knowledge Sharing	- Lessons learned from incidents shared via information brochures. - Activities of the PGE CG OHS expert network. - Workshops on best practices for safe work with electrical equipment involving PGE Energia Ciepła S.A., PGE GiEK S.A., PGE Dystrybucja S.A., and PGE Energetyka Kolejowa S.A.
OHS Promotion	In 2024, several OHS-related articles were published on internal platforms. Various communication tools are used across the PGE CG companies, such as incident brochures, OHS reports, animated films, instructional videos, webinars, and employee meetings dedicated to OHS Selected awareness initiatives in 2024: - Awareness campaign 'Don't let there be nothing left of you'. - Introduction of daily OHS briefings in the District Heating segment of PGE CG and PGE S.A. - Definition of 12 life-saving rules.
Other Measures	In 2024, in response to OHS incidents, the President of the Management Board of PGE S.A. instructed selected PGE CG companies to intensify inspections of employees and teams performing hazardous work and to develop corrective action plans. These plans are monitored by the OHS Committee
Actions following fatal accidents in PGE CG	Following fatal accidents in 2024, PGE CG launched a broad range of measures aimed at eliminating such incidents in the future. These included: - Publication of a new OHS Policy, including minimum requirements for the OHS management system and the introduction of the Life-Saving Rules as a tool to support operational discipline. These efforts are also reflected in the 2025 OHS Improvement Framework Plan (see section S1-1 for details). - Establishment of the PGE CG OHS Committee to support the development of OHS policy and culture. The Committee acts as an advisory body to the Management Board of PGE S.A., monitors the area of OHS, and initiates improvement actions. One such initiative was the awareness campaign entitled 'Don't let there be nothing left of you.' The Committee's activities are described in detail in section S1-4 above. Additional directives issued to PGE CG companies included: - Increased frequency of field management visits; - Reinforced enforcement of OHS rule violations; - Intensified inspections of workers and teams performing hazardous tasks, particularly with regard to preparation of worksites and adherence to OHS principles – especially for live-line work, work near voltage sources, work on disconnected equipment, work at height, and work near moving parts. - Strengthening the operational oversight of PGE CG over its companies, including through the introduction of weekly OHS reports at PGE CG level. - Representatives of companies with fatal or serious accidents involving employees or contractors in the past five years were required to prepare additional corrective actions.

Effectiveness of OHS activities is monitored through:

- The OHS incident monitoring system within PGE CG, combined with experience sharing;
- Regular monitoring of the situation by the Management Board of PGE S.A. – including the implementation of weekly reports to strengthen PGE S.A.'s oversight of PGE CG in the area of OHS, with weekly summaries of the situation and relevant follow-up actions;

- Inspections by PGE S.A. employees of companies where serious OHS incidents have occurred, together with recommended actions;
- The requirement for companies to prepare an Annual Programme for Improving OHS Conditions, including, among other things, conclusions from the company's OHS status review, OHS incident analysis, and tasks set out in PGE CG's Framework OHS Improvement Plan, as well as ensuring implementation of this programme.

In addition to the tasks defined in the 2024 Framework OHS Improvement Plan, companies also identified local actions based on employees' suggestions, OHS status reviews, audit conclusions, etc.

The average task completion rate reported in 2024 was 96%.

The tasks from the Framework OHS Improvement Plan generally do not require significant operational expenditures. In local OHS improvement or enhancement plans, companies identify necessary measures, including investment-related actions. These may involve substantial costs, but they are often part of broader investment projects and cannot be separated. For instance, when building new installations, some costs relate to compliance with OHS regulations, but certain components may also serve other functions.

Actions taken in response to fatal accidents within PGE CG

Following fatal accidents in 2024, PGE CG launched a broad range of measures aimed at eliminating such incidents in the future. These included:

- Publication of a new OHS Policy, including minimum requirements for the OHS management system and the introduction of the Life-Saving Rules as a tool to support operational discipline. These efforts are also reflected in the 2025 OHS Improvement Framework Plan (see section S1-1 for details).
- Establishment of the PGE CG OHS Committee to support the development of OHS policy and culture. The Committee acts as an advisory body to the Management Board of PGE S.A., monitors the area of OHS, and initiates improvement actions. One such initiative was the awareness campaign entitled 'Don't let there be nothing left of you.'

In the field of occupational health and safety within PGE CG, the following OHS targets have been adopted up to 2030:

- Implementation of minimum OHS management system requirements by PGE CG companies employing own workforce or contractors.
- Elimination of fatal accidents involving own workforce or contractors working on the premises of PGE CG companies or on equipment operated by PGE CG companies.
- 50% reduction in the high-risk accident frequency rate, using 2024 data as a baseline.
- 20% reduction in the frequency rate of workplace accidents resulting in sick leave, using 2024 data as a baseline.

In setting the objectives, lessons learned were taken into account and consultations were held within the OHS Committee and the PGE CG OHS network. In addition, suggestions for updating the policy were collected via an online form available through the IPK intranet.

For PGE CG subsidiaries employing workers, annual OHS performance indicators are established. In 2024, the following indicators were adopted:

- The LTIFR (Lost Time Injury Frequency Rate) for 2024 must be lower than the PGE CG rate for 2022 or below the average for 2021, 2022, and 2023 (target for large companies).
- Zero fatal workplace accidents involving the company's own employees in 2024.
- Zero fatal workplace accidents involving contractors or subcontractors in 2024 – applicable to incidents occurring on premises belonging to PGE CG.

The achievement of targets 1–3 relating to accident frequency is continuously monitored through the workplace accident reporting system and weekly reports. In addition to the tasks defined in the 2024 Framework OHS Improvement Plan, companies also identified local actions based on employees' suggestions, OHS status reviews, audit conclusions, etc.

The average task completion rate reported in 2024 was 96%.

The tasks from the Framework OHS Improvement Plan generally do not require significant operational expenditures. In local OHS improvement or enhancement plans, companies identify necessary measures, including investment-related actions. These may involve substantial costs, but they are often part of broader investment projects and cannot be separated. For instance, when building new installations, some costs relate to compliance with OHS regulations, but certain components may also serve other functions.

GENDER EQUALITY AND EQUAL PAY FOR WORK OF EQUAL VALUE

Actions aimed at balancing the employment ratio of women and men depend on the nature of the positions within a given organisation. Due to the specific characteristics of the industry (technical in nature), the employment structure within the PGE CG is not uniform, with a higher proportion of men employed in production-related areas. Despite this profile, in 2024, PGE CG monitored the gender structure of its workforce and regularly analysed the gender pay gap. The results of these activities are presented in the relevant sections.

PGE plans to launch a networking programme for selected companies aimed at supporting women in their professional development, facilitating the exchange of experience and jointly identifying solutions to current challenges. The programme will be implemented using funds secured in the 2025 financial plan and will help strengthen the position of women within the organisation.

TRAINING AND SKILLS DEVELOPMENT

In the area of training and skills development for its own workforce, the PGE Capital Group has primarily identified opportunities and the potential to strengthen its positive impact by ensuring employees have the necessary competences and by fostering a sense of empowerment among its staff.

The actions undertaken reflect the assumptions of PGE's development policy described in section S1-1 of this Statement. Most companies within the Group offer a wide range of training sessions and development programmes tailored to various job roles and market requirements. Every employee has access to career development opportunities, regardless of their position or form of employment (employment contract or internship)³⁹. Equal access to development is ensured for all employees, taking into account the specific nature of their roles. Each organisational unit identifies training needs and plans its training budget in a way that supports the business strategy and promotes employee engagement.

Table: Key training and skills development activities carried out in 2024 for the Group's own workforce.

Area	Activities
In the area of 'Partnership-Based Leadership'	Development programmes and support tools for managers: - PROwadź z Energią development programme – a programme dedicated to newly appointed managers and potential future leaders. In 2024, 13 groups participated in the programme. - Competency diagnosis – in 2024, a managerial competency analysis was carried out for Management Board members and directors at the n-1 level in the PGE Group. - Other initiatives included the Leader Profile survey, the management meetings series On Management Over Coffee, and the development programme The Power of Leadership.
In the area of 'Professional Development Programmes'	Key programmes implemented for various employee groups: - Energy Market – a training programme focused on the energy sector. - Professional customer service (PGE Dystrybucja S.A.) – training provided to all Distribution Customer Service Points. - Other programmes included: Structured in Relations (PGE Ekoserwis S.A.), Internal Trainers' Academy (PGE Obrót S.A.), District Heating Segment Training (PGE Energia Ciepła S.A.), Audit Academy, and Development Network.
In the area of 'individual support'	The PGE Group Knowledge and Development Centre (CWIR) provides recruitment, training and advisory services within the PGE Group. CWIR trainers and consultants conducted facilitation sessions, coaching processes and psychometric tests with feedback. Plans are in place to expand CWIR's offering, taking into account stakeholders' needs and changing market requirements.
In the area of 'energy transition, future skills and the generational gap'	- The Competence Development Centre (CRK) in Bełchatów provides attractive training for people finishing their careers in the conventional energy sector. In 2024, 96 participants took part in vocational qualification courses in the following fields: renewable energy systems technician, automation technician, welding technician, programmer technician, electrician technician, environmental protection technician. - CRK also runs the project entitled 'Professional Reactivation', financed by the Just Transition Fund under Priority 9 of the programme EUROPEAN FUNDS FOR ŁÓDZKIE REGION IN TRANSITION, Measure FELD.09.02 Society in transition. The project aims to provide development services to 2,330 adult residents of the Łódzkie Voivodeship's transition region who wish to voluntarily improve or change their qualifications, including support for those from the most vulnerable target groups. - PGE is a partner of the Sectoral Skills Centres in the field of electricity (Radzyń County) and energy (Nisko County). PGE S.A. is also a member of the Industrial and Programme Council, allowing it to influence the development of training directions for Poland's future energy workforce. - PGE Group cooperates with 56 technical schools, giving students an opportunity to gain practical insights into working in the energy sector. The Group also has 18 patronage classes, including programmes for electrician technician, mechatronics technician, automation technician and mechanical technician. - Another edition of the 'Design Your Career' Summer Internship Programme was implemented in 2024. The 3-month internship programme (July–September) covered all PGE Group

³⁹with the exception of Eltur Serwis, where one year of service is required to access training and courses, and three years for co-financing of university studies.

	companies. This original programme by the PGE Capital Group aims to close the generational gap, promote knowledge transfer and build the image of an attractive employer. In 2024, 53 participants from various companies in the Group took part.
Other Measures	Through the PGE Group Knowledge and Development Centre, PGE is also developing digital forms of employee development. In 2024, employees of the Group had access to podcasts published in three thematic series: ESG Uncovered, Comfort and Efficiency at Work, and Everything Important About Emotions. These podcasts were played more than 3,000 times in total. In the reporting period, 33 new e-learning courses were also developed and made available to PGE employees.

MEASURES AGAINST VIOLENCE AND HARASSMENT IN THE WORKPLACE

As part of efforts aimed at mitigating negative impacts and risks, and supporting positive impacts and opportunities in the area of measures against violence and harassment in the workplace, PGE CG continuously implements ongoing activities such as training sessions, awareness campaigns and support systems. Through these efforts, PGE promotes a culture of respect, equality and inclusiveness, creating a work environment in which every employee feels safe and is able to fully realise their professional potential. These actions are in line with the Diversity Policy and the Procedure for Preventing Mobbing and Discrimination. Key activities carried out in 2024 include:

- Building organisational culture and running corporate initiatives aimed at raising awareness of what constitutes mobbing and other forms of violence (both physical and psychological), as well as their negative impact on workplace functioning. The topic of inappropriate behaviour, including the promotion of reporting channels and the role of managers in building a partnership-based organisational culture, was included in regular meetings of HR Business Partners with managers.
- Education on counteracting mobbing, discrimination, violence and harassment. These areas formed a significant part of managerial training delivered under the "Power of Leadership" project (referred to in the section on training and skills development). Modules covering discrimination, violence (including verbal), and mobbing were delivered through training and articles published in the company magazine 'Pod Parasolem'.

Further educational initiatives are planned for the coming years, aiming to raise awareness of mobbing, violence and other inappropriate behaviours, as well as the means to prevent them. PGE is also planning an educational campaign on the mechanisms of mobbing (including psychological mechanisms).

The approach to implementing or enabling the application of remedial measures to mitigate negative impacts (if they occur) across all thematic units related to own workforce – including the applicable cooperation frameworks and actions taken in response to reported cases of suspected inappropriate behaviour – is described in ESRS G-1, and, in the context of violence prevention measures, in S1-17.

DIVERSITY

In 2024, activities were implemented at the level of individual companies in accordance with the declarations of the Diversity Policy within PGE CG. Companies shape their actions in the spirit of respect for diversity, adapting initiatives to their own specific nature, capabilities and business environment.

As part of the compliance programme, some companies conducted an analysis in 2024 of the possibilities for implementing diversity and inclusion measures. The results of this analysis will serve as a basis for planning initiatives in the coming years.

Table: Actions implemented by individual companies.

Company name	Description of actions
PGE S.A., PGE Systemy S.A., PGE Baltica sp. z o.o.	A series of webinars under the Power of Leadership (<i>Moc Przewodzenia</i>) cycle was conducted, focusing on the topic of diversity.
PGE Energia Ciepła S.A. (including its branches and subsidiaries)	Analysis of the age structure and gender distribution in managerial and production roles was carried out. People with disabilities were employed.
PGE Energetyka Kolejowa S.A.	Regular analysis of pay levels between women and men was conducted.
PGE Ekoserwis S.A.	In the headquarters, a training cycle Structured in Relations (<i>Poukładani w relacje</i>) was conducted, which addressed issues such as individual differences and needs, building understanding, and improving communication skills.
PGE GiEK S.A.	An analysis of human resources in the headquarters and branches was carried out in terms of diversity. Internal training sessions for managers were planned for 2025, aimed at raising awareness among supervisors on leveraging team diversity to improve work outcomes.
PGE Obrót S.A.	In modernised Customer Service Offices (BOK), ramps and customer service areas (e.g. induction loops) were adapted to meet the needs of persons with disabilities.

For 2025, further actions supporting diversity are planned based on the findings from analyses and the implementation of workshops on neurodiversity, as well as other educational activities (in line with the 2025 financial plan). In 2025, PGE as the corporate centre will also appoint a Diversity Officer. PGE CG treats diversity as a priority area, which is intended to support the development of an organisational culture based on collaboration and mutual respect.

PRIVACY

PGE CG implements comprehensive data protection procedures in line with the overarching General Procedure – Guidelines on Personal Data Protection within PGE CG. These include training sessions, audits, and compliance monitoring systems. Thanks to these measures, employee privacy is safeguarded, and data management is carried out transparently and in compliance with applicable regulations. Among the key actions taken in 2024 was the implementation of obligations arising from these procedures by individual companies.

Key planned actions of PGE CG include continuing current measures and addressing areas requiring improvement in the field of privacy protection based on annual reports and summaries, thereby contributing to the achievement of set objectives.

The following performance indicators were defined for 2024::

- Launching a project to effectively regulate data retention within the company.
- Undertaking activities to raise awareness of the management regarding personal data protection.
- Holding an informational campaign for directors and managers on privacy by design.

Monitoring of goal achievement through KPI-based measurement of individual tasks.

The effectiveness of implemented activities is also monitored by PGE CG companies reporting to the Personal Data Protection Office (UODO) in relation to submitted breach explanations.

The actions described in section S1-4 do not require dedicated resources or significant expenditure.

9.3.1.7. [S1-5] Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

As of the date of publication of this Statement, PGE Capital Group has not established formal, measurable, outcome-oriented objectives for managing negative impacts, enhancing positive impacts, or managing material risks and opportunities in relation to all material topics. According to the currently adopted approach, these areas are monitored on an ongoing basis, including in terms of compliance with procedures, applicable legal regulations, and adopted values. Monitoring is carried out through operational contact between human capital management units in individual Group companies during the implementation of various initiatives (e.g. the Employee Opinion Survey).

9.3.1.8. [S1-6] Characteristics of the undertaking's employees

Table: Average number of employees and total number of employees at the end of the reporting period.

	Women ¹	Men	Total employees
Average number of employees (headcount, all employees) ²	7,819.2	35,380.7	43,199.6
Total number of employees at the end of the reporting period (headcount, all employees)	8,648	34,250	42,898

¹ The category 'other' was not used in PGE CG due to the lack of indication by employees.

² Sum of monthly averages divided by 12.

PGE Group conducts operations across a broad spectrum – from raw material extraction to energy generation, distribution, and sales – which requires a diverse employment structure across the country. The geographical location and specific nature of tasks determine the availability of local workforce and often the prevailing gender of applicants. Most employees are men, which is typical for the energy sector with a high proportion of technical and operational positions. The structure also reflects broader demographic trends – with a significant share of employees nearing retirement age – and efforts in line with modern developments to strengthen the role of women in the sector (evidenced by the increase in the number of women at the end of the reporting period compared to the average).

Table: Number of permanent employees, fixed-term employees or non-guaranteed hours employees, in total and by gender.

	Women	Men	Total at the end of the reporting period (headcount)
Number of employees	8,648	34,250	42,898
Number of employees on fixed-term contracts ¹	977	3,155	4,132
Number of employees on permanent contracts	7,671	31,095	38,766

	Women	Men	Total at the end of the reporting period (headcount)
Number of non-guaranteed hours employees	0	0	0
Number of full-time employees	8,465	33,872	42,337
Number of part-time employees	183	378	561

¹ According to the English version of the Guidelines, these are 'temporary contract' workers, i.e. 'temporary employees'. However, in the Polish labour law context, these are understood as employees on fixed-term contracts, and this definition will be applied.

Table: Total number of employees who left the undertaking during the reporting period and the turnover rate.

Total number of employees who left the undertaking during the reporting period	Total at the end of the reporting period (headcount)	Employee turnover rate during the reporting period
3, 447	42, 898	8%

Contextual information necessary to understand the data

Employee turnover in PGE CG is mainly due to employees reaching retirement age (statutory and miners' pension) and an increased number of active recruitment processes and hires in the renewable energy segment.

Table: Methods and assumptions applied when compiling the data, including whether the figures are reported:

i. In headcount or full-time equivalent (FTE)	as headcount (all employees) ¹
ii. At the end of the reporting period, as an average across the reporting period, or using another methodology	as at the end of the reporting period

¹ Including employees actively working and those with suspended employment.

9.3.1.9. [S1-7] Characteristics of non-employees workers in the undertaking's own workforce

Table: Number of non-employees forming part of the undertaking's own workforce, broken down into: people with contracts with the undertaking to supply labour ('self-employed people') and people provided by third party undertakings primarily engaged in 'employment activities' (NACE code N78).

Non-employees	Management Board	Mandate contracts	Contracts for specific work	B2B contracts	Employee leasing (Temporary Employment Agencies)	Other	Total number of non-employees forming part of the own workforce
Number of individuals at the end of the reporting period	84	584	4	70	249	174	1, 165

Data under S1-7 presents information on the number of individuals at the end of the reporting period, broken down by contract type.

9.3.1.10. [S1-8] Collective bargaining coverage and social dialogue

Table:

Indicator type	Share among employees
Trade union density in PGE CG	67%
Share of PGE CG employees covered by Company Collective Bargaining Agreements	83%
Share of employees represented by workers' representatives	100% ¹

¹ In the PGE Capital Group, nearly 100% of employees are represented by workers' representatives, i.e. trade unions or Works Councils.

At PGE CG companies where company collective bargaining agreements are not in force, employee terms and conditions are regulated in remuneration policies or – if such regulations have not been introduced – in employment contracts. It is important to note that the Corporate Remuneration Principles at PGE CG apply across the Capital Group and define a common standard for employee remuneration practices, regardless of whether employment conditions are set out in CCBA or other internal regulations.

9.3.1.11. [S1-9] Diversity metrics

Table: Gender distribution in number and percentage at top management level.

	Number of employees at the end of the reporting period (headcount)	Number of employees in top management at the end of the reporting period (headcount)	Share of employees
Men	34,250	436	74.7%
Women	8,648	148	25.3%

Undisclosed	0	0	0%
Total	42,898	584	100%

Table: Age structure of employees

	Number of employees at the end of the reporting period (headcount)	Share of employees
Under 30	3, 556	8.3%
30–50	20, 356	47.5%
Over 50	18, 986	44.3%
Total	42, 898	100%

9.3.1.12. [S1-10] Adequate wages

Table: Employees of the undertaking receiving adequate remuneration in line with applicable benchmarks.

	PGE CG
Do all employees of the undertaking receive adequate remuneration in line with applicable benchmarks?	Yes

9.3.1.13. [S1-11] Social protection

Employees of the PGE Capital Group are covered by social protection through benefits provided by the undertaking and through public programmes in cases and life events such as:

- illness,
- unemployment,
- workplace accident,
- parental leave,
- retirement.

9.3.1.14. [S1-13] Training and skills development metrics

Table: Percentage of employees participating in regular performance and career development reviews and average number of training hours, broken down by gender and employee categories.

	Percentage of employees participating in regular performance and career development reviews	Average number of training hours
Women	24%	18.1
Men	21%	22.1
Total	22%	21.3
Of which:		
Senior Management (Management Board and Directors)	51%	55.2
Middle Management	38%	33.8
Other employees	20%	19.9

Table: Percentage of non-employees who participated in regular performance and career development reviews and average number of training hours.

	Percentage of employees participating in regular performance and career development reviews	Average number of training hours
Total	7%	5.3

The percentage of employees and non-employees participating in regular performance and career development reviews was calculated by dividing the number of all individuals subject to any form of performance or career review (as defined by the internal regulations of a given company) by the total number of employees/non-employees.

The average number of training hours was calculated by: a) determining the total number of employees (by category and in total) / non-employees; b) calculating the total number of completed training hours (including all types of training conducted in PGE: those required by law, internal regulations, training assigned by the employer, as well as training undertaken with the employer's approval, including studies and conferences). Then the number of training hours was divided by the number of employees (by category or in total) / non-employees.

9.3.1.15. [S1-14] Health and safety metrics

Table: Percentage of the undertaking's own workforce covered by the undertaking's occupational health and safety (OHS) management system based on legal requirements or recognised standards or guidelines.

Workforce category	Undertaking's general OHS management system (Policy adopted) ¹	%	Certified/audited OHS management system – ISO 45001	%
Employees (covered)	42,621	99%	23,848	56%
Employees (not covered)	277	1%	19,050	44%
Total employees	42,898	100%	42,898	100%
Non-employees (covered)	1,144	99%	212	18%
Non-employees (not covered)	15	1%	947	82%
Total non-employees	1,159	100%	1,159	100%
Total own workforce	44,057	100%	44,057	100%

¹ The undertaking's general OHS management system – includes companies that declared adoption of the OHS Policy

Table: Number of fatalities due to work-related injuries and work-related ill health.

Workforce category	Cause of death	Number of fatalities
Undertaking's employees	Work-related injuries	3
	Work-related ill health (occupational diseases)	0
Non-employees (own workforce)	Work-related injuries	0
	Work-related ill health (occupational diseases)	0
Total own workforce	Work-related injuries	3
	Work-related ill health (occupational diseases)	0
Other workers operating at the undertaking's premises	Work-related injuries	1 ¹
	Work-related ill health (occupational diseases)	0
Total		4

¹ One fatality involved a contractor working on equipment operated by a PGE CG company, though not directly on its premises

Table: Number and rate of recordable work-related accidents.

Work-related accidents (among own employees)	Number
Number of work-related accidents	176
Total number of hours worked by own employees	67, 986, 335
Rate of work-related accidents	2.6

Number of employees injured in incidents classified as equivalent to workplace accidents (pursuant to Article 3(2) of the Act on Social Insurance for Workplace Accidents and Occupational Diseases [consolidated text: Journal of Laws of 2022, item 2189]) – 4

Number of employees injured in commuting accidents – 152

Table: Number of cases of recordable work-related ill health concerning current employees of the undertaking and concerning individuals who were formerly part of the undertaking's own workforce. Number of cases of recordable work-related ill health concerning non-employees considered part of the undertaking's own workforce.

Workforce category	Number of cases
Current employees of the undertaking	0
Non-employees considered part of the own workforce	0
Total own workforce	0

All data on cases of work-related ill health refer to occupational diseases in accordance with Article 235(1) of the Labour Code.

Table: Number of days lost due to work-related injuries and fatalities resulting from workplace accidents, work-related ill health, and fatalities caused by work-related ill health (employees).

Reason for days lost (employees)	Number of days
Work-related injuries resulting from workplace accidents	11, 751
Fatalities resulting from workplace accidents ¹	546
Work-related ill health, occupational diseases	0
Fatalities caused by work-related ill health, occupational diseases	0
Total	12, 297

¹ A maximum of 182 days of sick leave was assumed per fatal case.

Table: Number of days lost due to work-related injuries and fatalities resulting from work-related accidents, work-related ill health, and fatalities caused by work-related ill health, for non-employees considered part of the undertaking's own workforce.

Reason for days lost (non-employees considered part of the own workforce)	Number of days
Work-related injuries resulting from workplace accidents	30
Fatalities resulting from workplace accidents	0

Work-related ill health, occupational diseases	0
Fatalities caused by work-related ill health, occupational diseases	0
Total	30

9.3.1.16. [S1-15] Work-life balance metrics

Table: Percentage of the undertaking's own employees entitled to family leave and those who took family leave, by gender.

	Women	Men	Total
Percentage of the undertaking's own employees entitled to family leave, in %	100%	100%	100%
	Women	Men	Total
Percentage of the undertaking's own employees who took family leave, in %	11.1%	8.1%	8.6% ¹

¹ The result refers to all employees entitled to parental leave and includes those who left the undertaking during the reporting year.

As of 26 April 2023, amendments to the Labour Code were introduced in Poland as a result of the transposition of EU directives: the Work-life Balance Directive and the Directive on Transparent and Predictable Working Conditions. Each employee holding an employment contract is entitled to five days of unpaid carers' leave to care for a parent, spouse, child, or a person residing in the same household (Article 173(1) of the Labour Code).

All employees are entitled to family leave in accordance with the applicable provisions of the Labour Code, CCBA, social policy, and work regulations.

9.3.1.17. [S1-16] Compensation metrics (pay gap and total compensation)

Table: Gender pay gap, defined as the difference of average pay levels between female and male employees, expressed as percentage of the average pay level of male employees.

	Pay gap (base salary)	Pay gap (variable components)	Pay gap (total remuneration)
Pay gap (%)	-10.7%	23.1%	5.5%

Due to technological requirements and the availability of workers in the labour market for occupational groups necessary for carrying out the Group's core activities, the Group predominantly employs men. These are mostly operational/manual positions involving shift or continuous work systems. As a result of working in shift or continuous systems, employees are entitled to additional variable components of remuneration. Therefore, among the vast majority of male employees, the variable portion of remuneration is proportionally higher than among female employees.

To summarise, due to the current employment structure in the Group, women on average receive a higher base salary than men. At the same time, due to technological needs and the organisation of work, men on average receive significantly higher variable remuneration than women. The combination of these two effects results in an average total remuneration difference of 5.5% in 2024 in favour of men.

Table: Gender pay gap between employees by categories of employees broken down by ordinary basic salary and complementary or variable components.

	Pay gap (base salary)	Pay gap (variable components)	Pay gap (total remuneration)
Directors	-2.1%	-5.3%	-1.0%
Managers	-11.2%	1.8%	-5.5%
Other employees	-9.5%	26.1%	7.6%

Table: Ratio between the remuneration of the highest paid individual and the median remuneration for the employees (excluding the highest-paid individual).

Ratio of total annual remuneration of the highest-paid person in the organisation to the median of the total annual remuneration for all employees¹ (excluding the highest-paid individual)	(%)
	768.2%

¹ Excluding suspended employees.

Contextual information:

- In preparing the information required under point 97(b), all employees were taken into account.
- Depending on the remuneration policy applied by individual employers within the enterprise, the following components were included:
 - base salary, which is the sum of guaranteed, short-term, and non-variable cash compensation;
 - benefits in cash, which is the sum of the base salary and cash allowances, bonuses, commissions, cash profit-sharing, and other forms of variable cash payments;

- benefits in kind, such as cars, private health insurance, life insurance, wellness programmes; and
- direct remuneration, which is the sum of benefits in cash, benefits in kind
- and total fair value of all annual long-term incentives (for example, stock option awards, restricted stock shares or units, performance stock shares or units, phantom stock shares, stock appreciation rights, and long-term cash awards).
- The following formula was used to calculate the annual pay ratio:

(Total annual remuneration of the highest-paid individual in the company)/

(Median annual total remuneration of all employees, excluding the highest-paid individual).

Indicators (S1) 97a and (S1) 97b are based on the same group of pay components.

9.3.1.18. [S1-17] Incidents, complaints and severe human rights impacts

In 2024, the PGE Group received 19 complaints regarding inappropriate behaviour submitted through available reporting channels. Five of these included elements of potential discrimination. After conducting internal investigations, the companies determined that two of the complaints were justified but related to ethical issues other than discrimination. As of the date of this report, three cases remain under assessment. In 2024, 34 whistleblower and non-compliance reports were submitted.

One lawsuit was filed against a Group company in 2024, seeking compensation for alleged violation of the principle of equal treatment; however, it was dismissed due to incorrect identification of the claimant. No confirmed cases of discrimination, including harassment, were recorded. No harassment-related incidents involving internal or external stakeholders were reported during the reporting period.

Although investigative committees/persons examining the circumstances generally did not confirm that the reported behaviour constituted mobbing, discrimination or similar violations, they typically issued recommendations to the employers aimed at minimising the risk of undesirable conduct in the future.

Actions taken based on these recommendations included, among others:

- communication on proper process implementation (e.g. applying for business travel);
- awareness campaigns on appropriate social conduct and desired/undesired behaviour in the workplace;
- training sessions;
- implementation of individual managerial coaching;
- meetings between employers/managers and employees.

No confirmed serious incidents involving human rights violations were reported in 2024. Consequently, no fines, penalties or compensations were imposed.

9.3.2. [ESRS S2] WORKERS IN THE VALUE CHAIN

Important points: Secure employment; Working time; Adequate wages; Health and safety; Measures against violence and harassment in the workplace; Diversity.

9.3.2.1. [ESRS 2 SBM-2] Interests and views of stakeholders

Within the value chain, the stakeholder groups over which the PGE Group exerts influence relate to the upstream chain sections – namely suppliers, business partners, and subcontractors. Throughout this Statement, any reference to workers in the value chain pertains to employees within these groups, over whom PGE has the greatest influence through its investments and day-to-day operations. These groups of workers do not influence the business model, and there is no direct dialogue conducted with them. Engagement is carried out through the organisations that employ them. At the same time, the PGE Group provides reporting channels – such as the whistleblower mechanism – which are accessible to all stakeholder groups.

Further details on the forms of stakeholder engagement and the topics addressed are provided in section ESRS 2 SBM-2.

9.3.2.2. [ESRS 2 SBM-3] Material impacts, risks and opportunities and their interaction with strategy and business model

In 2024, the PGE Group identified significant impacts concerning workers in the value chain across the following topical areas: job security, working time, adequate wages, occupational health and safety, measures to prevent violence and harassment, and workplace diversity.

The PGE CG's business model comprises eight segments, ranging from conventional energy and district heating to renewables and circular economy. Ensuring operational efficiency across the Group requires effective collaboration throughout the value chain. Consequently, the Group works with a wide range of entities while striving to uphold high standards in its business relationships. This interdependence constitutes the primary source of the identified significant impacts on the value chain workers. Moreover, cooperation with supply chain partners is a driver for further planned actions in this area. The PGE Group seeks to build relationships with reliable partners who not only meet its own high standards but also comply with international ones.

Within the identified topical areas, the PGE CG has recorded positive impacts, as reflected in the following actions:

- The Group expects its employees and contractors to adhere to the ethical values outlined in the PGE Capital Group Code of Ethics and the Code of Conduct for Business Partners.
- Potential partners undergo verification, including checks on outstanding payments and confirmation of appropriate insurance coverage.
- Contractors are required to observe the OECD and UN Guidelines on business and human rights.
- PGE provides contractors with information on health and safety hazards, emergency procedures, and OHS requirements, and conducts OHS training. Occupational health and safety inspections of contractors' work are carried out, and internal OHS units monitor and supervise activities in this area. In 2024, a process was introduced for collecting and analysing data on contractor workplace accidents.

A detailed account of the actions confirming these positive impacts is presented in section S2-4.

Significant impacts on value chain workers relate in particular to:

- Individuals working at PGE Group's locations or on behalf of the Group,
- Employees of upstream value chain entities (e.g. logistics or distribution service providers).

9.3.2.3. [S2-1] Policies related to value chain workers

Due to the broad scale of its operations, the PGE Group cooperates with numerous organisations across the entire value chain. By fostering long-term business relationships, setting cooperation standards and rules, and incorporating contractual clauses and external regulations, the Group also exerts influence over its suppliers and their employees.

The PGE Group may impact workers in the value chain particularly in relation to:

- Individuals working at PGE Group's locations or on behalf of the Group,
- Employees of upstream value chain entities (e.g. logistics or distribution service providers).

The Group does not have a dedicated policy addressing the significant impacts, risks, and opportunities concerning workers in the value chain, as this area has thus far been governed by existing general internal regulations.

Issues related to the organisation's influence on value chain workers and obligations placed on their employers have been addressed in principle in the following documents:

- Code of Conduct for Business Partners of the PGE CG companies,
- PGE CG's Human Rights Policy,
- OHS Policy also referred to as Occupational Health and Safety Internal Regulations of the PGE CG).

Title of document	Description
Code of Conduct for Business Partners of the PGE CG companies	The PGE Group has put in place a Code of Conduct for Business Partners of the PGE CG companies, which sets out, among other things, expectations for business partners regarding respect for human rights and working conditions. The Code references legal requirements, in particular labour rights, occupational health and safety rules, competition law, and environmental protection. It includes a dedicated section on human rights and labour standards, prohibiting child labour and forced labour both in Poland and abroad. Where minors are employed, they may only perform light work that poses no risk to their health or development and does not interfere with education. Business partners must not tolerate work that endangers health or violates human dignity, nor any form of mobbing or discrimination. The Code of Conduct for Business Partners outlines expected behaviours related to providing safe working environments, complying with OHS standards and regulations – including induction training, provision of protective equipment, and OHS training. Employment terms and labour standards in the PGE Group's value chain are key procurement

Title of document	Description
	criteria. Contractual clauses requiring employment contracts are mandated for selected procurement areas such as security, cleaning, or construction, ensuring workers' basic labour rights and legal protections. The Code also requires suppliers and business partners to respect fundamental human rights principles as set out in international documents, including: ▪ Universal Declaration of Human Rights; ▪ International Labour Organisation standards; ▪ 10 Principles of the United Nations Global Compact; ▪ Convention on the Rights of the Child; ▪ Guidelines of the Organisation for Economic Co-operation and Development (OECD) for multinational enterprises; ▪ Guidelines on Business and Human Rights: Implementing the United Nations "Protect, Respect and Remedy" Framework. PGE Group companies expect their Business Partners to observe these principles and guidelines and confirm their understanding of the Code of Conduct during the procurement process. Information on the Code of Conduct for Business Partners in relation to minimum disclosure requirements not addressed in this section is provided in section G1-1 of this Statement.
PGE CG's Human Rights Policy	Another important document that indirectly supports the management of risks related to workers in the value chain is the PGE CG's Human Rights Policy. It sets out the fundamental principles and regulatory framework related to human rights. All persons acting on behalf of or for the PGE Group must be familiar and comply with these principles. The Group cooperates only with entities that share its values and operate lawfully and ethically. The policy regulates the process for reporting misconduct and requires business partners to uphold human rights. When selecting or evaluating contractors, the PGE Group ensures they understand these principles and implements remedial measures in the event of violations. The PGE CG rejects forced labour, human trafficking, and all forms of modern slavery. It is committed to making every effort to ensure that no one whose work is linked to the company's operations – including through business partners – is subjected to forced labour. It also takes appropriate measures to eliminate forced labour, modern slavery, and human trafficking. Details regarding the PGE CG's Human Rights Policy in relation to minimum disclosure requirements not addressed in this section are provided in section S1 of this Statement.
Occupational Health and Safety Internal Regulations of the PGE CG	One of the key documents ensuring high safety standards for both PGE employees and value chain workers is the OHS Policy. It includes commitments to: ▪ Comply with legal and other requirements related to occupational health and safety, ▪ Enforce decisions, recommendations, and orders issued by national labour inspection authorities in accordance with applicable regulations. Updated in December 2024, the PGE CG's policy on the prevention of occupational accidents and diseases extends, in relation to value chain workers, to contractors working on PGE premises and operating PGE-owned equipment. Printed materials communicating life-saving rules have been made available in Polish, Ukrainian, and English, allowing the message to reach a broader audience. Information regarding the OHS Policy at the PGE CG in relation to minimum disclosure requirements not covered in this section is provided in section S1 of this Statement.

9.3.2.4. [S2-2] Processes for engaging with value chain workers about impacts

As part of its operations, the PGE Group analyses and assesses its impact on workers within the value chain. Among the key areas identified by the Group are job security, workplace safety, ethics, and responsibility. Actions taken in these areas can contribute to improving working conditions among subcontractors and suppliers, while also supporting the creation of value for the Group itself.

In its cooperation with suppliers and subcontractors, activities are carried out both prior to engagement – under the responsibilities of the Procurement Department (before signing contracts) – and during ongoing cooperation, for example through OHS units.

Workers operating at PGE Group sites or involved in the Group's investment projects are considered a key group of employees. Accordingly, the Group pays particular attention to both occupational safety

and the security of their employment. If information is received indicating a possible breach of Group's principles

and standards – defined through contractual obligations – enterprises failing to comply may be required to implement corrective actions. Communication with value chain workers is conducted primarily through their direct employers. At the current stage, there are no standardised mechanisms for collecting feedback directly from individuals employed within the organisation's value chain.

9.3.2.5. [S2-3] Processes to remediate negative impacts and channels for value chain workers to raise concerns

Any concerns or issues arising during the performance of work for the PGE Group may be reported through external whistleblowing mechanisms, including the whistleblower system, which is also available to workers within the value chain. Detailed information is provided in section G1 of this Statement and is also available

at www.gkpge.pl under the Compliance tab. In addition, anyone who has questions or concerns can send an email to: OpiniaCompliance.pgesa@gkpge.pl.

Reports submitted by value chain workers are treated equally to those from own workforce or any other individuals, with the same guarantees of anonymity

and protection. All submissions are reviewed by a designated person within the Compliance unit. The effectiveness of these reporting channels is monitored by examination of the cases submitted through these systems. By making these channels publicly available (via the website) and highlighting them during meetings and throughout the procurement process, the PGE Group increases awareness of their existence across its value chain.

9.3.2.6. [S2-4] Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those action

The fundamental ethical values and principles of the PGE Group, along with the standards expected of employees – including management – are outlined in the PGE Capital Group Code of Ethics. At the same time, the Group expects its current and prospective contractors to act in accordance with the values of the PGE Group and to conduct themselves responsibly and ethically, as set out in the Code of Conduct for Business Partners of the PGE CG companies. The aim of ongoing implementation of both the Code and the OHS Policy is to promote opportunities and positive impacts concerning value chain workers.

Key ongoing actions concerning these workers include:

- Verification of possible partners, including checks for compliance with legal payment obligations (e.g. social security, tax payments) and confirmation of adequate insurance coverage.
- Obliging contractors to comply with internationally recognised standards, such as the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.
- contractors working on the premises of PGE Capital Group companies are provided with information on, among other things, 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, and protective and preventive measures taken to eliminate or reduce risks. Where appropriate, OHS requirements are included in contracts, and OHS induction training is conducted for contractors.
- OHS inspections of contractor work. The OHS Policy includes a commitment to cooperating with contractors on OHS issues, monitoring their work carried out on PGE CG's premises or equipment, and responding to findings from these inspections by internal OHS committees ensuring corrective measures are taken.
- For 2024, 24 PGE CG subsidiaries reported that contractors had communicated OHS issues to their representatives.
- For 2024, 30 subsidiaries reported that they provided contractors with OHS information in that year, included safety requirements in contracts, and conducted OHS inspections of contractor work.
- Monitoring effectiveness of efforts is ensured through a system tracking incidents involving value chain workers. Internal OHS units continuously monitor and supervise the planning, implementation, and execution status of safety-related activities by contractors and subcontractors. Weekly internal OHS meetings are held to assess current actions, monitor progress, and plan further measures if needed.
- In 2024, a process was implemented to collect and analyse information on occupational accidents involving contractors working on PGE CG premises or equipment. Following serious incidents – including a fatal accident involving a contractor's employee at one of the subsidiaries – the Corporate Centre launched an extraordinary inspection to identify necessary corrective actions.
- No incidents related to human rights violations in the value chain were reported during the reporting period. Further details on the OHS Policy and related activities are provided in section S1 of this Statement.

9.3.2.7. [S2-5] Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Until the publication of the Statement, the PGE Capital Group had not established formal, measurable, or results-oriented goals for managing negative impacts, increasing positive effects, or managing significant risks and opportunities in the context of the value chain workers. However, mechanisms are in place within the PGE CG that enable monitoring of entities within the value chain, including:

- A requirement to use employment contracts,
- Zero tolerance for workplace accidents,

- Prohibition of discrimination and mobbing,
- Ethical conduct towards employees and collaborators.

Actions in these areas are monitored in a manner appropriate to the PGE CG's capabilities, particularly in terms of implementing contractual provisions and the extent of influence over suppliers.

These objectives are not structured with defined indicators, and therefore regular ESG audits of suppliers are not conducted. Nonetheless, monitoring covers OHS standards, employment terms, and other clauses specified in contracts and the Code. The issue of impact on value chain workers will be addressed in greater detail by the PGE Group in subsequent reporting periods.

9.3.3. [ESRS S3] AFFECTED COMMUNITIES

Important topics: Adequate housing; Security-related impacts.

9.3.3.1. [ESRS 2 SBM-2] Interests and views of stakeholders

Information can be found in part ESRS 2 SBM-2 of the Statement.

9.3.3.2. [ESRS 2 SBM-3] Material impacts, risks and opportunities and their interaction with strategy and business model

As part of its operations, PGE Group has identified a significant impact on the adequate housing and security-related impacts on local communities. As part of its investment processes, the PGE Capital Group conducts public consultations to address the needs and concerns of local communities at the project planning stage.

In the area of adequate housing, the positive impact of the PGE Group on local communities is mainly achieved through pollution reduction achieved by a gradual shift away from coal-fired power generation and investing in local infrastructure, such as road construction during as part of the Group's energy projects.

In the area of security-related impacts on local communities, the Group strengthens its positive influence by creating jobs in the construction and operation of renewable and low-emission installations, reducing the duration of power outages through investment projects in distribution, and ensuring availability of district heating for urban areas.

The PGE Capital Group undertakes numerous activities aimed at minimising its impact on the environment. The strategic objective behind these measures is to change the structure of electricity generation in Poland to low- and zero-emission. Navigating the energy transformation, in addition to meeting legal and statutory requirements, the Group undertakes investment activities that contribute to reducing emissions. This has a positive impact on local communities.

Where negative impacts cannot be effectively and sustainably eliminated, the PGE Group takes actions aimed at their minimisation.

Considering the connection between the Group's operations and its impact on local communities, the most important aspect is the Group's business in the lignite regions of Bełchatów and Turów, where PGE is a key employer, guaranteeing economic security and good material conditions (Kleszczów Municipality has been the richest municipality in Poland for years). However, in the long term, when lignite mining and the related power generation operations are to be phased out, maintaining the economic security of the residents of these regions becomes crucial. For this reason, PGE is actively involved in activities related to the processes of just transition, including investment planning aimed at providing an industrial alternative for the regions.

At the same time, lignite mining, conducted on large open-pit areas, is an activity that does not remain indifferent to the functioning of the surrounding residents, notwithstanding its lawfulness or underlying permits. Economic activity in the immediate vicinity of open-pits may be subject to restrictions, while the availability of water resources remains monitored. In recent years, PGE has invested in an anti-filtration screen in the Turosszów region to protect local water resources (also protecting waters in the Czech Republic) and thus mitigate the possible negative impact of deposit drainage.

Therefore, given the specific characteristics of the PGE Group and the variety of activities of its subsidiaries, in its disclosures concerning affected communities, the Group focuses on the identified impact of companies conducting operational activities, e.g. extraction and production.

The projects of the PGE Capital Group, such as development of renewable energy sources, investing in low-emission sources of generation, modernisation of transmission infrastructure, and rehabilitation of post-industrial areas, are carried out with respect for the environment and the interests of local communities. PGE

supports local communities in their development by initiating projects aimed at improving the living conditions in the local municipalities and establishing positive relationships with stakeholders. These actions can have both positive and negative impacts, which is why the PGE Group, in its investment and operational activity, applies an approach designed to minimise possible negative effects of its operations. Transparency and social dialogue are key elements of this approach, enabling the local community to obtain detailed information about the investment projects of the PGE Group.

The PGE Group takes into account the needs and opinions of local communities, which directly influences the Group's strategy and its business model. This is particularly the case for mine and power plant workers and their families, who are directly affected by the transformation of coal regions. It is also important to maintain the economic potential of regions that have been heavily dependent on mining and power plant operations for several decades. Ensuring the energy security of the region and the country as a whole while gradually reducing coal-based activities is also of key importance.

The business model is evolving towards decentralised energy sources and prosumer energy services. Including communities as active participants in the energy market fosters social acceptance of the energy transition and allows for better tailoring of activities to local needs.

The local community of the PGE Capital Group comprises residents, employees and their families, non-governmental organisations, business partners, and local and regional authorities that live and work near operation sites. Due to the scale of the Group's operations, which include coal mining in addition to electricity and heat generation, the most affected regions are those around Bełchatów and Turoszów. Also the other conventional power plants (Opole, Rybnik, Lower Odra/Gryfino) are not without impact on the local population, even though they are located in areas of low density.

The heat generation business affects residents and companies operating within local heating networks. Without available alternative heat production sources, PGE remains responsible for guaranteed heat supply and for minimising the environmental impact of production processes. This is achieved by ensuring production efficiency, appropriate technology mix, flue gas and wastewater treatment, and noise reduction.

9.3.3.3. [S3-1] Policies related to affected communities

At the PGE Group, the approach to sustainable development and social responsibility includes managing the impact on affected communities. For the PGE Group, affected communities are those that may experience direct or indirect effects of our operations. Therefore, recognising and understanding the impact on the social environment is crucial for managing the risks and opportunities associated with business activities.

Until February 2024, the PGE Group followed the General Procedure for the Management of Corporate Community Involvement (CCI) Activities, which defined the rules of cooperation and communication standards between the Group's companies and the local community. However, it was withdrawn for updating (published in 2014, the procedure needed adjusting to the current internal policies and standards). Fully aware that the interests of the local community are a vital part of PGE Capital Group's operations, the Group plans to implement a local community relations management policy over the next two years (2025–2026) to centralise the management in this area. This process entails:

- Identification and analysis of the affected communities.
- Involvement of local communities: active participation of their representatives in the policy creation and implementation process, allowing for a better understanding of the needs and expectations of the communities.
- Monitoring and evaluation: checking the effectiveness of the solutions put in place.

The new policy will define the cooperation procedures and the methods for evaluating its results; in addition, a person at the highest level of the PGE Group will be appointed to ensure that engagement with local communities is genuine and that the outcomes of this cooperation influence the Company's course of action.

Despite the lack of a policy, according to the ESRS definition of managing material impacts, risks and opportunities within affected communities in the PGE Group, relations with local communities have so far been described in, among others, PGE Group Strategy until 2030 and the PGE Capital Group Code of Ethics. These are guiding documents that lay down the key assumptions for the incorporation of the interests of this stakeholder group into the activities of the PGE Capital Group. Pursuant to the Code of Ethics, the PGE Group strives to be a partner of local communities, which is reflected in the following principles: caring for the development of areas where the Group conducts its business, improving the quality of life of local communities, supporting local products and events, and providing jobs.

The PGE Group cares about having an open dialogue with local communities and taking their needs into account, as well as creating chances based on opportunities resulting from mutual potential and being a good neighbour. In accordance with the Code of Ethics, the PGE Group expects that its following rules will be observed by the Group companies influencing local communities, including:

- taking actions with consideration of the impact of business activities on local communities,
- supporting, according to transparent and objective rules, the activity of legal entities and natural persons, including also PGE Group employees and members of their families, as well as local communities in areas such as: culture, science and education, medicine and healthcare, social welfare, ecological activities and protection of the climate and environment as well as sports, including sports for children, young people and people with disabilities.
- one of the pillars of PGE Group's social commitment are the foundations operating within it. They support the development and involvement of local communities by conducting activity consisting in granting grants and implementing original social programmes in a transparent manner.
- The PGE Group's employees work for the benefit of local communities, for example, by getting involved in employee voluntary work.

Information on the minimum disclosure requirements relating to the Code of Ethics, not covered by the present section, can be found in section G1 of this Statement.

9.3.3.4. [S3-2] Processes for engaging with affected communities about impacts

Until the publication of the Statement, the PGE Group had not introduced formal procedures for cooperation with affected communities or for assessing the impact of this cooperation. Nevertheless, some PGE Group companies assess the effectiveness of cooperation with local communities using methods such as:

- media monitoring,
- analysing customer feedback,
- information meetings
- communication with local authorities and community.

Engagement with the community is both direct and through representatives (local authorities, non-governmental organisations). Direct cooperation includes information meetings, public consultations, educational workshops, study visits, and handling of individual requests. Indirect cooperation consists of establishing contacts with local authorities, institutions and non-governmental organisations, posting information online, and organising joint educational, cultural, and sports events.

Actions taken by the PGE Group are targeted towards local communities without particular distinction of marginalised groups. Pursuant to the Code of Ethics, "[W]e treat all entities and people we have contact with in the market in an honest and fair manner, this is the priority of our activity".

The cooperation extends to various stages of the PGE Group's activities, from planning and implementation to ongoing operations. Its frequency depends on the needs of the community and the specific nature of the project at hand. An important element of project implementation in the PGE Group is dialogue with stakeholders based at our main investment locations. Prior to the commencement of a project, an analysis is carried out to determine the situation of the affected community and the impact of the planned project on the residents and the surrounding area. The PGE Group reacts to reported needs and problems, trying to minimise the negative effects of its activities and support local initiatives.

At the PGE Group, relationships with the local community and their development are the responsibility of the CSR Department at PGE S.A., which reports to the President of the Management Board. The CSR Department is tasked with projects implemented with and for the community, including an employee volunteering programme, and developing new standards and principles of cooperation and its directions.

DIALOGUE WITH LOCAL COMMUNITIES

The PGE Group engages in dialogue with local community residents and representatives to better understand their needs and expectations. Meetings, public consultations, and awareness-raising initiatives help build positive relationships and cooperation. Examples of meetings held in 2024 include:

- Meeting of the Housing Estate Council No. 6 in Bogatynia, to which representatives of the Turów Power Plant and the Turów Mine were invited. Among other things, subjects related to the operation of the mine and power plant and their impact, especially in terms of noise and dust, were discussed;
- Information meeting for the residents of the Choczewo municipality (PGE Baltica Sp. z o.o.);
- Meeting with local government representatives to discuss heat supply for the city of Gryfino;
- Meeting of the Housing Estate Council No. 8 in Bogatynia, to which representatives of the Turów Power Plant and the Turów Mine were invited. Among other things, subjects related to the operation of the mine and power plant, were discussed;
- Meeting in the form of a public discussion on the solutions included in the draft local spatial development plan concerning the waste heap (ZOWER sp. z o.o.);

- Public consultation in Łebień regarding wind energy investments (PGE Energia Odnawialna S.A.);
- Public consultation in Tawęcino regarding wind energy investments (PGE Energia Odnawialna S.A.).

Opinions of the community are considered as much as possible when the PGE Group takes decisions and plans activities. They are analysed as part of operational and investment processes as well as environmental activities. In response to requests, specific actions can also be taken, contributing to a minimisation of negative impacts on local communities and to an improvement of relationships with stakeholders.

9.3.3.5. [S3-3] Processes to remediate negative impacts and channels for affected communities to raise concerns

As one of the largest electricity generators in Poland, the PGE Capital Group is taking a number of measures to minimise the negative impact of its operations on the environment and the community. Remedial measures form an integral part of this process and are crucial in the event of adverse events.

The PGE Group has put in place its own communication channels available to all stakeholders, including local communities, who can raise their concerns and express their doubts using them. The various PGE Group companies operate selected communication channels. Detailed information about these channels is available on their websites and may include: contact forms, telephone numbers, e-mail addresses, traditional correspondence, helplines, Local Information Points, contact boxes (city library, city community centres, city administration) Customer Service Office, and heating and power emergency services.

The PGE Capital Group has also introduced a formal whistleblowing mechanism. This allows affected communities to report their concerns and needs directly to the companies. Detailed information is described in part G1 of this Statement and is also available at www.gkpge.pl in the Compliance tab. In addition, anyone who has questions or concerns can send an email to: OpiniaCompliance.pgesa@gkpge.pl. Reports via this channel are constantly monitored by a responsible unit, which initiate immediate action after receiving a report, where necessary.

In 2024, no confirmed cases were recorded of the PGE Group failing to comply with the UN Guiding Principles on Business and Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, or the OECD Guidelines for Multinational Enterprises, with zero human rights violations. At the same time, there is no information confirming that such violations have taken place in the PGE Group's value chain subject to analysis, which is confirmed by an examination of the reports registered in both the internal reporting system, which has been in operation in the PGE Group since 25 September 2024, and the non-compliance reporting system. No serious human rights issues or incidents have been reported in relation to the affected communities.

In 2024, there were no studies on the level of satisfaction with raising awareness measures among affected communities regarding reporting channels and trust in these channels, or on the effectiveness and results of these measures. Local communities use the available contact channels to inform the Group companies about any needs, opinions, or concerns.

9.3.3.6. [S3-4] Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions

The PGE Capital Group undertakes a variety of activities aimed at supporting and developing local communities, especially in terms of adequate housing and security-related impacts.

The multitude of measures pursued by PGE Capital Group companies are tailored to the scale, nature, and scope of their operations. Accordingly, resources are allocated to manage material impacts, which can be categorised as follows:

ACTION FOR A JUST TRANSITION OF COAL REGIONS

Since 2020, PGE S.A. had participated in consultations on subsequent versions of the draft Territorial Just Transition Plans for the Łódzkie and Dolnośląskie Voivodeships (with regard to the area of the Zgorzelec powiat) and the National Just Transition Plan – which are documents of key importance for the long-term security of local communities.

PGE also supplied data and forecasts to the administration, which were necessary for the subsequent update of the applicable Territorial Just Transition Plan for the Łódzkie Voivodeship (TPST Wł).

In 2024, PGE S.A. provided local and national authorities (and ultimately the European Commission (EC)) with information and forecasts regarding the Bełchatów Energy Complex. As a result, the EC decided to maintain financial support from the Just Transition Fund (JTF) for the Łódzkie Voivodeship in the amount of EUR 369.5 million. These funds are to support, among others, workers currently employed at the Bełchatów Power Plant,

as well as in the mining sector and related industries. The Zgorzelec subregion, where the Turów Power Plant is located, will in turn have the opportunity to apply for funds from the JTF as part of its next edition and can count on PGE's support in these endeavours.

Resources from the Just Transition Fund can be used to support and develop local communities, including:

- job creation activities,
- employee training to facilitate re-skilling and up-skilling of workers previously employed in the coal sector,
- restoring the economic potential of the region,
- diversification and modernisation of the local economy,
- projects facilitating the development of renewable energy sources,
- projects supporting the rehabilitation of post-mining areas.

INVESTMENTS IN LOCAL INFRASTRUCTURE

The PGE Group invests in infrastructure development in the regions of its operation. This includes modernisation of power and heating networks, construction of new energy facilities, and investing in social infrastructure such as roads, schools, and healthcare facilities (financed by the PGE Foundation). In the coal-dependent regions, the PGE Group has a special role to play in the just transition process, acting as an experienced investor and initiator of measures to support local economic development. The PGE Group takes actions to minimise the negative impact of its operations on the environment, which translates into adequate and safe housing conditions for local communities. Examples include investments in renewable energy sources, equipment and activities to reduce dust, upgrading existing plants to reduce emissions, and programmes for the rehabilitation of industrial sites.

FOUNDATION'S ACTIVITIES TO IMPROVE HOUSING CONDITIONS

The PGE Foundation, established in 2011, also supports activities for the benefit of local communities. For more than ten years, it has been fostering community-based initiatives that aim to improve the quality of life in areas such as education, health, culture, and ecology.

On the other hand, the Rybnik Power Plant Foundation runs educational projects for children and young people on the conscious use of energy resources and organises events integrating the local community. The PGE Group also includes the Józef Pupka PGE Foundation for the Development of Science. It offers assistance to talented students who are unable to fully develop their abilities due to a difficult financial situation. In addition, it supports initiatives to promote education among young people with limited access to schooling.

ACTIONS TAKEN TO MITIGATE NEGATIVE IMPACTS

Examples of activities mitigating the negative impact which also results from the operation of the PGE Group, implemented in 2024 on the basis of requests submitted by the community:

- Elimination of noise emitted from the choke mounted on the PT Niedrzwica substation – after receiving a report in traditional form (letter) from a local community representative (PGE Energetyka Kolejowa S.A.);
- During an information meeting in the municipality of Choczewo, residents were consulted in connection with the company's plans for routing heavy vehicles to the investment site. As a result, the comments, suggestions and solutions proposed by the residents were taken into account (PGE Baltica sp. z o.o.);
- Change of production hours to end work by 10 p.m. to eliminate noise during installation work at night – an issue reported by the local community during a meeting in the municipality of Czerwionka-Leszczyny in Q1 2024 (ZOWER sp. z o.o.);
- Removal of tree branches threatening a private property located in Słok-Młyn, neighbouring the Bełchatów Power Plant, after a report submitted in traditional form (letter) by a local community representative (PGE GIEK S.A.).

Until the publication of the Statement, no formal indicators assessing the effectiveness of activities for the benefit of the local community had been introduced in the PGE Capital Group. In 2025, the companies belonging to the PGE Capital Group plan to continue their activities focusing on local communities. Actions will be initiated at PGE S.A. to develop a relations management policy, which will include a stakeholder dialogue aimed at recognising the needs and expectations related to impact management and relations with the local community, as well as assessing the effectiveness of ongoing activities and investments. The planned activities do not require significant operational or investment expenditure.

9.3.3.7. [S3-5] Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Until the publication of the Statement, the PGE Capital Group had not established formal, measurable, or results-oriented goals for managing negative impacts, increasing positive effects, or managing significant risks and opportunities in the context of the affected community. Such goals will be specified in the policy for the management of relations with the local community.

9.3.4. [ESRS S4] CONSUMERS AND END-USERS

Important points: Privacy; Access to (quality) information; Health and safety; Security of a person; Access to products and services; Responsible marketing practices.

The key companies of the PGE Group providing services to individual customers are primarily: PGE Obrót S.A., PGE Dystrybucja S.A. and PGE Energia Ciepła S.A.

PGE Obrót S.A., responsible for electricity sales within the PGE Group, served over 5.7 million customers in 2024, who purchased nearly 31 TWh of electricity from the company.

PGE Dystrybucja S.A., a company holding a licence for electricity distribution and providing electricity delivery services within the PGE Group, delivered over 36 TWh of electricity in 2024 across an area of 129.9 thousand sq km (almost 40% of Poland's territory), connecting nearly 80.7 thousand customers and over 78 thousand prosumer installations to the grid.

PGE Energia Ciepła S.A. is the largest producer of heat and electricity in Poland, generated in the process of high-efficiency cogeneration. It holds approximately 25% of the cogenerated heat market share, operates 16 CHP plants (with a thermal capacity of 6.22 GWT and an electrical capacity of 2.48 GWe), and has heating networks totalling 725 km in length. PGE Energia Ciepła S.A. produces and supplies heat to major Polish cities including: Kraków, Gdańsk, Gdynia, Wrocław, Rzeszów, Lublin, Bydgoszcz, Kielce and Szczecin. The company is also present in Toruń, Zielona Góra, Gorzów Wielkopolski, Zgierz, Siechnice and Gryfino, where it also acts as a distributor of heat to end customers. According to the adopted Decarbonisation Plan, from 2030 heat in the CHP plants of PGE Energia Ciepła S.A. will be produced exclusively from low- and zero-emission sources.

The PGE Group conducts consumer-related activities throughout Poland, with particular focus on the so-called historical area (i.e. the eastern part of Poland), for which PGE Dystrybucja S.A. acts as the distribution system operator and PGE Obrót S.A. as the traditional electricity supplier.

In the process of selecting PGE Group companies to be covered by ESRS S4 disclosures, three companies were identified as key for disclosure: PGE Obrót S.A., PGE Dystrybucja S.A. and PGE Energia Ciepła S.A. The following criteria were applied to select the companies relevant for reporting:

- provision of core offering to consumers or end-users; and
- share in the total number of consumers and end-users served by the PGE Group companies above 1%.

The total share of the identified companies in sales to consumers within the PGE Group exceeds 99%.

9.3.4.1. [ESRS 2 SBM-2] Interests and views of stakeholders

Information can be found in part ESRS 2 SBM-2 of the Statement.

9.3.4.2. [ESRS 2 SBM-3] Material impacts, risks and opportunities and their interaction with strategy and business model

The PGE Group is aware of its impact on consumers and end-users. As part of the double materiality assessment, a significant positive impact has been identified in the areas of:

- access to quality information – with regard to the information mechanisms implemented in sales and customer service processes,
- access to products and services – in connection with ensuring equal access for consumers and end-users to its products and services,
- and responsible marketing practices – in terms of organising them in accordance with legal requirements and with care not to mislead final customers.

At the same time, both positive and negative impacts of the PGE Group's operations on consumers and end-users have been identified in the following areas:

- privacy – in relation to the processing of personal data,
- health and safety – in relation to the ability to influence the source of product origin and the conduct of high-emission activities, particularly regarding emissions to air,
- and security of a person – in relation to the safety of the products and services offered.

A detailed description of actions regarding impacts on consumers and end-users of the Group has been presented in section S4-4.

From the perspective of the influence of consumers and end-users on the strategy and business model of the PGE Group, the Group observes the growing role of a decentralised energy system. Customers are increasingly investing in their own renewable energy sources, which changes the way the electricity grid is managed and stimulates the development of products such as energy storage, smart meters, and heat pumps. The actions of consumers and end-users in this regard stem, among other things, from their growing awareness of sustainable consumption. The increasing number of prosumers and the demand for environmentally friendly products affect PGE's business model not only in terms of the shift from traditional energy sales to the management of distributed energy, but also in the expansion of its product and service portfolio and investments in renewable energy sources and grid infrastructure.

In the various areas of activity of the PGE Group, different types of consumers and end-users can be distinguished who are subject to significant impacts from the Group's own activities, including:

- consumers or end-users of products which are by their nature harmful to humans or increase the risk of chronic diseases,
- consumers or end-users of services which may potentially negatively affect their right to privacy, personal data protection, freedom of expression, and non-discrimination,
- consumers or end-users who require accurate and accessible information about a product or service, such as user manuals and product labels, to avoid potentially harmful use of the product or service,
- consumers or end-users who are particularly vulnerable in terms of health or privacy or susceptible to the influence of marketing and sales strategies – such as children or people in financial distress.

The negative impacts of the PGE CG in the area of consumers and end-users concerning privacy and security of a person are of an incidental nature. The PGE Capital Group, acting in accordance with applicable regulations, enters into agreements with consumers. The negative impact in the area of privacy concerning consumers is related, among other things, to the risk of data leakage or unauthorised use of information. The Group is exposed to threats from cyberattacks. To mitigate negative impacts, the PGE CG implements centralised solutions in the fields of personal data protection, ICT security, and incident management.

The energy services offered by the PGE Group are not harmful to humans, provided that they are used appropriately. Negative impacts in the area of security of a person may arise in the case of failures of infrastructure owned by PGE CG companies or due to the improper use of energy by the Recipient. This primarily concerns the improper operation of consumer devices or internal installations, which are beyond the influence of the PGE CG (responsibility lies with device suppliers and entities providing services related to internal installations). From this perspective, it is not necessary for PGE CG companies to issue user manuals and warnings addressed to consumers, except for warnings placed on network infrastructure devices secured against third-party access. PGE CG companies carry out educational activities related to the proper use of energy.

The PGE CG has also identified a negative impact on consumers and end-users in the area of health and safety due to its high-emission activities, in particular regarding emissions to air. The Group manages these significant negative impacts through investments in renewable energy sources. These are long-term actions.

In the area of electricity trading activities, the following types of consumers and end-users have been identified as having significant impacts, in particular:

- household electricity consumers connected to the energy grid owned by PGE Dystrybucja S.A.,
- household electricity consumers connected to an energy grid not owned by PGE Dystrybucja S.A.,
- household consumers using district heating produced by PGE Energia Ciepła S.A. and its subsidiaries, and delivered directly where these companies act as district heating network operators,
- vulnerable consumers who are party to a bundled agreement,
- consumers requiring special care in service: persons with disabilities, elderly persons, and pregnant women,
- recipients classified as consumers, and end-users in households based on an electricity sales agreement (TPA – Third-party Access). In the field of electricity distribution services, consumers are segmented into tariff groups based on specific criteria, including voltage levels, contracted power, and the characteristics of the supplied facility.

In most cases, household electricity consumers are customers who have concluded a bundled agreement with the energy supplier (approximately 95%). This type of agreement is commonly used in consumer trade and is the only legally permissible agreement for new contracts. Under this agreement, the supplier sells electricity and ensures its delivery to the consumer through the distributor.

The remaining consumers are those who have concluded a separate energy sales agreement with the supplier and a separate agreement for distribution services with the distributor – i.e. electricity sales and distribution are carried out by two separate entities: the supplier and the distributor (separate TPA agreements).

It should be emphasised that, in the area of distribution services, segmentation is defined by legal regulations. PGE Dystrybucja S.A., in accordance with applicable regulations, treats all consumers equally and does not apply segmentation in the marketing sense.

9.3.4.3. [S4-1] Policies related to consumers and end-users

The PGE Group, as a responsible provider of services to its customers and consumers, operates on the basis of internal procedures, regulations, and Polish and international law. In its actions and regulations, the PGE Group also takes into account commonly applicable standards and regulations, thereby observing all rights related to proper customer service and the observance of human rights.

The regulations directed to the companies are developed with consideration of the Compliance Programme of PGE Dystrybucja S.A., whose objective is to ensure non-discriminatory treatment of users of the distribution system. Monitoring is carried out by the appropriate organisational units of PGE S.A.

The process of implementing procedures and policies is monitored through periodic reporting and operational meetings.

The PGE Group has adopted general policies related to managing and remedying the negative effects of material impacts, as well as the risks or opportunities associated with consumers and end users, as well as those specifically related to specific subject areas. General policies, regulations, and procedures at the central level, binding within the PGE Group companies, are adopted by the Management Board of PGE S.A.

The key management solutions within the PGE Group, forming general policies further specified by detailed sectoral regulations, include:

- Retail sales and customer relations management policy in the PGE CG

This policy defines the rules for cooperation between PGE CG companies engaged in retail sales and responsible for relationships with retail customers and the Corporate Centre represented by the organisational unit in charge of sales and customer relations at PGE S.A. It describes the objective, scope and method of managing the area of retail sales and customer relations, and effective management in this area across the PGE CG. It sets out the roles, tasks, and responsibilities of the entities concerned. Its objective is to define the operating rules of the retail sales area and retail customer relations and to ensure effective management thereof. It specifies that the business owner of customer relations within the PGE CG is PGE S.A., as the parent company of the Group, which delegates operational activities in this area to individual PGE CG companies. Their customer-related activities are supervised and coordinated by the Corporate Centre. The management boards of PGE CG companies are responsible for executing activities in the area of sales and customer relations.

- General Procedure for retail sales and customer relations management in the PGE CG

This procedure defines the rules for functioning in the area of product implementation, sales, and customer service in the PGE CG on the Retail Market. Its aim is to describe the rules of cooperation between PGE Group companies in the retail market area, particularly in the areas of developing new products, product implementation for sale, conducting sales processes, after-sales customer service, and strategic organisational and process-related projects.

- General Procedure for cooperation between PGE CG companies and the Corporate Centre in the field of consumer rights protection

This procedure defines the principles of cooperation between PGE CG companies serving consumers and the organisational unit responsible for sales and customer relations at PGE S.A., with the aim of minimising the likelihood of risks arising in the area of consumer rights protection and any resulting effects. The procedure covers: general consumer rights protection principles applicable in the PGE CG, the necessary scope of regulations regarding the consumer rights protection process, and the rules of cooperation between the Corporate Centre and the PGE Group companies.

Additionally, issues concerning customers and consumers have been addressed in other regulations adopted within the PGE CG, including:

- Code of Ethics.

One of the key documents concerning customer relations (including with consumers) is the PGE CG Code of Ethics. One of its principles is: we are here for our customers, which outlines the approach to customer interaction within the PGE Capital Group. Actions taken to deliver products, services, and solutions must meet customer expectations in terms of quality, safety, and care for the climate and natural environment. Information on the Code of Ethics in relation to minimum disclosure requirements is provided in section G1 of this Statement.

- Human Rights Policy

Information on the Human Rights Policy in relation to the minimum disclosure requirements is provided in section S1 of this Statement.

- Code of Conduct for Business Partners of PGE CG Companies

Information on the Code of Conduct for Business Partners of PGE CG companies in relation to minimum disclosure requirements is provided in section G1-1 of this Statement.

Within the framework of the Code of Ethics and the Code of Conduct for Business Partners, the PGE Group takes into account issues related to human rights, relevant from the perspective of consumers and end-users, obliging the PGE Group and its business partners to respect and uphold them. They include control processes and mechanisms that monitor compliance with the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the OECD Guidelines for Multinational Enterprises. In cooperation with consumers and end-users, PGE Group companies provide information about the costs and methods of using the products and services they offer. Where applicable, they make available in writing a set of rights to which consumers are entitled. Customers are informed about options and procedures for lodging complaints, which are handled in accordance with applicable deadlines and standards. Companies offer their customers the possibility of out-of-court dispute resolution. They also conduct educational campaigns to promote the safe use of the services provided. Particular care, grounded in legal provisions, is shown towards vulnerable customers, who may benefit from special treatment, e.g. in the debt collection process or when addressing outages. Any person associated with the organisation (including customers), who becomes aware of irregularities, may report such events through the PGE CG's incident reporting system, including the risk of irregularities or misconduct in the Group's operations. Under the incident and non-compliance management system implemented in the PGE CG, there are several reporting channels (including an online form, a dedicated email inbox, traditional correspondence, and a dedicated telephone number), and the option to submit a report as a Whistleblower. During the reporting period, no breaches of the aforementioned guidelines concerning consumers or end users in the area of human rights were identified in the PGE CG's operations or value chain.

Information on the reporting channels is included in section G1-1 of this Statement.

The Code of Ethics, Human Rights Policy, and Code of Conduct for Business Partners of the PGE CG companies are publicly available on the website www.gkpge.pl.

Among the specific policies referring to individual thematic areas, the following may be listed by topic:

PRIVACY

The issue of managing material impacts as well as risks and opportunities relating to privacy in the context of customer relations has been regulated, due to the nature of the services provided, in internal procedures concerning personal data protection. The aim of these actions is to ensure data security and thereby the privacy of consumers and end-users. Issues related to cybersecurity are described in the section 'Health and safety / Security of a person'.

The approach to personal data protection is consistent across all PGE CG companies. It is governed by adopted policies and procedures within the Group, including:

- General Procedure – Guidelines on personal data protection in the PGE CG.

The guidelines are intended to establish uniform rules for data processing within the PGE CG, in compliance with legal requirements. These guidelines define documentation standards, rules for cooperation with supervisory authorities, and the assurance of privacy (privacy by default and privacy by design). These policies apply to PGE CG companies, their management boards, employees, administrators, collaborators, contractors and individuals whose data are processed within the PGE CG. The guidelines also specify the tasks of the Data Controller and the Data Protection Officer, as well as methods for building awareness of safe data processing. Information with regard to the minimum disclosure requirements is provided in section S1 of this Statement.

- Regulations – Structure of the Data Protection area in the PGE CG

An extension of the Guidelines is the Regulations – Structure of the Personal Data area in the PGE CG. It covers a scope of entities analogous to that in the Guidelines. Its aim is to ensure a coherent organisation of the personal data protection area within the PGE CG through the establishment of a group of experts to develop

recommendations for PGE CG entities, leading to the continuous improvement of the personal data protection standard in the PGE CG – the DPO Group. The aim of the regulations is also to standardise solutions in the field of data protection and minimise the risk of personal data breaches while maintaining the required quality standards and interests of the PGE CG, as well as compliance with data protection laws, particularly the independence of PGE CG companies as data controllers.

HEALTH AND SAFETY / SECURITY OF A PERSON

With regard to health and safety as well as security of a person, i.e. the management of identified material impacts, the PGE CG has implemented a security management policy for the physical protection and technical safeguarding of the PGE CG's assets and those of its companies, upon which the personal safety system is built.

- Security management policy for physical protection and technical safeguarding of PGE CG and company assets

The purpose of the policy includes enhancing the effectiveness and efficiency of business process control and reducing risks. The policy is one of the elements that ensures the security of electricity and heat supply, thereby ensuring safety for, among others, end users, customers, and public utility entities. The security management policy for physical protection and technical safeguarding of PGE CG and company assets constitutes the foundation upon which the personal safety system in the PGE CG is built. Based on it, companies adopt internal regulations.

From the perspective of the continuity of the energy market, the reliability of ICT systems is essential. Their importance will grow due to the digitalisation of the economy, including the production, transmission and management of energy consumption (and energy mix) at the level of the energy system and individual consumers. The PGE CG attaches great importance to the systemic regulation of cybersecurity matters by introducing central regulations.

- General ICT Security Procedure

This procedure ensures consistent rules for the operation of ICT systems and the corporate network, minimising the risk of unauthorised access or system failure and detecting unauthorised actions. It includes rules for managing ICT systems, data protection, and the rights and responsibilities of the Data Manager and Administrator.

- General Procedure for Cybersecurity Incident Management in the PGE CG.

Supplementing the General ICT Security Procedure is the General Procedure for Cybersecurity Incident Management. Its purpose is to ensure effective management of cybersecurity-related incidents in the PGE CG, in particular: the effective and swift detection and response to cybersecurity incidents, thereby limiting their negative consequences as much as possible, identifying the causes of incidents and the perpetrators, and undertaking corrective actions and mitigation measures.

Privacy protection policies apply to PGE Group companies, their management boards, employees, administrators, collaborators, contractors, third parties and individuals whose data are processed by the PGE Group (including consumers and end-users).

ACCESS TO QUALITY INFORMATION / RESPONSIBLE MARKETING PRACTICES / ACCESS TO PRODUCTS AND SERVICES

The issue of managing significant impacts as well as risks and opportunities in relation to transparent and responsible communication has been addressed, among other things, in the PGE CG Strategy until 2030 and in the PGE CG Code of Ethics.

An important element of the Code of Ethics is the principle 'We compete fairly,' which refers to fair and transparent market competition rules and responsible marketing practices. Another principle taken into account is 'We build trust by communicating reliably about our activities,' under which the Group pursues a transparent, reliable and active information policy that fosters good relationships with customers. Emphasis is placed on the development of modern solutions that facilitate customer communication, including marketing communication. Another key element is the absence of any content or statements in marketing messages that are false or potentially misleading to consumers.

Within PGE CG, the Corporate Centre develops standards and guidelines for product marketing, promotion and advertising, for example through the preparation and implementation of the PGE CG Visual Identity System, including supplements related to conducting campaigns, producing video content, or issuing guidelines for specific business lines. The Corporate Centre supports Group companies in planning activities in these areas and also approves the campaigns carried out by these units. It also monitors the effectiveness of campaigns conducted both by the Corporate Centre and by companies of PGE CG.

PGE Obrót S.A., as the main sales company of PGE CG, has additionally implemented the following management instruments:

- Product implementation procedure at PGE Obrót S.A.

PGE Obrót S.A. has introduced a procedure for implementing new products. Its aim is to describe and systematise the rules for implementing products that meet the business objectives of PGE Obrót S.A. and customer expectations, excluding individual offers and tariffs approved by the President of the Energy Regulatory Office. Access to high-quality information is reflected in the requirements for developing product documentation and conducting product consultations.

- After-sales customer service procedure

Another key policy at PGE Obrót S.A. is the after-sales customer service procedure. Its aim is to ensure appropriate service quality through the effective handling of matters raised by customers, and to implement solutions aimed at standardising, harmonising and streamlining the customer service process at PGE Obrót S.A. The policy enables safeguarding, effective enforcement, and evaluation of its implementation within the company.

9.3.4.4. [S4-2] Processes for engaging with consumers and end-users about impacts

PGE CG engages with consumers and end-users in various areas of its business operations. By learning the opinions of consumers or end-users, the Group is able to manage actual or potential impacts.

Engagement with consumers and end-users at PGE CG is primarily based on collecting and analysing their opinions, suggestions, requests, as well as complaints and grievances, the conclusions from which contribute to improving processes or implementing new solutions across PGE CG companies. This cooperation takes place both directly and via external institutions (e.g. the Energy Regulatory Office, the Office of Competition and Consumer Protection, the Personal Data Protection Office), at various stages, through different departments and units, and with varying frequency depending on the area of impact. The companies conducting operational activities are directly responsible for engagement with consumers and end-users and for its outcomes, under the supervision of their respective Management Boards. The companies of PGE CG evaluate the effectiveness of their collaboration with consumers or end-users and the results it brings. The unit responsible for sales and customer relations at PGE S.A. monitors individual areas of consumer and end-user cooperation and reports to the Member of the Management Board for Operations.

PRIVACY

PGE CG safeguards its customers' right to privacy by complying with applicable legislation (GDPR) and the guidelines and recommendations of supervisory authorities. Consumers, end-users, or their legitimate representatives have the opportunity to express their views and suggestions in this area at every stage of cooperation. To identify consumer opinions and preferences, PGE CG uses all available communication channels with customers, including customer service points, e-mail addresses, client webinars, trade fairs, conferences, cooperation with media, and social media platforms.

Consumers and end-users also have the opportunity to report personal data breaches and to exercise their individual rights under the GDPR. The channels for reporting irregularities are described in detail in section G1-1. Reported cases are analysed, and preventive actions are taken based on them, particularly in the sales and service processes of the companies.

ACCESS TO (QUALITY) INFORMATION

PGE CG ensures that consumers and end-users have access to high-quality information across all areas and at every stage of engagement. One of the primary sources of information for consumers and end-users are the websites of PGE CG companies. Information published on the websites is based on an analysis of customer-reported issues (raised during service processes) and research into customer needs. The websites feature document templates, forms, and contact tools designed to facilitate communication with PGE CG companies. In the reporting year, customer feedback regarding the availability and usability of online forms was evaluated.

To ensure access to high-quality information, PGE CG companies have implemented customer service standards. Compliance with these standards by employees is assessed through satisfaction surveys whose results inform operational improvements. In 2024, PGE Obrót S.A. collected customer feedback on satisfaction following interactions with customer service offices, helplines, and email communication. PGE Dystrybucja S.A. conducted satisfaction surveys concerning the emergency number 991 (used by consumers or end-users to report faults and life-threatening situations), field technician visits, and visits to Distribution Customer Service Points (POKD). PGE Energia Ciepła S.A. periodically surveys end users (residents) on their perceptions of district heating services, in order to continuously improve service delivery and customer support. Based on survey results, the company defines improvement actions monitored under its annual commercial action plan. These include initiatives in favour of consumers and end-users to facilitate access to the district heating

network and the modernisation of connection points to ensure reliable heat supply to the widest possible group of residents.

Additionally, PGE CG companies monitor the handling of complaints and claims to identify recurring issues and prevent escalation. Insights gathered through this process support corrective actions aimed at improving the clarity of information, optimising processes, and raising customer awareness in various areas.

Consumer and end-user feedback has a significant influence on the decisions of the Group's companies. For instance, PGE Obrót S.A. uses such input to enhance the quality of its activities, products, and services. The company collects feedback regularly through multiple contact channels, including: social media, helplines, eBOK, Moje PGE, customer service offices (including quality ambassadors and QR codes), website contact forms and emails, Google business listings, webinars, trade fairs, conferences, and media partnerships. Feedback is collected on the customer service quality through helplinea, application, or eBOK, and is used to address concerns, improve functionality, and optimise the company's service channels.

HEALTH AND SAFETY / SECURITY OF A PERSON

Consumers and end-users can report health and safety risks directly to PGE CG companies via dedicated contact channels. In situations involving threats to health or life, the companies respond immediately and activate relevant procedures to minimise risks.

PGE Dystrybucja S.A. and PGE Energia Ciepła S.A. provide 24-hour emergency hotlines: the electricity emergency number (991) and the heating emergency number (993), which consumers or end-users can call to report failures or hazardous situations resulting from system malfunctions.

Each customer who purchases a photovoltaic kit or heat pump from a company receives training from the contractor on how to safely operate the installation, confirmed by a signed acceptance protocol. Upon installation handover, customers also receive a complete set of documents, including an operation manual detailing safe usage.

ACCESS TO PRODUCTS AND SERVICES

Customers can access PGE CG's products and services via:

- Customer service offices,
- Remote channels such as the website (including contact forms), mobile applications, and eBOK/mBOK,
- Telephone and email communication.

To make reporting power outages easier, PGE Dystrybucja S.A. offers support via a Virtual Assistant.

Customer satisfaction with products, services, and service availability is regularly assessed through surveys. The results inform concrete improvements within PGE CG companies. In the reporting year, PGE Obrót S.A. conducted surveys on perceptions of its product offering, evaluation of the PV sales process, and satisfaction with the eBOK/Moje PGE applications.

Customer feedback also plays a crucial role in shaping product offerings through communication between the sales and product development teams. After an analysis, relevant suggestions are incorporated into products and communicated via the sales network.

Consumers influence software updates and improvements by reporting issues with eBOK or the app Moje PGE.

In addition, at PGE Energia Ciepła S.A., customer cooperation standards that ensure service quality are governed by supplementary internal regulations, i.e. Instructions for serving district heating customers, connecting customers to the heating network, and using standardised heat sales agreements. The company fulfils its legal obligation to inform consumers about service prices and price changes, as well as tariff components, directly before use via its website.

RESPONSIBLE MARKETING PRACTICES

In its interactions with end users, the PGE CG priorities transparency and openness in communication, which is essential for building trust and a positive brand image.

It conducts its social media activities in line with its brand strategy and its Code of Ethics. Through official profiles (Facebook, Instagram, LinkedIn, X, Bluesky), PGE Polska Grupa Energetyczna S.A. engages with consumers and end-users, providing updates about the Group's activities and enabling users to comment and send private messages. Given that social media reaches a broader audience than the PGE CG's direct customers, user comments do not equate to formal customer opinion surveys. The group has started work on updating existing social media documents. While social platforms serve as a transparent space for showcasing activities and providing informational and educational content, they are not official channels for submitting complaints, claims, or comments.

The PGE CG also ensures transparency by publishing detailed information about its sponsored initiatives on its official website. Consumers and end-users can view the list of projects and their goals, increasing awareness of their societal and community impact.

Currently, PGE CG does not undertake specific efforts to gather feedback from consumers or end-users who may be especially vulnerable or marginalised (e.g. persons with disabilities, children). However, this does not preclude their representatives from participating in the surveys. The Group analyses audience behaviour using statistics generated by its analytics tools.

9.3.4.5. [S4-3] Processes to remediate negative impacts and channels for consumers and end-users to raise concerns

The PGE Group takes a responsible approach to implementing and executing corrective measures in cases where significant negative impacts on consumers or end-users are identified. Consumers have access to multiple channels for submitting complaints, claims, and other reports. These are systematically registered and analysed, with conclusions drawn and appropriate corrective actions implemented. The effectiveness of these actions is subsequently assessed. The Group also maintains regular dialogue with consumers – for example through satisfaction surveys – which supports the evaluation of corrective measures applied.

Various operational processes within the PGE CG support and enhance accessibility to reporting channels for consumers and end-users. These include data protection, anti-corruption, external communications (including social media), sales and customer service, regulated sales and support systems, and the connection process to the distribution network.

The effectiveness of reporting channels and stakeholder engagement depends both on the ease of access to information on available methods of contact with the PGE CG – tailored to consumer needs and preferences – and on the Group's responsiveness: corrective actions and feedback provided. Employee awareness and accountability are also crucial and are strengthened through training, as well as internal and external audits.

Reports incoming through the different channels are forwarded to a dedicated report handling system, where they are classified and assigned to the units responsible for answering. The system supports the tracking and monitoring of each case.

The volume, content, and type of reports to the PGE CG, along with the channels used, provide insight into the level of awareness among consumers and end-users regarding the existence of structures and processes within the Group for submitting concerns and requests, as well as the degree of trust in those mechanisms. Consumer awareness of the reporting methods and processes is built in the PGE CG through remote channels and the website, contract templates, and personal data processing clauses included in contractual documents and published online (e.g., <https://pge-obrot.pl/o-spolce/dane-osobowe>, available in customer service offices as well).

Consumers and end-users are also provided by the PGE CG with reporting channels concerning personal data protection, which allow them to submit opinions and suggestions on the functioning of customer service. The network of physical outlets enables in-person contact, while telephone numbers and email addresses provide remote access. It is also possible to submit information by letter to the addresses of the respective companies and via electronic channels: forms available on the company websites, and by e-mail to the addresses provided. Information about personal data processing and contact details for data protection officers in the different companies is available at the PGE S.A. website: <https://www.gkpge.pl/rodo>. Any communication channel available in the companies may be used for matters related to data protection.

It is worth noting that PGE Group has implemented internal regulations to protect individuals from retaliation, most notably through its Whistleblower Protection Procedure. Moreover, PGE CG companies have established formal procedures for reporting compliance incidents and protecting those who report them. Further details are provided in section G1 of this Statement.

At the operational level, companies within the PGE CG are responsible for mitigating or remedying negative impacts on consumers and end-users in relation to access to high-quality information, products, services, and responsible marketing practices. The Corporate Centre approves and monitors sales and customer service initiatives of the companies and reviews reports evaluating the effectiveness of such actions.

In addition to the available reporting channels, satisfaction surveys are regularly conducted. These include consumers' and end-users' assessments of the different processes, with a possibility of giving free answers to open questions about individual issues. In 2024, the satisfaction with service processes across the various contact channels, sales processes, complaint processes, forms provided on websites, and expectations regarding the product range were evaluated. Insights from these surveys inform service process changes and improvements designed to eliminate areas of lower consumer and end-user satisfaction.

To ensure continuous access to data and monitor satisfaction indicators, the PGE Group uses the Customer Satisfaction Index (CSI), which is built around key service and process areas at the Companies with the greatest impact on consumers and end-users.

Cyclical satisfaction surveys also measure consumer awareness of relevant product- and service-related processes. The following processes, among others, were evaluated:

- Offer presentation – clarity and comprehensibility of materials,
- Quality of the information provided,
- Use of plain language,
- Reliability of information,
- Contract procedures (number and accessibility of documents, clarity, ease of completion, etc.).

Market research and recurring certification studies – such as 'Customer-Friendly Company' – and annual audits conducted by the Association of Energy Trading (TOE) regarding compliance with the Code of Good Practices of Electricity Sellers are also valuable sources of insight into customer trust and awareness of reporting mechanisms at the PGE CG.

To ensure clarity and transparency in the information provided, a User Experience (UX) audit of the website www.gkpge.pl was also carried out in 2024. Based on its findings, website changes were designed and implemented to improve access to and legibility of information about the Group's activities and offerings.

In product areas (e.g., PRO EKO), the effectiveness of corrective actions is assessed using documents such as the installation acceptance protocol approved by the customer.

The effectiveness of corrective measures is regularly evaluated at PGE Group. This is based on an analysis of the volume and nature of reported issues – before and after the implementation of a given measure. Feedback from consumers is treated as a valuable source of knowledge, often forming the basis for corrective and improvement actions.

9.3.4.6. [S4-4] Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions

The PGE Group takes action to minimise negative impacts and maximise positive influence on consumers and end-users. The Group focuses on ensuring privacy, access to high-quality information, and health and safety. The PGE CG works to effectively manage risks and leverage opportunities in this area by implementing the principles outlined in the regulations referenced in section S4-1.

In 2024, no reports were recorded concerning serious human rights issues or incidents related to consumers or end-users.

PRIVACY

In the area of privacy, the PGE CG carries out ongoing activities related to the implementation of its personal data protection policy. This includes data retention, data protection incident management, and breach notification procedures. Key actions taken in 2024 include:

- Involvement of Data Protection Officers in privacy-by-design processes, and regular data protection training for employees conducted by PGE CG companies (both for new hires and as refresher training during employment),
- Implementation of IT solutions,
- Periodic personal data protection risk assessments in line with internal procedures,
- Assignment of personal data protection KPIs for 2024 to the management boards of the different companies, aimed, inter alia, at raising awareness of data protection issues among employees.

Among the remedial measures taken for affected individuals, the PGE CG informed data subjects about incidents and outlined possible actions to minimise any potential negative consequences.

As part of data protection, companies have been assigned tasks to be completed in 2024:

- Initiate a project to effectively regulate data retention in the company.
- Undertake awareness-raising activities for managers on personal data protection in the company.
- Conducting an information campaign aimed at directors and managers on the implementation of the privacy by design obligation.

The expected result of these activities is to minimise (eliminate) the number of incidents occurring in the area of personal data protection in the PGE Capital Group by implementing corrective measures, informing whether an incident constituted a personal data protection breach and whether it required notification to the supervisory authority after its occurrence, and issuing recommendations and their implementation in order to avoid similar incidents in the future. In the related area of information systems protection and cyber security, the goal is to achieve the highest possible level of security, including zero data leakage, as well as zero critical incidents in accordance with the National Cyber Security System Act.

HEALTH AND SAFETY / SECURITY OF A PERSON

The PGE CG implements measures to safeguard the health and safety of both its clients and employees, thereby increasing positive impact and opportunities while mitigating risks or negative influence. These efforts include investment in modern technologies, renewable energy sources, and infrastructure upgrades to reduce harmful emissions, directly benefiting health of consumers and end-users. These initiatives are long-term in nature. A key element of PGE CG's commitment to health and safety are its awareness-raising and educational campaigns, which help inform the public about safe use of electricity and energy equipment.

Due to the long-term nature and distributed implementation of these actions, it is difficult to continuously assess their impact or attribute outcomes to specific initiatives.

Notable health and safety activities carried out in 2024 include:

- Information and education campaigns to increase awareness among consumers about energy safety and efficient energy use (described in S3-4),
- Cooperation with local communities, including local authorities, associations, public services such as: (e.g. fire services, territorial defence forces, police), Such activities include the exchange of experiences and opinions, joint exercises in the field of energy infrastructure protection and crisis response exercises (PGE Dystrybucja S.A.).
- Ongoing implementation of the Security Management Policy, which includes physical protection and technical security of PGE CG assets. This helps ensure employee safety, property protection, and continuity of production and distribution operations. Their uninterrupted operation of the latter ensures the energy security for consumers and end-users. No incidents means less expenditure on troubleshooting. Under this policy, PGE CG companies are required to take corrective actions.

Examples of ongoing initiatives by specific companies:

PGE Obrót S.A.:

- Adjusts its product portfolio to new legal frameworks, promoting energy self-consumption and security through the sales of energy storage solutions. For consumers and end-users, replacing old heating systems with RES technologies reduces the risk of carbon monoxide poisoning and improves air quality, which has a positive effect on their health.

PGE Dystrybucja S.A. oraz PGE Energia Ciepła S.A.:

- Offer 24/7 failure reporting services. Rapid response reduces accident risks and ensures safety for workers and residents. The companies provide ongoing updates about planned works and outages and respond to public enquiries.

To ensure well-targeted responses to actual or potential negative impacts of the Group, the security unit at PGE S.A. may, based on investigations into incidents related to the business activities of PGE CG companies (including those involving security of a person), may recommend specific corrective measures to PGE CG entities where incidents have occurred. In addition, physical security risks are assessed quarterly through the ERM system, with mitigation actions defined accordingly. The PGE CG has reporting channels in place for irregularities. In the event of negative feedback from consumers or end-users submitted through these channels, the Group identifies appropriate corrective actions and works toward their effective implementation. Details of reporting procedures and channels are provided in section G1-1.

ACCESS TO (QUALITY) INFORMATION / RESPONSIBLE MARKETING PRACTICES / ACCESS TO PRODUCTS AND SERVICES

In the areas of access to (high-quality) information, access to products and services, and responsible marketing practices, the PGE Group undertakes activities aimed at addressing its significant impact on consumers and end-users. The key ongoing initiatives implemented in this scope in 2024 include:

- Oversight by the Corporate Centre over the retail sales of products and services provided by PGE CG companies, management of customer relationship strategies, and coordination of related activities across the Group. One of the supervisory activities carried out in 2024 was the implementation of consumer rights

protection reporting by PGE Group companies. Special attention was also given to complaints and claims. The operational management of significant risks and the utilisation of significant opportunities related to these consumers and end-users, as well as evaluation of the effectiveness of these activities, are carried out at the level of PGE CG companies that offer their products and services to consumers.

- Implementation of a reporting and supervisory system in PGE CG companies involved in sales and customer service processes. The system includes risk mitigation and corrective actions, and the resulting reports are used to recommend risk reassessment, procedural improvements, and employee training to ensure consumer rights protection. The system operates under continuous operational oversight and covers areas such as complaints and claims.
- Provision of high-quality information via websites, mobile apps, communication and education campaigns, and printed materials. These communication and education initiatives aim to raise consumer awareness about the use of electricity and heat, enabling informed decision-making.
- The PGE CG provides and promotes digital customer service solutions such as eInvoice, Moje PGE, eBOK, and the 991 Assistant app, ensuring 24/7 access to products and services, and equal availability for all customers.
 - PGE Obrót S.A. is actively promoting digital solutions such as eInvoice and Moje PGE. In 2024, more than 2.3 million customers used the eInvoice service
- Marketing and promotion campaigns are tailored to business objectives and include risk minimisation measures such as legal advice. This approach ensures PGE CG's compliance with responsible marketing principles and mitigates the risk of penalties from authorities such as the Office of Competition and Consumer Protection (UOKiK).
- Ensuring a high level of customer service and reliable information through employee training, the adoption of plain language principles, and the simplification of documentation to make it more understandable for customers.
 - In the area of contract and product documentation, PGE Obrót S.A. fulfils its obligations under the Consumer Rights Act and reflects statutory information requirements in its contractual and product-related documents. Consumers are informed about their rights concerning contracts concluded remotely or outside business premises. The company continuously monitors legal developments and updates its contract templates for electricity and other products and services accordingly. Insights gathered from the sales network and contractors are used to identify opportunities and risks, enabling the company to adjust sales and service processes to the new market landscape and implement the related documentation changes based on a thorough analysis.
 - Within the framework of access to information, the PGE Group aims to simplify the language of client documentation.

Among the ways of implementing activities in this regard, efforts to simplify the language of client documentation stand out. For PGE Obrót S.A., the aim in 2024 was to simplify the language in formal documents addressed to the mass customer, while for PGE Dystrybucja S.A. - inventorying documentation and modifying a specific range of documents. An important way of monitoring the results of actions taken in the customer area is the customer satisfaction index (CSI - Consumer Satisfaction Index). According to the methodology used to calculate the CSI index value for PGE Obrót S.A. and PGE Dystrybucja S.A. in 2024, both companies achieved indices above 80%, which is considered expected.

9.3.4.7. [S4-5] Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

As of the date of this Statement, the PGE CG has not established ESRS targets concerning the management of significant negative impacts, enhancement of positive impacts, or the handling of material risks and opportunities in relation to consumers and end-users. In the area of personal safety of consumers and end-users in the PGE CG, no measurable, result-oriented targets have been set to date, in view of the fact that the energy services offered by the PGE CG are universal in nature and, provided they are used appropriately, are not harmful to people. Also with regard to its high-emission operations, no ESRS targets have been set. However, the PGE CG manages significant negative impacts by investing in new low- or zero-emission generation sources, as outlined in detail in section E1-3. The PGE Group does not conduct marketing activities (in the sense of sales promotion campaigns) directly addressed to children or people in difficult life situations. Therefore, no specific goals have been set in this area.

However, within the PGE Group, there are mechanisms (in the form of KPI goals) that allow monitoring the implementation of applicable policies. Some operational goals are defined at the level of individual adopted policies (see: ESRS S4-1). The PGE Group has a reporting system that allows monitoring their effectiveness.

9.4. GOVERNANCE INFORMATION [ESRS G]

9.4.1. [ESRS G1] BUSINESS CONDUCT

Important points: Corporate culture; Protection of whistle-blowers; Political engagement and lobbying activities; Management of relationships with suppliers including payment practices; Corruption and bribery: Prevention and detection including training; Incidents.

9.4.1.1. [ESRS 2 GOV-1] The role of the administrative, supervisory and management bodies

Information can be found in section ESRS 2 GOV-1 of this Statement..

9.4.1.2. [ESRS 2 IRO-1] Description of the processes to identify and assess material impacts, risks and opportunities

Information can be found in section ESRS 2 IRO-1 of this Statement.

The PGE Group has a positive impact on developing and promoting corporate culture through educational and informational activities and promotional campaigns. The PGE Capital Group conducts a cyclical assessment of corporate culture among employees, which allows for continuous monitoring of results in this area. A positive impact was also identified in the anti-corruption area and whistleblower protection, resulting from actions undertaken in the organisation to build a whistleblower protection system and a high level of anti-corruption prevention (implementation of the policy, reporting system, employee education, and promotion of available channels for reporting any irregularities). As part of the impact materiality analysis, relationships with suppliers were also assessed as having a positive impact both at the organisational level and in the upstream supply chain.

Both positive and negative impacts were identified in terms of political engagement and lobbying activities. PGE Group takes steps to help shape favourable regulations by presenting its position to external stakeholders during public consultations on draft legislation and by independently proposing amendments to legal acts. The Group carries out activities in this area at both national and international levels. Of particular importance is the presence and participation of the PGE Group in the creation and review of regulations at the EU level. Through its involvement in industry organisations, the PGE Group can present the organisation's opinions and advocate for necessary changes in newly developed guidelines and regulations. A broad group of internal experts enables active participation in the process of providing feedback and ensures access to the most up-to-date information in this area. Due to the organisation's ownership structure, negative impact is also identified, which may result in the potential risk of the organisation's actions being influenced by the political sphere. The majority shareholder of the organisation is the State Treasury, which holds more than 60% of the shares. The remaining shareholders hold less than 40%. This carries the risk of the company being dependent on political changes and national energy plans. Regardless of the political situation in the country, the PGE Group undertakes actions to support the organisation's development and increase profits for shareholders, while also providing employment for thousands of people across the country.

9.4.1.3. [G1-1] Business conduct policies and corporate culture

Title of document	Description
PGE Capital Group Code of Ethics (hereinafter: Code of Ethics, the Code)	The purpose of the Code is to set out the values and rules that define the standards of conduct within the PGE Capital Group. The Code of Ethics of the PGE Capital Group covers a range of important topics, including corporate culture, anti-corruption and anti-bribery measures, and whistleblower protection. It regulates the procedure for reporting non-compliance in cases of violations of the values and rules in force. Monitoring compliance with the Code of Ethics is carried out, among other means, through the Compliance monitoring process in accordance with the General Procedure for Compliance Management in the PGE Capital Group. In the event of a negative impact occurring in areas covered by the Code of Ethics or confirmation of non-compliance, remedial actions are taken to mitigate the consequences and reduce the risk of recurrence. The Code applies to the entire PGE Capital Group, and all those acting on behalf of or for the PGE Group are obliged to comply with the values and rules set out therein. In the case of PGE Group companies which, based on the applicable legislation, must remain independent to the extent required for a distribution network operator, the provisions of the Code are applied with respect for the applicable rules regarding their operation within the structures of a vertically integrated enterprise. The implementation of the Code of Ethics is the responsibility of the Management Boards of the PGE Group companies with Compliance structures in place.

Title of document	Description
	The Code of Ethics refers to the following third-party standards or initiatives relating to human rights, including labour rights and children's rights, which the company undertakes to respect: ▪ Universal Declaration of Human Rights; ▪ International Labour Organisation standards; ▪ 10 Principles of the United Nations Global Compact; ▪ Convention on the Rights of the Child (UNGC and Unicef); ▪ Guidelines of the Organisation for Economic Co-operation and Development (OECD) for multinational enterprises; ▪ Guidelines on Business and Human Rights: Implementing the United Nations "Protect, Respect and Remedy" Framework. The Code of Ethics takes into account the interests of both internal and external stakeholders by defining values and principles of fair and responsible conduct, which are relevant for employees, customers, and local communities, and contribute to balancing the interests of all stakeholders. The Code of Ethics is available in both Polish and English to all employees and is published on the website of the PGE Capital Group and the websites of individual companies (excluding PGE Dystrybucja S.A., due to the requirements of operating as a distribution system operator).
Compliance Management Regulations in the PGE Capital Group (hereinafter: Regulations)	The purpose of the Regulations is to implement uniform principles, standards, roles, and responsibilities to ensure the effective implementation of compliance management, in such a way that the organisational culture within the PGE Capital Group supports adherence to legal and ethical principles and actions in line with sustainable business practices. The promotion of fair business principles within the PGE Group, including the application of the provisions of the PGE Capital Group Code of Ethics, is carried out through: ▪ supporting ethical behaviour and respectful attitudes among management and employees, ▪ building the PGE Group's reputation as a fair and ethical organisation, ▪ shaping appropriate relationships with stakeholders, in particular by ensuring transparency in relationships with business partners (e.g. maintaining a gift register, contractual clauses) and with local communities, supporting good practices in the use of company resources. The Regulations cover a number of important impacts, risks, and opportunities, including corporate culture, anti-corruption and anti-bribery measures, and whistleblower protection. The Regulations apply to all actively operating companies within the PGE Capital Group, taking into account their specific characteristics, namely: • PGE Dystrybucja S.A., with due regard to the provisions of the Compliance Programme in PGE Dystrybucja S.A., ▪ PGE Group companies that are financial institutions supervised by the Polish Financial Supervision Authority (UKNF), taking into account their obligations under generally applicable law, ▪ Project companies within the PGE Group that do not carry out operational activities and/or employ fewer than five people. The Regulations are implemented by the Management Board of PGE S.A. and the Management Boards of companies directly owned by PGE S.A. Compliance management oversight and monitoring within the PGE CG is carried out by the Audit Committee of the Supervisory Board of PGE S.A. The Regulations are an internal document. A supporting document for their implementation is the Compliance Management Procedure in the PGE Capital Group, which clarifies the principles of action and responsibilities within the implemented Compliance Management System in the PGE Group.
Code of Conduct for Business Partners of PGE Capital Group Companies (hereinafter: Code, CCBP)	The purpose of the code is to present the requirements of PGE CG companies towards their business partners with regard to conducting business activities in accordance with the law and the ethical standards contained in the code. The Code of Conduct for Business Partners of PGE Capital Group Companies (CCBP) sets out expectations in the areas of respect for human rights, working conditions, environmental protection, and integrity in business operations, particularly in terms of anti-corruption and the prevention of other abuses, anti-money laundering and counter-terrorist financing, tax compliance, competition and consumer protection. Each topic included in the CCBP is formulated as a requirement that PGE Capital Group companies expect their business partners to meet. The document also outlines the process for reporting non-compliance and the consequences of violating its provisions. As a result, the document addresses significant impacts, risks, and opportunities in the above areas with respect to cooperation with business partners. Under the CCBP, business partners are defined as natural persons, legal persons, or unincorporated organisational units with whom PGE CG companies have a business relationship, excluding customers of PGE CG companies, prosumers, and relationships between PGE CG companies. An essential element of the implementation of the CCBP in relations with business partners is the use of provisions referring to this document in agreements. These provisions are not required in non-disclosure agreements (NDAs), contracts between PGE Capital Group companies, or certain contracts with business partners that meet criteria defined in internal regulations. Monitoring compliance with the CCBP is carried out, among other means, through the Compliance monitoring process in accordance with the General Procedure for Compliance Management in the PGE CG. Monitoring of implementation also includes the option to report possible breaches, in accordance with relevant internal procedures applicable in cases of suspected irregularities. The CCBP takes into account the interests of both external and internal stakeholders by referring to the principle of conducting business in accordance with the law and ethical standards.

Title of document	Description
	Responsibility for implementing the CCBP lies with the management boards of the individual PGE CG companies with Compliance structures in place. The CCBP refers to fundamental principles, standards, and international documents identical to those cited in the PGE CG's Code of Ethics. The CCBP is made available in both Polish and English on the website of the PGE CG and on the websites of individual companies. In the case of PGE Dystrybucja S.A., the CCBP is published as a dedicated document due to the requirements associated with operating as a distribution system operator.
Procedure for Internal Reporting and Whistleblower Protection (hereinafter: Procedure, Internal Reporting Procedure)	In every PGE Capital Group company subject to the obligation to implement an internal reporting system, the Procedure for Internal Reporting and Whistleblower Protection has been adopted. The purpose of the document is to set out the principles concerning the procedure in PGE CG companies for internal notifications made by whistleblowers, the conditions for their protection and their processing and follow-up. The Procedure, in compliance with the Act of 14 June 2024 on the protection of whistleblowers, ensures the implementation of internal reporting channels for whistleblowers and the management of such reports. It assigns responsibilities for taking follow-up actions and introduces a ban on retaliatory actions against whistleblowers and others who provide support. Follow-up actions must be carried out with due diligence, impartiality, and objectivity. In addition, information is provided on the possibility of making external reports. The Procedure designates entities authorised to carry out follow-up actions and monitor their implementation. The Procedure has been implemented in PGE Group companies employing at least 50 people for remuneration or defined as obligated institutions. For PGE CG companies not covered by the internal reporting procedure, legal violations may be reported through so-called Non-compliance reports, in accordance with the General Procedure – reporting and handling reports of suspected non-compliance incidents in the PGE CG and protection of reporting persons. The Management Boards of individual PGE CG companies are responsible for implementing and ensuring the application of the Procedure, including the provision of resources, meeting legal and formal requirements, and appointing an impartial internal organisational unit or person within the PGE CG company to handle internal reports. Prior to the implementation of the internal reporting procedure in PGE CG companies, consultations were held with workplace trade union organisations. The roll-out of the internal reporting procedure was preceded by communication to employees of PGE CG companies. Furthermore, any individual applying for work under an employment contract or another legal relationship constituting the basis for the provision of work, services, functions, or duties is provided by the PGE CG companies with information about the internal reporting procedure at the recruitment or pre-contract negotiation stage.
General Procedure – Reporting and Handling Reports of Suspected Non-Compliance Incidents in the PGE Capital Group and Protection of Reporting Persons (hereinafter: Procedure)	The purpose of the Procedure is to define the rules of conduct within PGE Capital Group companies in the event of a report concerning a suspected non-compliance incident which does not fall within the scope of Article 3 of the Act for companies obliged to implement the Act of 14 June 2024 on the protection of whistleblowers, and to regulate the reporting of legal violations in other PGE Group companies. The Procedure specifies in particular: - the rules and method for reporting suspected non-compliance incidents within the PGE Group related to breaches of internal regulations (including in the area of labour law) or ethical standards, including suspected incidents falling within the Compliance remit, - the rules for protecting reporting persons and those to whom the report relates, - the procedure for involving management staff, in particular the management boards of PGE CG companies, in actions related to receiving information on a suspected non-compliance incident, - the procedure for handling reports and the rules for conducting and documenting investigative proceedings, - the process for initiating and implementing remedial actions and monitoring their execution, - the principles for documentation and reporting within the compliance control framework. Responsibility for implementing the Procedure lies with the management boards of the PGE CG companies. The Procedure is an internal document made available to employees and persons providing work on behalf of or for PGE Group companies under agreements other than employment contracts, in a form adopted by each PGE CG company for the provision of internal regulations (e.g. intranet, DSZ system).
PGE CG Anti-Corruption Policy (hereinafter: Anti-Corruption Policy, Policy, ACP)	The Anti-Corruption Policy of the PGE Capital Group aims to establish overarching principles regarding corruption, addressed to both internal and external stakeholders. It includes a commitment to zero tolerance for corruption within PGE CG, implemented in particular through: compliance with applicable laws and internal anti-corruption regulations, fulfilling and promoting ethical standards and transparency in business operations. The Policy defines key principles and responsibilities in the area of anti-corruption, as well as the available channels for reporting potential breaches and the consequences of non-compliance. The compliance of the PGE Group's Anti-Corruption Policy with the United Nations Convention against Corruption is maintained indirectly, through its compliance with Polish legal regulations, through which Poland has implemented the Convention. The management boards of PGE CG companies are responsible for implementing the Policy, including creating the conditions and ensuring the resources necessary to counteract corruption, in accordance with applicable internal regulations. The ACP applies to all PGE CG companies and to all operational processes.

Title of document	Description
	The Anti-Corruption Policy is available in both Polish and English to all employees and is published on the PGE CG corporate website and on the websites of individual companies (with the exception of PGE Dystrybucja S.A. due to the specific requirements of the distribution system operator). An element of the implementation monitoring process is the ability for stakeholders to report potential breaches, in line with the relevant internal procedures applicable in cases of suspected irregularities.
General Procedure for Anti-Corruption Measures in PGE CG (hereinafter: Procedure)	The purpose of the Procedure is to protect the interests and reputation of the PGE CG by implementing regulations aimed at limiting mechanisms that may promote corruption and conflicts of interest, while promoting an organisational culture based on integrity and impartiality. The content of the Procedure describes the actions undertaken in PGE CG to this end, outlines responsibilities for specific actions, and provides information on the available channels for reporting potential breaches of the Procedure. The Procedure defines, in particular, the rules applicable across PGE CG regarding avoidance of conflicts of interest, exchange of business gifts, relations with business partners, and anti-corruption education. The Procedure applies to all companies within the PGE CG. The management boards of PGE CG companies are responsible for its implementation. The Procedure is an internal document and is made available to employees and to individuals working on behalf of and for PGE CG companies under contracts other than employment contracts, in a form adopted in each company for distributing internal regulations. In addition, all individuals covered by the regulation are required to complete mandatory, periodic anti-corruption training. Implementation monitoring includes regular tracking of completed anti-corruption training, submitted declarations on absence of conflicts of interest, maintenance of business gift registers, records of inquiries regarding conflicts of interest, and coordination of modifications to clauses referring to the Code of Conduct for Business Partners (CCBP) with compliance units in PGE CG companies. Monitoring also includes the possibility for stakeholders to report potential violations, in accordance with the relevant internal procedures applicable in cases of suspected irregularities.
Regulations on Inspection and Investigative Procedures in PGE S.A. and PGE CG (hereinafter: Regulations)	The Regulations were introduced to define the rules for conducting investigative and inspection procedures within PGE S.A. and companies of the PGE CG. The document outlines the actions undertaken in response to suspected irregularities, as well as the formulation of post-inspection conclusions and recommendations in the event of irregularities, and the monitoring of the implementation of such recommendations. The Regulations also refer to participation in the prevention of irregularities, the development of corporate governance, and cooperation with other departments of PGE S.A. – namely Compliance and Internal Audit – as well as with law enforcement and the judiciary. The provisions of the document have been adopted by 49 PGE Capital Group companies, all operating within Poland. The Regulations apply to the value chain both within the organisation and in relation to external entities – suppliers, customers, and clients – who may provide information that forms the basis for initiating inspection procedures. In this same context, the Regulations refer to stakeholders, including the companies forming PGE CG and its shareholders. The Regulations were implemented by resolution of the Management Board of PGE S.A. Regarding the conduct of inspection procedures, the document refers to generally applicable Polish legislation, including: - the Act on the Protection of Classified Information, - the Act on Trading in Financial Instruments, the Act on Combating Unfair Competition, and the Act on Personal Data Protection.

CORPORATE CULTURE

PGE CG establishes its corporate culture to support compliance with the law, ethical principles, and actions consistent with the principles of sustainable development, as defined in the PGE CG Code of Ethics and the PGE CG Compliance Management Regulations.

The development and promotion of corporate culture within the Group is carried out, among other means, through:

- educational activities in the form of training and communications on compliance with laws, internal regulations, and ethical conduct;
- support for the implementation of transparent processes that enable the identification, clarification, and prompt resolution of non-compliance and breaches of principles, as well as actions to prevent future occurrences.

In 2024, numerous communication activities were carried out to promote adherence to the values and principles of the Code of Ethics, using channels such as:

- articles in *Pod Parasolem* magazine,
- intranet publications.

A campaign was also conducted to promote a culture of ethics and integrity under the slogan 'energETYCZNI ludzie!' (a play on words combining 'ethical' and 'energy people'), including a competition among PGE CG employees for artistic expressions on the theme of acting with integrity.

The corporate culture of PGE CG is assessed among employees through initiatives such as the Survey on Familiarity with the Values and Principles of the PGE CG Code of Ethics, one of the aims of which is to examine the extent to which employees apply these values and principles in practice. The most recent survey was conducted at the end of 2022, and a follow-up assessment is planned for 2025.

Management Board Members of PGE CG companies actively promote the corporate culture based on the values and principles of the Code of Ethics among employees, including through participation in communication activities. In their messages to employees, they emphasise the importance of integrity and ethics in business and the role of employees' attitudes in shaping the organisational culture. The statements of Board Members of individual companies are also featured as introductions to training sessions on the Code of Ethics and anti-corruption.

TRAINING ON BUSINESS CONDUCT

Compliance training is a permanent and essential element of the compliance assurance process. It ensures, among other things, that employees and other persons are properly informed about applicable regulations and practical examples of their application. Training is delivered by staff from the Compliance Department at PGE S.A., Compliance Coordinators, and internal trainers appointed within PGE CG companies, or via e-learning modules developed across PGE CG.

Training on the PGE CG Code of Ethics is mandatory and conducted according to the rules outlined in the General Procedure for Compliance Management. Training materials are typically prepared by the compliance area within the Corporate Centre and are then adapted by the companies to reflect their operational specificities so that the content corresponds to employees' actual work environment.

Training provided by the Compliance area includes:

- Compliance onboarding training.

Every employee of a PGE CG company, as well as any other person acting on behalf of or for the benefit of a PGE CG company, is required to complete training or be familiarised with the PGE CG Code of Ethics, the rules for reporting irregularities, and selected compliance topics within the onboarding programme – preferably within the first few days of employment or engagement, but no later than within the first month. A company may decide not to run onboarding training separately if a full compliance training session is conducted within that first month.

- Periodic training on the PGE CG Code of Ethics.

Every employee hired by companies within PGE CG, as well as any other person acting on behalf of or for the benefit of a PGE CG company, is required to complete full training in this area at least once every three years. After this period, it is repeated as a refresher training. The initial training must take place no later than three months from the date of employment or engagement and is conducted in the form of a detailed, interactive workshop on the values and principles outlined in the PGE CG Code of Ethics. The training covers in detail the values and principles applicable within the PGE Capital Group, human rights, the whistleblowing system, and the full scope of protections, rights, and reporting channels available to whistleblowers. After completing the workshop, participants are required to submit statements confirming that they have familiarised themselves with the training content and that they commit to adhering to the principles covered.

There are plans to consolidate the training materials and increase the frequency of regular training sessions on the Code of Ethics and anti-corruption, with the aim of introducing an annual cycle.

The Compliance Department of PGE S.A. also carries out anti-corruption and anti-bribery activities, as described in greater detail in section G1-3 of this Statement.

In all PGE CG companies, members of Supervisory Boards are provided with essential materials for review as part of their training. These include the Code of Ethics, the Code of Conduct for Business Partners of PGE CG companies, and the key internal regulations concerning anti-corruption and the functioning of the Compliance area. Upon request by the Supervisory Board, training sessions may be conducted by Compliance personnel.

Management Board members undergo training through direct meetings, during which they are presented with information on the Code of Ethics, anti-corruption regulations, and the principles governing the Compliance function within PGE CG.

Persons particularly exposed to the risk of corruption are identified based on the provisions of the General Procedure for Anti-Corruption Measures in PGE CG. These include persons performing tasks in such areas as procurement, administration, human capital management, and other areas involving interaction with business partners, as well as individuals in managerial positions. These individuals receive additional, dedicated anti-corruption training.

MECHANISMS FOR REPORTING AND INVESTIGATING IRREGULARITIES, INCLUDING UNLAWFUL CONDUCT AND PROTECTION OF REPORTING PERSONS⁴⁰ AND WHISTLEBLOWERS⁴¹

The PGE Capital Group applies the following mechanisms for identifying and investigating concerns related to unlawful conduct or conduct that violates the Code of Ethics and other internal regulations:

- Identification and investigation mechanisms:
 - ongoing identification of legal provisions, including preparation of a monthly Legal Newsletter distributed to the management staff of PGE S.A. and PGE CG companies,
 - annual compliance assessments,
 - planned and ad hoc compliance monitoring,
 - inspection and investigation proceedings,
 - planned and ad hoc internal audits.

If any irregularities are identified, including corruption or bribery in the workplace, employees are obliged to report them to their direct supervisor or the Compliance function at the Corporate Centre or in the respective company. The reporting system allows for submissions via dedicated channels.

- Mechanisms for reporting concerns:
 - reporting information to a supervisor,
 - two reporting systems accessible at www.gkpge.pl:
 - non-compliance incident reporting, and
 - internal reporting ('whistleblower')⁴²,
 - a dedicated email address for the Supervisory Board of PGE S.A.,
 - an additional channel for questions and concerns: OpiniaCompliance.pgesa@gkpge.pl),
 - channels of human capital management units,
 - other channels arising from internal regulations or legal provisions, e.g. DPO and OSH.

Reports may be submitted by both internal and external stakeholders.

INTERNAL REPORTING CHANNELS

In 2024, the PGE CG operated under the General Procedure – Reporting and Handling Reports of Suspected Non-Compliance Incidents within PGE CG and Whistleblower Protection, which governed, among other things, the reporting and handling reports of non-compliance incidents relating to corruption and bribery. As of 25 September 2024, following the entry into force of the Act of 14 June 2024 on the Protection of Whistleblowers, internal reporting and whistleblower protection procedures were implemented in PGE CG companies that met the criteria set out in the Act (a separate procedure was introduced in each of the companies concerned). As a result of the implementation of the new internal reporting and whistleblower protection procedures in part of the PGE CG companies, the General Procedure – Reporting and Handling Reports of Suspected Non-Compliance Incidents within PGE CG and Whistleblower Protection, which had been in effect until 25 September 2024, was updated and renamed the General Procedure – Reporting and Handling Reports of Suspected Non-Compliance Incidents in PGE CG and Protection of Reporting Persons. Since then, two reporting systems have been operating in parallel within the Group.

An internal report may be submitted by whistleblowers in the following ways:

- by completing the form available:
 - on the intranet site of a PGE CG company ('Whistleblower Report' form),
 - or on the external website www.gkpge.pl,
- by e-mail to: signalista@gkpge.pl,
- by sending a letter to: Head of the Compliance Unit, PGE S.A., ul. Mysia 2, 00-496 Warsaw, with the note on the envelope: 'Do not open at the Registry Office, concerns PGE S.A.',
- by oral submission during a direct meeting with a PGE S.A. employee authorised by the Management Board of a PGE CG company and designated by the Head of the Compliance Unit.

⁴⁰ PROG 00095 General Procedure – Reporting and Handling Reports of Suspected Non-Compliance Incidents in the PGE Capital Group and Protection of Reporting Persons.

⁴¹ Procedures for internal reporting and protection of whistleblowers adopted in individual PGE CG companies.

⁴² Reports can be submitted via a dedicated online form, email, phone or post.

Due to legal requirements, the companies 'PGE Dom Maklerski S.A. and PGE Dystrybucja S.A. have established separate whistleblower reporting channels.

The internal reporting procedure allows for the acceptance of anonymous reports of breaches of law.

A whistleblower is protected from the moment of making an internal report or a public disclosure, provided that they had reasonable grounds to believe that the information being reported or disclosed was true and that it constituted information about a breach of law.

Whistleblower protection includes:

- maintaining anonymity,
- ensuring confidentiality and the protection of personal data, including the whistleblower's role or position, and taking follow-up action in such a way that it is not possible to clearly identify who submitted the report of a breach of law,
- protection against retaliation.

Companies within PGE CG are obliged to ensure that no retaliatory actions, nor any attempts or threats of such actions, are taken against the whistleblower.

A non-compliance incident may be reported by whistleblowers in the following ways:

- by completing the online form: 'Form – non-compliance report'
- by sending an email to:
 - uczciwybiznespge@gkpge.pl,
 - rada_nadzorcza.PGESA@gkpge.pl. messages sent to this address are received by the Supervisory Board of PGE S.A.
- by post
- by calling +48 22 340 12 02 (available 24/7).

Employees of PGE Dystrybucja S.A. may submit reports to: uczciwybiznes@pgedystrybucja.pl

In 2024, employees of the PGE CG's companies have been provided with extensive information about the protection of both whistleblowers and other reporting individuals. This information is a regular part of training on the PGE Capital Group's Code of Ethics and anti-corruption policies. Following the implementation of the provisions of the Whistleblower Protection Act and the adjustment of regulations in PGE CG companies in this area in September 2024, a broad information campaign was carried out on reporting channels and whistleblower protection.

This information is also provided during the recruitment process and is published on the intranet and on the public website www.gkpge.pl (Compliance section).

Pursuant to applicable legal regulations, the management boards of PGE CG companies authorised PGE S.A. (as an external entity) to receive internal reports. At the same time, the management boards of PGE CG companies authorised selected employees to carry out explanatory and follow-up actions, including the verification of internal reports and further communication within the legal entity's organisational structure. In 2024, internal training was conducted for persons responsible for receiving reports.

Pursuant to the provisions of the Act of 14 June 2024 on the protection of whistleblowers, each PGE CG company that has implemented an internal reporting system is required to maintain an individual register of such reports. At the same time, non-compliance reports, which fall under the non-compliance system covering all PGE CG companies, are recorded by PGE S.A. in a central register maintained by the Compliance area.

Within the functioning reporting systems in PGE CG companies, reports are examined through explanatory proceedings in accordance with the relevant internal regulations⁴³. The responsibilities of the employee conducting the explanatory proceedings include, in particular:

- planning and carrying out actions aimed at clarifying the report,
- in the scope of the non-compliance system, reporting to the head of the unit responsible for compliance at PGE S.A. on the actions carried out within the defined scope,
- collecting and assessing evidence,
- preparing a final report from the explanatory proceedings, including, among other things, possible recommendations for remedial and improvement actions.

The guarantee of independent and impartial conduct of explanatory proceedings lies in the obligation of impartiality on the part of the person conducting the explanatory proceedings, which arises directly from the

⁴³Individual Procedures for Internal Reporting and Protection of Whistleblowers of PGE CG Companies and General Procedure – Reporting and Handling Reports of Suspected Non-Compliance Incidents in the PGE Capital Group and Protection of Reporting Persons.

procedure. According to its provisions, those conducting the explanatory proceedings must act impartially and with due diligence. In particular, there must be no relationship between the person conducting the explanatory proceedings and the reporting person or individuals associated with the report that could compromise the impartial and objective performance of the tasks involved. In the event of a risk of such a situation, the person conducting the proceedings is required to report it in writing to the head of the Compliance area.

In parallel with Compliance activities, PGE CG applies the Regulations on Inspection and Investigative Procedures, which ensures the independent and objective examination of incidents related to the business activities of the Group companies, including incidents related to corruption and bribery. Employees conducting activities related to events that occurred in PGE CG companies are employed in the Security Division of the Corporate Centre, which reports directly to the President of the Management Board of PGE S.A. The results of control activities are each time presented to the Management Board of PGE S.A. via the Head of the Security Division or, in specific cases, directly, and in the case of identified irregularities, also to the management boards of the audited companies.

9.4.1.4. [G1-2] Management of relationships with suppliers

PGE CG's approach to building business partnerships is defined in the PGE Capital Group Code of Ethics. Based on this, the Code of Conduct for Business Partners of PGE Capital Group Companies was developed. Every supplier cooperating with PGE CG is obliged to be familiar with and comply with this document. Each potential supplier uses a dedicated tool – the purchasing platform – where, upon registration, they confirm having read the Code and acknowledge that each potential contract will include an obligation to comply with the provisions of the Code.

POLICY TO PREVENT LATE PAYMENTS

PGE CG does not have a formal policy specifically aimed at preventing payment delays to contractors. The companies within PGE CG operate in accordance with the provisions of the Act on counteracting excessive delays in commercial transactions. Most companies (excluding small entities with limited scale of operations) have internal procedures that define, among other things, the rules for the approval, circulation and posting of accounting documents, as well as the execution of payments. Detailed information on the implementation of rules and standards to prevent payment delays is provided in section G1-6.

RULES OF COOPERATION WITH PGE GROUP SUPPLIERS

Contractual clauses referring to the CCBP Code (so-called 'Compliance clauses') are, as a rule, applied in all contracts concluded by PGE Capital Group companies with business partners. This obligation does not apply to non-disclosure agreements (so-called NDAs), provided that the other party to the agreement has been formally informed about the required clauses that will apply in the event of signing a final agreement following the NDA, or in agreements between PGE CG companies and a supplier whose shareholder/partner/general partner/limited partner is:

- the State Treasury with a shareholding exceeding 50%,
- a local government unit with a shareholding exceeding 50%,
- a state-owned enterprise with a shareholding exceeding 50%,
- a central government administration body, an EU Member State with a shareholding exceeding 50%, or an EU institution.

The Code contains a dedicated chapter on human rights and labour standards. It includes, among other things, a prohibition on child labour and forced labour, both in Poland and abroad. In the case of employing minors, the Code recognises only actions based on labour law provisions. Suppliers are also required not to tolerate any form of work performed for them or their subcontractors if such work exploits economic or political hardship, forcing people to work in conditions that endanger their health or violate their dignity. PGE CG also expects its suppliers not to practise or tolerate any form of mobbing or discrimination.

Additionally, the Code incorporates requirements stemming from the guidelines of the 'Standards recommended for the compliance management system on counteracting corruption and the whistleblower protection system in companies listed on markets organized by the Warsaw Stock Exchange S.A.', as well as internal rules applicable within PGE CG, including the gift policy and the possibility of reporting potential violations. Furthermore, PGE Group requires its contractors to implement procedures that ensure compliance with the OECD Guidelines for Multinational Enterprises, as well as the United Nations Guiding Principles on Business and Human Rights.

In case of justified concerns regarding compliance with the provisions of the Code, contractual clauses provide that the supplier shall undertake corrective actions to ensure compliance. In the event of significant violations of the Code, PGE reserves the right to take appropriate measures against the supplier, including the possibility of terminating the cooperation.

The communication of the requirements set out in the Code to suppliers of PGE CG companies is carried out via websites, procurement documentation, applicable contractual clauses, and dedicated thematic panels held during conferences aimed at current or potential business partners. In 2024, workshops were held for prospective and current suppliers, during which information regarding the Code of Conduct for Business Partners of PGE CG Companies was presented. In this way, PGE CG promotes the standard of compliance with legal regulations and ethical norms in the broad sense of conducting business operations.

As part of the social criteria based on the Public Procurement Law, PGE CG requires suppliers of selected services, such as customer service, sales support, after-sales service or metering and billing support, to delegate persons employed under an employment contract. During the execution of the contract with the supplier, PGE CG is entitled to carry out control activities regarding, for example, whether the supplier meets the requirement of employment under an employment contract. In terms of environmental criteria based on the Public Procurement Law, PGE CG ensures compliance with standards concerning current exhaust emission norms, energy consumption levels in combined cycles, and CO₂ emission levels in combined cycles, ensuring they comply with regulations in force in the European Union.

PGE CG builds relationships with potential suppliers through:

- organising information meetings aimed at gathering information to verify the potential of Polish and foreign suppliers, e.g. in the construction of offshore wind farms, building a base of Polish suppliers for offshore wind farm development, identifying the needs of stakeholders in the offshore wind energy sector,
- building the supply chain of companies active in the offshore wind energy sector,
- building a positive image through relationships with suppliers.

While conducting procurement procedures, PGE CG strives to achieve maximum tangible benefits, without losing sight of the values set out in the PGE CG Code of Ethics, namely: Partnership, Development, Responsibility. In doing so, the Group aims for the broadest possible involvement in social and environmental matters, also within the scope of its procurement procedures. To this end, PGE CG ensures:

- Occupational health and safety – PGE CG requires suppliers and their subcontractors to comply with occupational health and safety standards in selected procurement procedures.
- Social engagement – PGE CG seeks the widest possible involvement of suppliers in social issues. In selected procurement procedures, it supports the labour market, small and medium-sized enterprises, local market and community development, as well as the activation of socially excluded persons and persons with disabilities.
- Innovation and development – PGE CG organises technical dialogues with potential suppliers in order to raise awareness and expand horizons in the search for optimal solutions. As requirements increase, PGE CG promotes suppliers offering the most technologically advanced and innovative solutions. In selected procurement procedures, in addition to economic bid evaluation criteria, PGE CG includes additional criteria promoting the innovativeness of the applied technologies.
- Environmental protection – PGE CG promotes environmentally friendly solutions by requiring suppliers, in selected procurement procedures, to conduct business with respect for environmental protection standards.

As part of the concluded contracts (within a selected scope), PGE CG includes provisions guaranteeing the company the right to audit the Supplier with regard to social or environmental issues, for example in the area of appropriate waste management.

In 2024, PGE CG launched one of the first Dynamic Purchasing Systems (DPS) in Poland based on the provisions of the Public Procurement Law. The new system enables suppliers to join the procedure at any time, which allows for maintaining competition and sustaining relationships with suppliers.

MAINTAINING CORPORATE GOVERNANCE IN THE PURCHASING PROCESS

Through the continuous support and education of PGE CG employees and the improvement of the procurement process, the Group develops its value chain in a sustainable manner. Procurement procedures are prepared and conducted in compliance with the principles of proportionality, transparency, purposefulness, fair competition and equal treatment of contractors, while safeguarding the interests of PGE CG. Activities related to the preparation and execution of procurement procedures are carried out by persons who ensure impartiality and objectivity. Each of these individuals is required to declare that they are not in a conflict of interest and do not have any relationships with business partners that could influence the decision regarding the selection of the final offer.

Fair conduct towards suppliers is also ensured by the Purchasing System of the PGE Capital Group, implemented in the Group's companies and currently used by over 8,000 PGE CG employees. The Platform responds to market challenges and changing legal regulations – particularly regarding the digitalisation of

public procurement. The use of the platform for electronic procurement processes ensures transparency, security and competitiveness.

In the purchasing process, possible risks arising from the supply chain are analyzed. The scope of risks includes, among others, social issues, risks of random events, including those related to climate.

An important part of the systemic approach to the procurement process is, among other things, the requirement to apply clauses concerning, for example, employment under an employment contract in agreements with contractors, taking into account the specifics of certain contracts such as security, cleaning or construction and renovation services. The requirement to employ workers under an employment contract constitutes a guarantee of the key employee rights for those performing contracts for the benefit of PGE Capital Group, particularly the protection arising from universally applicable legislation.

A prerequisite for the commencement of cooperation with a supplier by PGE CG is a verification process, which takes into account aspects such as the supplier's compliance with legal obligations (social security, taxes), possession of appropriate insurance, permits, certificates, as well as, among others, identification of the beneficial owner and verification of the contractor against national and European lists of individuals and entities subject to sanctions and measures as referred to in the Act on special solutions for counteracting the support of aggression against Ukraine and protecting national security.

PGE CG aims for stable, long-term relationships with key suppliers, which allow not only for cost optimisation but also for better quality of services provided. Long-term relationships with reliable suppliers enable the company to ensure continuity of essential deliveries. At the same time, PGE CG acknowledges that suppliers may face difficulties related to production or deliveries and offers support during challenging times. PGE CG seeks to balance its own needs with the interests of the supplier and also avoids imposing excessive requirements.

PGE CG minimises risks related to personal and material sanctions imposed on Russia as a result of the armed conflict in Ukraine by verifying contractors and the subject of the agreement to ensure due diligence using a developed verification mechanism. The guidelines created for this purpose cover procurement business relationships processes, including contract conclusion. They are in force in all PGE CG companies and form the basis for honest, reliable and secure cooperation with contractors. Recurring activities in the form of employee training, monitoring of legal conditions, and the implementation of uniform standards and procedures across PGE CG constitute the foundation of due diligence. In 2024, training sessions were conducted within PGE CG for selected employee groups on the verification of contractors on sanction lists. The training was conducted online.

The standards for the procurement planning and purchasing process, as well as the selection of suppliers, are defined in the PGE CG General Purchasing Procedure. This procedure ensures the unification of the procurement process within PGE Capital Group. Some companies are additionally required to comply with public procurement regulations.

A set of recommended behaviours and principles that employees and potential suppliers should follow during tenders is outlined in the Procurement Good Practices, developed in two language versions (Polish and English), which include, among other things, the anti-corruption principles in force within PGE Capital Group. One of the key principles is the 'zero gifts' rule, which applies to employees initiating the procurement process (submitting the procurement request), committee members and all persons involved in the process, as well as those responsible for the implementation of contracts concluded as a result of the procurement procedure.

During the procurement process, suppliers are also informed of the requirement to familiarise themselves with the Regulations of the Purchasing System of PGE Capital Group. This document defines the principles and procedures for using the system, as well as the rules for submitting offers and other documents in procurement procedures. Additional support for contractors includes:

- A detailed User Manual for the Purchasing System of the PGE Capital Group,
- PGE Group Purchasing System Essentials for Contractors.

Before making the final decision on the supplier selection, the submitted documents are properly analysed and assessed to determine whether the supplier meets the requirements specified in the given procedure.

9.4.1.5. [G1-3] Prevention and detection of corruption and bribery

PGE CG's approach to anti-corruption prevention is outlined in the PGE CG Code of Ethics in the form of the principle: 'We do not tolerate corruption or unfair practices'. Specifically, the prevention of corruption and bribery is governed by two internal regulations at the level of the PGE Capital Group. These are the PGE CG Anti-Corruption Policy, a general document also available to external stakeholders, and the General Procedure for Anti-Corruption Measures in PGE CG, which provides further details.

The requirement to meet anti-corruption standards has also been imposed on the business partners of PGE CG companies through the inclusion of minimum requirements in this area in the Code of Conduct for Business Partners of PGE CG Companies.

All the above-mentioned regulations are described in more detail in section G1-1.

Anti-corruption prevention in PGE CG primarily includes:

- identifying organisational structures particularly responsible for planning and coordinating anti-corruption and conflict of interest efforts,
- identifying legislation related to anti-corruption,
- ensuring compliance with anti-corruption regulations and the standards of the Warsaw Stock Exchange regarding anti-corruption,
- verifying and updating internal regulations to improve the effectiveness of anti-corruption efforts,
- avoiding conflicts of interest – implemented, among other things, through declarations submitted by employees and other individuals, ongoing monitoring of such declarations, maintaining a register of enquiries, and providing advice in situations where a conflict of interest is suspected,
- assessing and managing corruption risk, including identifying areas particularly exposed to corruption risk,
- raising awareness and engagement among employees and others in counteracting corruption, including communication and educational activities related to these issues and principles of conduct,
- promoting awareness of the principles set out in the Code of Conduct for Business Partners of PGE CG Companies among business partners,
- rules for the exchange of business gifts.

Anti-corruption training is mandatory and is carried out in accordance with the rules set out in the General Procedure for Anti-Corruption Measures. Training materials are typically prepared by the compliance area within the Corporate Centre and are then adapted by the companies to reflect their operational specificities so that the content corresponds to employees' actual work environment.

Training provided by the Compliance area includes:

Two types of anti-corruption training are conducted in PGE CG – cyclical training and training dedicated to persons performing functions exposed to corruption risk.

• **Cyclical anti-corruption training**

Every employee employed by PGE CG companies and any other person acting on behalf of and for the benefit of a PGE CG company should complete full training in this area at least once every three years. After this period, the training is repeated as a refresher course. The first training should be completed within no more than three months from the date of employment in the form of a detailed, interactive workshop on anti-corruption rules, standards defined by the WSE, types of corruption, definitions, and anti-corruption regulations in PGE CG.

• **Anti-corruption training dedicated to persons performing functions exposed to corruption risk**

Additional, as a supplement to knowledge, within the framework of dedicated anti-corruption training delivered in PGE CG, taking into account the specifics of a given area and the scope of duties assigned to specific positions, in consultation with the relevant organisational units.

Table: Persons covered by anti-corruption training programmes.

	Positions exposed to corruption risk (dedicated training)	Management Boards and Supervisory Boards	Managerial positions	Other employees
Type of training	Training for persons in roles particularly exposed to corruption risk	General training and refresher training after 3 years		
Number of persons designated for training ¹	7 981	239	3 069	39 044
Number of persons with valid training ² (in units)	6 504	206	2 896	36 187
Percentage of persons with valid training ² (%)	81%	86%	94%	93%

As at 31.12.2024.

¹ In the case of persons in roles exposed to corruption risk, the indicated number refers to persons identified as being at corruption risk. In the case of other roles, the numbers refer to the number of persons holding such positions.

² General anti-corruption training is mandatory for all individuals and remains valid for 3 years. After this period, employees complete a refresher course. Dedicated training for individuals particularly exposed to corruption risk is indefinite, and the presented data refer to the dedicated training conducted in 2024.

A description of the extent to which training is provided to members of the Supervisory and Management Boards of PGE CG Companies is described in section 9.1.1.3 [G1-1] above.

The risk of abuse and corruption is managed under the Enterprise Risk Management (ERM) system in segment companies and under the compliance management system in companies covered by it.

This process is cyclical. In companies not covered by the Enterprise Risk Management system, it is carried out in annual cycles.

Upon completion of the training, each individual is required to submit a statement that they have read and commit to comply with the PGE CG's anti-corruption regulations.

Additionally, two groups of persons have been identified within PGE CG from the perspective of whom corruption prevention is of particular importance. Internally, these are persons holding roles exposed to corruption risk due to the areas in which they perform their duties and/or the positions they occupy. Externally, these are the business partners of PGE CG companies, including natural and legal persons with whom PGE CG companies have business relationships. Anti-corruption measures targeted to these groups are as follows:

- Persons particularly exposed to the risk of corruption, i.e. persons performing tasks in such areas as procurement, administration, human capital management, and other areas involving interaction with business partners, as well as individuals in managerial positions. These individuals receive additional, dedicated anti-corruption training. This includes information on which persons in PGE CG are considered particularly exposed to corruption risk, as well as additional substantive content and guidance on appropriate conduct, e.g. in cooperation with business partners, use of contractual clauses, or behaviour in the case of a potential corruption offer. Additional actions are also undertaken, e.g. special refresher training on gift policy (e.g. in PGE S.A. – December 2024).
- Business partners receive information on anti-corruption prevention through the provisions of the PGE CG CCBP, which contains a dedicated chapter on this subject. Additionally, PGE CG's approach to combating corruption is set out in the PGE CG Anti-Corruption Policy. Both documents are available on the websites of PGE CG companies in Polish and English. Furthermore, references to CCBP are included in the business partner registration process within the procurement system, in procurement documentation, and ultimately in contract clauses. Details regarding the application of provisions referring to CCBP are included in the annex to the anti-corruption procedure. Additionally, information about CCBP is also communicated during meetings with current or potential contractors.

Information on the communication activities carried out in this area is provided below, as well as in sections G1-1 and G1-2.

Communication of the anti-corruption prevention policy is conducted in PGE CG both externally and internally, using various communication channels. The methods of communicating individual codes and policies are described in Chapter G1-1.

Furthermore, PGE CG conducts additional communication activities concerning anti-corruption matters, including in particular occasional publications and/or announcements (e.g. on the principles of exchanging business gifts), articles in the internal PGE CG magazine 'Pod Parasolem' (e.g. on the International Anti-Corruption Day, etc.

Reports of non-compliance

An internal reporting system has been implemented in PGE CG, which is described in detail in Chapter G1-1.

9.4.1.6. [G1-4] Confirmed incidents of corruption or bribery

Information obtained from official notifications, internal documents and open sources regarding corruption and bribery is initially verified and classified as incidents. Depending on the complexity of the case, investigations or inspections are initiated and conducted. Employees investigating incidents as part of control activities submit declarations of impartiality and undertake to maintain the confidentiality of the proceedings. In 2024, 28 investigations and 6 inspections concerning PGE CG were initiated. No incidents were confirmed in the area of corruption and abuse.

Other activities related to the prevention, detection, investigation and response to allegations or incidents of corruption or bribery are described in Chapter G1-3.

Table: Information on breaches of anti-corruption regulations.

Information on breaches of anti-corruption and anti-bribery regulations	
Number of convictions for violation of anti-corruption and anti-bribery laws	1
Amount of fines for violation of anti-corruption and anti-bribery laws	37, 401.02 PLN

The conviction was imposed on individuals in connection with a case from 2017. It concerns employees of one of the branches of PGE GIEK S.A. The penalty consisted of a fine of PLN 10,000 imposed on the defendant, while the remaining amount of PLN 27,401.02 constituted compensation for the company, which was the injured party.

9.4.1.7. [G1-5] Political influence and lobbying activities

One of the policies adopted within PGE CG to manage material sustainability-related issues in the area of political engagement is the Regulatory Management Procedure. Under this procedure Regulatory Management in PGE CG has been implemented, understood as a set of activities aimed at shaping Regulations in a manner favourable to PGE CG, particularly intended to:

- identify regulatory opportunities and threats,
- shape regulations to positively impact the financial performance of PGE CG,
- mitigate risk, including operational risk as well as risks related to investment and maintenance activities associated with changes in the regulatory environment,
- create new business areas,
- build consensus with key stakeholders influencing the regulatory environment,
- develop and update uniform Regulatory Management principles across PGE CG.

According to the procedure, regulations refer to all newly created (drafted) legal provisions and administrative acts, legislative initiatives, revisions of existing legal norms, as well as non-legislative documents leading to the legal shaping of the energy sector at the national and European level, as well as any internal (PGE CG) regulatory initiatives that may help shape the regulatory environment in line with the interests of PGE CG.

The Regulatory Management Procedure covers draft regulations concerning the energy sector, industry-specific regulations shaping the energy sector, and activities related to future Regulations across all PGE CG companies, taking into account the Compliance Programme applicable at PGE Dystrybucja S.A. The procedure does not include management of compliance with existing regulations or management of general economic regulations not directly related to energy sector regulations.

One of the key principles of the Regulatory Management Procedure is ensuring the consistency of regulatory positions presented by PGE CG. The Regulatory Department and the International Relations Department are responsible for coordinating PGE CG's communication with external stakeholders regarding national and international regulations. Any positions related to regulations that are to be communicated by organisational units of PGE CG to external stakeholders must first be agreed upon and approved by the Regulatory Department (for national regulations) or the International Relations Department (for international regulations).

The key activity in the area of regulatory management is the presentation of PGE CG's position, understood as the Group's main expectations and demands regarding a given regulation, to external stakeholders. External stakeholders, as defined in the Regulatory Management Procedure, are institutions, entities or bodies at the national or European Union level that influence the formation of regulations, such as government administration bodies (relevant ministers), the Sejm, the Senate, the President of the Energy Regulatory Office, the President of the Office of Competition and Consumer Protection, and EU bodies – the European Parliament, the Council of the European Union, and the European Commission.

The highest level within PGE CG responsible for implementing the Regulatory Management Procedure is the Management Board of PGE S.A. The member of the management body responsible for overseeing the company's political influence and lobbying activities is the Vice-President for Regulatory Affairs at PGE S.A.

PGE CG does not engage in activities or have any commitments related to exerting political influence, understood as making political contributions.

PGE CG does not make financial contributions either directly or indirectly, and no such cases occurred in 2024.

PGE CG also does not make in-kind contributions either directly or indirectly. As PGE CG does not provide in-kind contributions, it does not estimate their monetary value.

PGE CG undertakes activities aimed at shaping regulations favourably by presenting its positions on draft legislation in ongoing public consultations to external stakeholders and by independently proposing amendments to legislation that positively affect its business operations, for example by notifying the relevant ministries of the need for legal changes in a specific area. PGE CG carries out these activities both at national and international level, independently and through participation in industry organisations that act in the interest of their members (including by proposing changes to legislation that are beneficial to the industry and their members, also with a view to reducing the cost burden on end consumers of electricity and heat).

PGE CG companies are members of over 50 industry organisations (most of which are local chambers of commerce). The key national and international industry organisations for PGE CG include: the Polish Electricity Association (PKEE), Eurelectric (via PKEE), the Polish Society of District Heating (PTEC), the Polish Power Transmission and Distribution Association (PTPiREE), the Polish Power Plants Economic Society (TGPE), the Energy Trading Association (TOE), the Polish Wind Energy Association (PSEW), Energy Traders Europe (ETE), Eurogas, Euroheat&Power, Cogen Europe, European Distribution System Operators (E.DSO), EU DSO, United Nations Global Compact (UNGC), Wind Europe (WE), and the International Union of Railways (UIC).

PGE CG companies' membership in industry organisations was not a legal requirement.

The main topics addressed by lobbying activities in 2024 and the company's main positions in this regard included:

- In the area of international/EU law:
 - REGULATION (EU) 2021/1119 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 ('European Climate Law'). Position: A reduction target of 75–80%; better balancing of reduction burdens across sectors; excluding greenhouse gases other than CO₂ from the ETS; maintaining free allocation of allowances for district heating; assessing the impact of the reduction target at the individual Member State level; and a separate decarbonisation plan for district heating.
 - Commission Implementing Regulation (EU) 2019/1842 of 31 October 2019 laying down rules for the application of Directive 2003/87/EC of the European Parliament and of the Council as regards further arrangements for the adjustments to free allocation of emission allowances due to activity level changes. Position: Ensuring the possibility of annual allocation of an additional pool of free CO₂ emission allowances for district heating during the implementation of investments aimed at achieving significant emission reductions, i.e. starting from 2026, which will support the decarbonisation of district heating by reducing expenditure on emission allowances.
 - Directive of the European Parliament and of the Council on corporate sustainability due diligence and amending Directive (EU) 2019/1937 (Corporate Sustainability Due Diligence Directive, CSDDD). Position: Limiting the material scope of the Directive to the company's supply chain; allowing parent companies to fulfil the obligations arising from the Directive on behalf of their subsidiaries; the transition plan required by the Directive should be the same plan as required under Directive (EU) 2022/2464 of the European Parliament and of the Council amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting (Corporate Sustainability Reporting Directive, CSRD); removing the obligations imposed on directors by the Directive; removing the prohibition of public support for companies penalised under the provisions of the Directive.
 - Network Code on Demand Response (NC DR). Position: Taking into account issues related to distribution system operators and their role under the changed conditions of the energy market (including the rapid development of RES, bidirectional energy flows); indicating the local nature of the solutions applied in demand-side response (definition of local services, local market and provider of local services); the local market operator should be the DSO, and only exceptionally the TSO.
- In the area of national law:
 - Advocating for amendments to the Act of 27 October 2022 on extraordinary measures aimed at limiting electricity prices and supporting certain customers in the years 2023–2025 regarding the contribution to the Price Difference Payment Fund. Position: Clarification that the contribution to the Fund should be calculated based on the applicable statutory (maximum) prices and for the entire period of the obligation jointly (13 months); granting compensation for the reduction provided to customers in 2023 in the amount of PLN 125.
 - Advocating for amendments to the Act of 3 October 2008 on the provision of information on the environment and its protection, public participation in environmental protection and environmental

impact assessments. Position: Facilitating investments in pumped-storage power plants: recognising an investment accompanying a pumped-storage power plant investment as a strategic investment.

- Submission of comments on the draft Act amending the Capacity Market Act (register number in the list of legislative and programme work of the Council of Ministers: UC70). Position: Ensuring the possibility of extending the validity of a certificate entitling participation in the secondary market and proposals to improve the organisation and conduct of supplementary auctions.
- Submission of comments on the draft Act amending the Act on Renewable Energy Sources and certain other acts (UD41). Position: Removal of the regulation concerning the increase of the prosumer deposit value (correction factor 1.23) or ensuring compensation for sellers in this respect, and proposals aimed at accelerating the permitting process in the RES area.
- Submission of comments on the draft Act amending the Act on investments in wind power plants and certain other acts (UD89). Position: Limiting the scope of information on wind power plants in the local spatial development plan (MPZP), clarifying provisions regulating the information provided to prosumers on energy settlement, facilitating the implementation of onshore wind farm investments, and extending the scope of application of cable pooling.
- Advocating for amendments to the Act of 27 November 2024 amending the Act on the promotion of electricity generation in offshore wind farms, regarding the change of the delegation to issue a regulation defining the maximum price for electricity generation in offshore wind farms. Position: Introducing the possibility of determining different maximum prices separately for specific areas/groups of areas indicated in the annexes to the Act (taking into account parameters related to the implementation of investments in offshore wind farms, including the length of the connection in the offshore and onshore part, and the depth of the offshore wind farm foundation).
- Advocating for amendments of the act of 27 November 2024 amending the Act on the promotion of electricity generation in offshore wind farms. Preparation of a draft of provisions aimed at effectively conducting auctions in 2025, as well as ensuring facilitation in the development and implementation of offshore wind farm projects and improving their scheduling and economic efficiency.

Name of the register for transparency or equivalent in which the undertaking is registered: EU Transparency Register, identification number: 818300434979-49.

GK PGE has no information on the appointment of members of administrative, management, or supervisory bodies who held comparable positions in public administration (including regulatory bodies) within two years preceding their appointment, during the current reporting period.

9.4.1.8. [G1-6] Payment practices

PGE Group places particular emphasis on the timely execution of payments. Payment terms are consistent with contractual provisions. To prevent payment delays, most companies have implemented control mechanisms and ongoing monitoring of documents being processed, as well as of the payments themselves. There is no single standard payment term across PGE Group – different terms apply depending on the contract, all of which comply with the requirements of the Act on counteracting excessive delays in commercial transactions and do not exceed 30 days from the date of receipt of a correctly issued invoice. The finance and accounting systems currently in use across the PGE CG do not allow for information to be broken down by micro, small, medium or large enterprise.

One of the PGE CG companies (ENESTA sp. z o.o. in restructuring) is undergoing restructuring proceedings and has overdue liabilities towards contractors, which are included in these proceedings and listed in the National Register of Debtors. The company is currently fulfilling its obligations on time.

The average time needed to settle invoices across PGE CG is 24.26 days from the start of the agreed contractual or statutory payment period.

Sixteen companies within the PGE CG are legally required to submit a report on payment terms used in commercial transactions for 2024, under the Act on counteracting excessive delays in commercial transactions. A further three companies, although not legally obliged, have opted to submit this report as well. In 2024, 25 court proceedings concerning payment delays were conducted. As of the date of this Statement, it is not possible to report on payment backlogs, as the statutory deadline for submitting information to the relevant Ministry falls after the publication of this Statement.

10. Information on entity authorised to audit financial statements

Based on a statement from the Supervisory Board, the Management Board of PGE S.A. announces that the entity authorised to audit separate financial statements and consolidated financial statements, carrying out the audit of the annual financial statements: separate and consolidated, was selected in accordance with the provisions of law, especially as regards audit firm selection and selection procedure:

- the audit firm and members of the team performing the audit met the conditions for preparing an impartial and independent report on audit of annual financial statements in accordance with the existing regulations, professional standards and professional ethics rules,
- the existing regulations concerning audit firm and lead statutory auditor rotation and mandatory grace periods are being observed,
- PGE S.A. has a policy for selecting audit firms and a policy for provision of additional non-audit services to the issuer by the audit firm, entity related to the audit firm or a member of its network, including services conditionally exempt from the prohibition to provide by the audit firm.

Pursuant to Article 16 of the Act of December 6, 2024 amending the Accounting Act, the Act on Statutory Auditors, Audit Firms and Public Oversight, and certain other acts, the same audit firm that conducts the audit of the financial statements was selected to provide assurance over the PGE Capital Group's Sustainability Statement.

11. Statement on the reliable preparation of the financial statements

To the best knowledge of the Management Board of PGE S.A., the annual separate financial statements and consolidated financial statements and comparable data were prepared in accordance with the governing accounting principles, present a fair, true and reliable view of the material and financial situation as well as financial result of the parent company and of PGE Capital Group.

The report of the Management Board on the activities of PGE Polska Grupa Energetyczna S.A. and PGE Capital Group, including the PGE Capital Group Sustainability Statement, presents a true view of the development, achievements and situation of PGE Polska Grupa Energetyczna S.A. and the PGE Capital Group, and provides a description of the basic risks and threats.

12. Approval of the Management Board's Report

The foregoing Management Board's Report on activities of PGE Capital Group was approved for publication by the Management Board of the parent company on April 14, 2025.

Warsaw, April 14, 2025

Signatures of members of the Management Board of PGE Polska Grupa Energetyczna S.A.

**President
of the Management
Board**

Dariusz Marzec



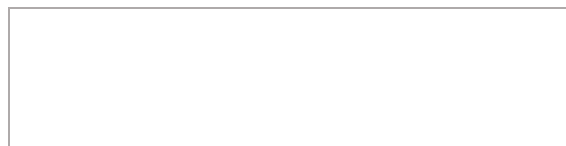
**Vice-President
of the Management
Board**

Maciej Górski



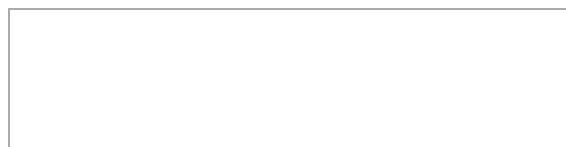
**Vice-President
of the Management
Board**

Przemysław Jastrzębski



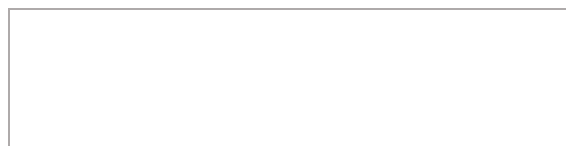
**Vice-President
of the Management
Board**

Robert Kowalski



**Vice-President
of the Management
Board**

Marcin Laskowski



Attachment no. 1: PGE Capital Group's nuclear and fossil gas related activities under the EU Environmental Taxonomy (PLN million)

The disclosure in accordance with Annex III to Commission Delegated Regulation (EU) 2022/1214, supplementing Commission Delegated Regulation (EU) 2021/2178 with Annex XII concerning standard templates for the purposes of disclosures referred to in Article 8(6) and (7) — i.e. for nuclear and fossil gas related activities

TURNOVER

1 Nuclear and fossil gas related activities		
Row	Nuclear energy related activities	
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
Fossil gas related activities		
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

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	%	Amount	%	Amount	%
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 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	14,996	23.3%	14,996	23.3%	0	0.0%
8	Total applicable KPI	64,483	100.0%	64,483	100.0%	0	0.0%

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	%	Amount	%	Amount	%
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 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 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	14,996	100.0%	14,996	100.0%	0	0.0%
8.	Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI	14,996	100.0%	14,996	100.0%	0	0.0%

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	%	Amount	%	Amount	%
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	1,466	19.8%	1,466	19.8%	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	3,368	45.6%	3,368	45.6%	0	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	316	4.3%	316	4.3%	0	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	2,235	30.3%	2,235	30.3%	0	0.0%
8.	Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI	7,385	100.0%	7,385	100.0%	0	0.0%

5 Taxonomy non-eligible economic activities			
Row	Economic activities	Amount	%
1.	Amount and proportion of Taxonomy-non-eligible 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%
2.	Amount and proportion of Taxonomy-non-eligible 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%
3.	Amount and proportion of Taxonomy-non-eligible 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%
4.	Amount and proportion of Taxonomy-non-eligible 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%
5.	Amount and proportion of Taxonomy-non-eligible 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%
6.	Amount and proportion of Taxonomy-non-eligible 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%
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	42,102	100.0%

CAPEX

1 Nuclear and fossil gas related activities		
Row	Nuclear energy related activities	
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
Fossil gas related activities		
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

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	%	Amount	%	Amount	%
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 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	4,715	44.1%	4,715	44.1%	0	0.0%
8	Total applicable KPI	10,689	100.0%	10,689	100.0%	0	0.0%

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	%	Amount	%	Amount	%
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 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 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	4,715	100.0%	4,715	100.0%	0	0.0%
8.	Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI	4,715	100.0%	4,715	100.0%	0	0.0%

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	%	Amount	%	Amount	%
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	2,451	54.1%	2,451	54.1%	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	564	12.4%	564	12.4%	0	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	111	2.5%	111	2.5%	0	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	1,403	31.0%	1,403	31.0%	0	0.0%
8.	Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI	4,529	100.0%	4,529	100.0%	0	0.0%

5 Taxonomy non-eligible economic activities			
Row	Economic activities	Amount	%
1.	Amount and proportion of Taxonomy-non-eligible 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%
2.	Amount and proportion of Taxonomy-non-eligible 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%
3.	Amount and proportion of Taxonomy-non-eligible 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%
4.	Amount and proportion of Taxonomy-non-eligible 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%
5.	Amount and proportion of Taxonomy-non-eligible 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%
6.	Amount and proportion of Taxonomy-non-eligible 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%
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	1,445	100.0%

OPEX

1 Nuclear and fossil gas related activities		
Row	Nuclear energy related activities	
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
	Fossil gas related activities	
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

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	%	Amount	%	Amount	%
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 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	585	38.0%	585	38.0%	0	0.0%
8	Total applicable KPI	1,538	100.0%	1,538	100.0%	0	0.0%

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	%	Amount	%	Amount	%
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 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 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	585	100.0%	585	100.0%	0	0.0%
8.	Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI	585	100.0%	585	100.0%	0	0.0%

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	%	Amount	%	Amount	%
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	13	8.1%	13	8.1%	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	41	25.5%	41	25.6%	0	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	0.6%	1	0.9%	0	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	106	65.8%	106	65.4%	0	0.0%
8.	Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI	161	100.0%	161	100.0%	0	0.0%

5 Taxonomy non-eligible economic activities							
Row	Economic activities					Amount	%

4 Taxonomy-eligible but not taxonomy-aligned economic activities			
1.	Amount and proportion of Taxonomy-non-eligible 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%
2.	Amount and proportion of Taxonomy-non-eligible 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%
3.	Amount and proportion of Taxonomy-non-eligible 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%
4.	Amount and proportion of Taxonomy-non-eligible 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%
5.	Amount and proportion of Taxonomy-non-eligible 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%
6.	Amount and proportion of Taxonomy-non-eligible 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%
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	792	100.0%

Methodology for calculating indicators

Indicator Calculation Method	
Reported EBIT	operating result
Recurring EBIT	reported EBIT adjusted for one-off events
Reported EBITDA	operating result + depreciation/amortisation
Recurring EBITDA	reported EBITDA adjusted for one-off events
Working capital	current assets - short-term liabilities
Reported LTM EBITDA	reported EBITDA for the last 12 months as at the reporting date
Recurring LTM EBITDA	recurring EBITDA for the last 12 months as at the reporting date
Reported EBITDA margin (%)	$\text{reported EBITDA} \times 100 / \text{revenue from sales}$
Recurring EBITDA margin (%)	$\text{recurring EBITDA} \times 100 / \text{revenue from sales}$
Return on sales (ROS, %)	$\text{reported net profit or loss} \times 100 / \text{revenue from sales}$
Return on assets (ROA, %)	$\text{reported net profit or loss} \times 100 / \text{total assets}$
Return on equity (ROE, %)	$\text{reported net profit} \times 100 / (\text{equity} - \text{net profit})$
Receivables turnover (in days)	$\text{average gross trade receivables} \times 365 \text{ days} / \text{net revenue}$
Payables turnover (in days)	$\text{average short-term trade payables} \times 365 \text{ days} / \text{net revenue}$
Current ratio (x)	current assets / short-term liabilities
Quick ratio (x)	$(\text{current assets} - \text{inventories}) / \text{short-term liabilities}$

Glossary

Glossary of industry terms	
Ancillary control services (ACS)	services provided to the transmission system operator, which are indispensable for the proper functioning of the National Power System and ensure the keeping of required reliability and quality standards.
Achievable capacity	the maximum sustained capacity of a generating unit or generator, maintained continuously by a thermal generator for at least 15 hours or by a hydroelectric generator for at least five hours, at standardized operating conditions, as confirmed by tests.
ARA	USD hard coal price index in EU. Loco in harbours Amsterdam-Rotterdam-Antwerp
Availability factor	(working time + standby time in reserve) x 100 / period time
Balancing market	a technical platform for balancing electricity supply and demand on the market. The differences between the planned (announced supply schedules) and the actually delivered/off-taken volumes of electricity are settled here. The purpose of the balancing market is to balance transactions concluded between individual market participants and actual electricity demand. The participants of the balancing market can be the generators, customers for electricity understood as entities connected to a network located in the balancing market area (including off-takers and network customers), trading companies, electricity exchanges and the TSO as the balancing company.
Base, baseload	standard product on the electricity market: a constant hourly power supply per day in a given period, for example week, month, quarter or year
BAT	Best Available Technology
Best Practices	Documents „Best Practice for WSE Listed Companies 2016” adopted by the resolution of the WSE Supervisory Board of October 13, 2015 and effective from January 1, 2016 until June 30, 2021 and „Best Practice for WSE Listed Companies 2016 2021” adopted by the resolution of the WSE Supervisory Board of March 29, 2021 and effective from July 1, 2021.
Biomass	solid or liquid substances of plant or animal origin, subject to biodegradation, obtained from agricultural or forestry products, waste and remains or industries processing their products as well as certain other biodegradable waste in particular agricultural raw materials.
Black energy	popular name for energy generated as a result of combustion of black coal or lignite.
BREF	Best Available Techniques Reference Document
Capacity fee	An element of the electricity bill, charged to ensure energy security (constant electricity supply).
CCGT	Combined Cycle Gas Turbine
CSDDD	Corporate Sustainability Due Diligence Directive
Circular economy	system that minimises the consumption of resources and the level of waste as well as emissions and energy losses by creating a closed loop of processes in which waste from one process is used as resources in other processes so as to maximally reduce the quantity of production waste
Co-combustion	the generation of electricity or heat based on a process of combined, simultaneous combustion in one device of biomass or biogas together with other fuels; part of the energy thus generated can be deemed to be energy generated with the use of renewable sources.
Co-generation	the simultaneous generation of heat and electricity or mechanical energy in the course of one and the same technological process.
Co-generation certificate	a document confirming the generation of electricity in high-efficiency cogeneration, issued by the ERO President, so-called red certificates (for energy generated from coal in cogeneration with heat) and yellow certificates (for energy generated from gas in cogeneration with heat)
Co-generation fee	an element of the electricity bill collected to finance the new support mechanism for high-efficiency cogeneration (auction system from 2019).
Constrained generation	the generation of electricity to ensure the quality and reliability of the national power system; this applies to generating units in which generation must continue due to the technical limitations of the operation of the power system and the necessity of ensuring its adequate reliability.
Distribution	transport of energy through distribution grid of high (110 kV), medium (15kV) and low (400V) voltage in order to supply the customers.
Distribution System Operator (DSO)	a power company engaging in the distribution of gaseous fuels or electricity, responsible for traffic in the gas or electricity distribution systems, current and long-term security of operation of the system, the operation, maintenance, repairs and indispensable expansion of the distribution network, including connections to other gas or power systems.
ERO	Energy Regulatory Office (pol. URE).
EUA	European Union Allowances: transferable CO2 emission allowances; one EUA allows to release one tonne of CO2.
EU Environmental taxonomy	Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088
EU ETS	European Union Greenhouse Gas Emission Trading Scheme) EU emission trading scheme. Its operating rules are set out in the ETS Directive, amended by the Directive 2009/29/EC of the European Parliament and of the Council of April 23, 2009 (OJ EU L. of 2009, No. 140, p. 63—87).
EW	Hydroelectric power plant
FW	Wind farm
Generating unit	a technically and commercially defined set of equipment belonging to a power company and used to generate electricity or heat and to transmit power.
Green certificate	a document confirming the generation of electricity from renewable energy sources, issued by the ERO President
Green energy	conventional name for energy produced from renewable energy sources
GW	gigawatt, a unit of capacity in the SI system, 1 GW = 10 ⁹ W.
GWe	one gigawatt of electric capacity.
GWt	one gigawatt of heat capacity.
HCl	hydrogen chloride.
Hg	mercury.
High Voltage Network (HV)	a network with a nominal voltage of 110 kV.

ICT	Information and Communications Technology, a concept encompassing techniques for processing, collecting or transmitting information in electronic form
IGCC	Integrated Gasification Combined Cycle
Installed capacity	the formal value of active power recorded in the design documentation of a generating system as being the maximum achievable capacity of that system, confirmed by the acceptance protocols of that system (a historical value, it does not change over time.
Installed capacity utilisation indicator	$\text{produced electricity} \times 100 / (\text{period time} \times \text{installed capacity})$
IRGiT	Izba Rozliczeniowa Giełd Towarowych S.A. (commodities clearing house)
IRZ	Cold Intervention Reserve Service – service consisting of maintaining power units ready for energy production. Energy is produced on request of PSE S.A.
IOS	Flue Gas Desulphurization Installation
ITRE	European Parliament Committee on Industry, Research and Energy
JWCD	Centrally Dispatched Generating Unit – A generating unit connected to the coordinated 110 kV network, subject to central dispatch by PSE S.A.
KPI	Key Performance Indicator
KRI	Key Risk Indicator
KSP	the National Transmission System, a set of equipment for the transmission of electricity in the territory of Poland.
kV	kilo volt, an SI unit of electric potential difference, current and electromotive force; $1\text{kV} = 10^3\text{ V}$.
kWh	kilowatt-hour, a unit of electric energy in the SI system defined as the volume of electricity used by the 1 kW equipment over one hour. $1\text{ kWh} = 3,600,000\text{ J} = 3.6\text{ MJ}$.
kWp	a power unit dedicated to determining the power of photovoltaic panels, means the amount of electricity in the peak of production.
LNG	Liquefied natural gas
Low Voltage Network (LV)	a network with a nominal voltage not exceeding 1 kV.
LTC	long-term contracts on the purchase of capacity and electricity entered into between Polskie Sieci Elektroenergetyczne S.A. and electricity generators in the years 1994-2001.
LTC Act	Act of June 29, 2007 on the principles of covering costs incurred by producers in connection with early termination of long-term contracts for the sale of electricity capacity and energy (Journal of Laws No. 130 item 905 of 2007)
LZO	Remote reading meters
ME	Energy Storage facility
Medium-voltage network (MV)	an energy network with a nominal voltage higher than 1 kV but lower than 110 kV.
MFW	Offshore wind farm
MIE	Minimum Energy Volumes
MSR	Market Stability Reserve (relating to CO ₂)
MW	a unit of capacity in the SI system, $1\text{ MW} = 10^6\text{ W}$.
MWe	one megawatt of electric power.
MWt	one megawatt of heat power.
NH ₃	ammonia
Nm ³	normal cubic meter; a unit of volume from outside the SI system signifying the quantity of dry gas in 1 m ³ of space at a pressure of 101.325 Pa and a temperature of 0°C.
NO _x	nitrogen oxides.
NPS	National Power System, a set of equipment for the distribution, transmission and generation of electricity, forming a system to allow the supply of electricity in the territory of Poland
N:W ratio	Ration of volume of overburden removed in m ³ to the mass of extracted coal in tons
Operational Capacity Reserve (ORM)	ORM constitutes of generation capacities of active Production Scheduling Units (JGWa) in operation or layover, representing excess capacity over electricity demand available to the TSO under the Energy Sale Agreements and on the Balancing Market in unforced generation
OTF	Organised Trading Facilities
Peak, peakload	a standard product on the electricity market; a constant power supply from Monday to Friday, each hour between 7:00 a.m. and 10:00 p.m. (15-hour standard for the Polish market) or between 8:00 a.m. and 8:00 p.m. (12-hour standard for the German market) in a given period, for example week, month, quarter or year
PJ	Petajoule, a unit of work/heat in the SI system, $1\text{ PJ} = \text{approx. } 278\text{ GWh}$
PPA	Power Purchase Agreement
Pumped storage power plants	special type of hydro-power plant allowing for electricity storage. It uses the upper reservoir, to which water is pumped from the lower reservoir using electricity (usually excessive in system). The pumped storage facilities provide ancillary control services for the national power system. In periods of increased demand for electricity, water from the upper reservoir is released through the turbine. This way, electricity is produced.
Property rights (certificates)	negotiable exchange-traded rights under green and co-generation certificates
Prosumer	end customer who purchases electricity under a comprehensive agreement and generates electricity only from renewable sources at a micro-installations for own purposes, unrelated to economic activities
PSCMI1	Polish Steam Coal Market Index 1 - average level of prices of coal dust sold to industrial-scale power plants in Poland
PSCMI-2	Polish Steam Coal Market Index 2 - average price level of energy fines sold on the domestic heat market
Purchasing Managers Index (PMI)	a composite indicator developed by Markit Economics to show the condition of the industrial sector; an indicator value above 50 points indicates an improvement in the situation in the sector
PV	photovoltaic
RAB	Regulatory Asset Base.
Red energy	popular name for electricity co-generated with heat.

Regulator	the President of ERO, fulfilling the tasks assigned to him in the energy law. The regulator is responsible for, among others, giving out licenses for energy companies, approval of tariffs for energy companies, appointing Transmission System Operators and Distribution System Operators.
Renewable Energy Source (RES)	a source of generation using wind power, solar radiation, geothermal energy, waves, sea currents and tides, flow of rivers and energy obtained from biomass, landfill biogas as well as biogas generated in sewage collection or treatment processes or the disintegration of stored plant or animal remains.
REPowerEU	the EC's plan for energy saving, ecological production and diversification of energy supplies in connection with the disruption of the global energy market caused by Russia's invasion of Ukraine
RES fee	The RES fee is used to ensure the availability of energy from renewable sources in the National Power System. The RES fee is used exclusively to cover the negative balance of renewable energy settlements between producers of this energy and sellers of electricity generated from renewable energy sources and the operating costs of Zarządca Rozliczeń S.A. (the administrator of RES fees).
RIG	Readiness Interventional Reserve - the power plant's readiness to provide the active power generation service or its consumption at the request of PSE.
R&D	Research and Development
SAIDI	System Average Interruption Duration Index
SAIFI	System Average Interruption Frequency Index
SCR	Selective catalytic reduction
SPOT market	a market where transactions are executed no later than the second business day after they are ordered. Transactions made on the cash market are paid for at the time they are concluded – in this case, the capital is transferred.
Tariff	the list of prices and rates and terms of application of the same, devised by an energy enterprise and introduced as binding on the customers specified therein in the manner defined by an act of parliament
Tariff group	a group of customers off-taking electricity or heat or using services related to electricity or heat supply to whom a single set of prices or charges and terms are applied.
TGE	Towarowa Gielda Energii S.A. (Polish Power Exchange), a commodity exchange on which trading can take place in electricity, liquid or gas fuels, extraction gas, emission allowances and property rights whose price depends directly or indirectly on electric energy, liquid or gas fuels and emission allowances, admitted to commodity exchange trading
TPA	Third Party Access, the owner or operator of the network infrastructure to third parties in order to supply goods/services to third party customers
Transition fee	a distribution fee element charged to compensate power plants for losses resulting from early termination of LTC.
Transmission of electricity	transport of electricity through high voltage (220 and 400 kV) transmission network from generators to distributors.
Transmission System Operator (TSO)	a power company engaging in the transmission of gaseous fuels or electric energy, responsible for traffic in a gas or power transmission system, current and long-term security of operation of that system, the operation, maintenance, repair and indispensable expansion of the transmission system, including connections with other gas or power systems. In Poland, for the period from July 2, 2014 till December 31, 2030 Polskie Sieci Elektroenergetyczne S.A. was chosen as a TSO in the field of electricity transmission.
TTF	Title Transfer Facility – gas futures index from the Dutch stock exchange ICE Endex Dutch
TWh	terawatt hour, a multiple unit for measuring of electricity unit in the system SI. 1 TWh is 10^9 kWh
Utility power plants	a category used by PSE S.A. in monthly reports on the operation of the National Power System and the Balancing Market – includes power plants and combined heat and power plants
Ultra-high-voltage network (UHV)	an energy network with a voltage equal to 220 kV or higher.
V (volt)	electrical potential unit, electric voltage and electromotive force in the International System of Units (SI), $1\text{ V} = 1\text{ J}/1\text{ C} = (1\text{ kg} \times \text{m}^2) / (\text{A} \times \text{s}^3)$.
W (watt)	a unit of power in the International Systems of Units (SI), $1\text{ W} = 1\text{ J}/1\text{ s} = 1\text{ kg} \times \text{m}^2 \times \text{s}^{-3}$.
Yellow energy	popular name for energy generated in gas-fired power plants and CCGT power plants.
ZDEE	Agreement on Securing Electricity Supplies
ZHZW	Commercial Management of Generation Capacities